

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

If you have sold or transferred all your shares in HJ Capital (International) Holdings Company Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**HJ Capital (International) Holdings Company Limited**  
**華金國際資本控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 982)**

**CONTINUING CONNECTED TRANSACTION –  
CONVENTION & EXHIBITION BUSINESS COOPERATION  
FRAMEWORK AGREEMENT  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



**SOMERLEY CAPITAL LIMITED**

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 15 to 16 of this circular. A letter from Somerley Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 28 of this circular.

A notice convening the SGM to be held at 11:00 a.m. on Tuesday, 17 September 2019 at Unit 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours (i.e. Sunday, 15 September 2019 at 11:00 a.m.) before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be), if you so wish.

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## DEFINITIONS

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

“Board”	the board of Directors;
“business day(s)”	has the meaning ascribed thereto under the Listing Rules;
“C&E Projects”	the convention and exhibition projects currently undertaken or proposed to be undertaken by the Zhuhai Huafa Group including but not limited to “Maritime Silk Road” Communications Forum* (「海上絲綢之路」國際傳播論壇), Zhuhai International Design Week* (珠海國際設計周) and Zhuhai-Macao Cross Border Financial Cooperation Development Forum* (珠澳跨境金融合作發展論壇);
“Company”	HJ Capital (International) Holdings Company Limited (華金國際資本控股有限公司*), a company incorporated under the laws of Bermuda with limited liability and the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 982);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Consultant Company”	Zhuhai Hengqin New Area Huajin International Convention Services Company Limited* (珠海市橫琴新區華金國際會展服務有限公司), a company established under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;
“Convention & Exhibition Business Cooperation Framework Agreement”	the agreement for the provision of the Convention & Exhibition Services dated 18 July 2019 and entered into between the Consultant Company and Zhuhai Huafa;
“Convention & Exhibition Services”	the services to be provided by the Consultant Company to Zhuhai Huafa or required by the Consultant Company in respect of each of the C&E Projects as more particularly described in this circular;

## DEFINITIONS

“Director(s)”	the director(s) of the Company;
“Event Planning Agreement”	the agreement for the provision of event organisation and planning services by the Consultant Company on a trial basis as referred to in the announcement of the Company dated 27 November 2018;
“Group”	the Company and its subsidiaries;
“HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors, namely Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi, established to give recommendation to the Independent Shareholders in relation to the Convention & Exhibition Business Cooperation Framework Agreement;
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholder(s) other than Huajin Investment Company Limited, an indirect wholly owned subsidiary of Zhuhai Huafa;
“Latest Practicable Date”	20 August 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

## DEFINITIONS

“Parties”	the parties to the Convention & Exhibition Business Cooperation Framework Agreement, and “Party” means any one of them;
“PRC”	The People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Zhuhai Huafa”	Zhuhai Huafa Group Company Limited (珠海華發集團有限公司), a state-owned enterprise wholly-owned by Zhuhai State-owned Asset Supervision and Administration Commission and a controlling shareholder of the Company;
“Zhuhai Huafa Group”	Zhuhai Huafa and its subsidiaries and associates;
“Zhuhai Huafa Group Company”	any company of the Zhuhai Huafa Group; and
“%”	per cent.



**HJ Capital (International) Holdings Company Limited**  
**華金國際資本控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 982)**

*Executive Directors:*

Mr. Li Guangning (*Chairman*)  
Mr. Xie Wei (*Chief Executive Officer*)  
Ms. Guo Jin  
Mr. Tze Kan Fat

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-executive Directors:*

Mr. Shong Hugo  
Ms. Zhang Kuihong

*Principal place of*

*business in Hong Kong:*  
Room 3605, 36/F  
Cheung Kong Center  
2 Queen's Road Central  
Central, Hong Kong

*Independent Non-executive Directors:*

Dr. Chen Jieping  
Dr. Sun Mingchun  
Mr. Tse Yung Hoi

27 August 2019

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION –  
CONVENTION & EXHIBITION BUSINESS COOPERATION  
FRAMEWORK AGREEMENT  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**I. INTRODUCTION**

Reference is made to the announcement of the Company dated 18 July 2019 in relation to, inter alia, the Convention & Exhibition Business Cooperation Framework Agreement.

\* *For identification purpose only*

## LETTER FROM THE BOARD

On 18 July 2019 (after trading hours), the Consultant Company and Zhuhai Huafa entered into the Convention & Exhibition Business Cooperation Framework Agreement, pursuant to which Zhuhai Huafa agreed to retain and the Consultant Company agreed to cooperate for a term not exceeding three years commencing from the fulfilment (or waiver under any circumstances, where applicable) of all conditions precedent set out in this circular to 31 December 2021.

The purpose of this circular is to provide you with (i) details of the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder, (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the transactions contemplated under the Convention & Exhibition Business Cooperation Framework Agreement, (iii) the letter of advice from Somerley Capital Limited to the Independent Board Committee and Independent Shareholders in respect of the transactions contemplated under the Convention & Exhibition Business Cooperation Framework Agreement and (iv) the notice of SGM.

### II. CONVENTION & EXHIBITION BUSINESS COOPERATION FRAMEWORK AGREEMENT

<b>Date:</b>	18 July 2019
<b>Parties:</b>	(i) The Consultant Company; and (ii) Zhuhai Huafa
<b>Services to be provided:</b>	Pursuant to the Convention & Exhibition Business Cooperation Framework Agreement, the Consultant Company agrees to cooperate, and Zhuhai Huafa agrees to retain from the Consultant Company, the Convention & Exhibition Services. The Convention & Exhibition Services are more particularly set out below.
<b>Term of Service:</b>	The Convention & Exhibition Business Cooperation Framework Agreement is entered into for a term (the “ <b>Term</b> ”) not exceeding three years commencing from the fulfilment (or waiver under any circumstances, where applicable) of all the conditions precedent set out in the section titled “conditions precedent” below to 31 December 2021.
<b>Convention &amp; Exhibition Services:</b>	The Convention & Exhibition Services pursuant to the Convention & Exhibition Business Cooperation Framework Agreement shall comprise the following:

## LETTER FROM THE BOARD

### Services

- C&E Project undertaking
- The Company shall provide the following services pertinent to the specific features and characteristics of individual C&E Projects in accordance with the needs and requirements of Zhuhai Huafa:
- (i) preparing plans and budget for the event, providing consultancy services;
  - (ii) where necessary, application to relevant authorities for permits and approvals to host C&E Project;
  - (iii) venue set up, decoration, on-site execution, live broadcasting/transmission, translation services;
  - (iv) advertising and promotional activities, including design, material production and advertising;
  - (v) business promotion and integration of cooperation resources; and
  - (vi) planning and implementation of supporting services, including cultural performance, achievement release and visits, etc.

The Consultant Company and Zhuhai Huafa agree that they shall make corresponding adjustments to the above Convention & Exhibition Services according to needs of individual C&E Projects.



## LETTER FROM THE BOARD

**Individual Cooperation  
Agreements:**

As the Convention & Exhibition Business Cooperation Framework Agreement only sets out the framework of the Convention & Exhibition Services required generally, in respect of the specific services to be provided by the Consultant Company, the Consultant Company shall enter into separate services agreements to set out the scope of services, cooperation fee charging standard, timetable and payment methods, etc. (the “**Individual Cooperation Agreements**”) with individual Zhuhai Huafa Group Company requiring such Convention & Exhibition Services in accordance with the specific requirements of each individual C&E Project. The service scope shall be within that of the Convention & Exhibition Services and the aggregate cooperation fees received by the Consultant Company in respect of all Individual Cooperation Agreements per year shall not be higher than the annual cap for the respective years.

**Price Determination:**

The terms and cooperation fees of the Individual Cooperation Agreements shall be negotiated and agreed through arm’s length negotiations between the Consultant Company and the individual Zhuhai Huafa Group Company. Quotation from at least three independent third party service providers for providing such services to the relevant C&E Projects shall be obtained in order to ensure that the terms of the Individual Cooperation Agreements are fair and reasonable. The terms offered to the Consultant Company shall be no less favourable to the Company, or no more favourable to Zhuhai Huafa, than those available from independent third parties. In the event of conflicts between the terms of the Individual Cooperation Agreements and the Convention & Exhibition Business Cooperation Framework Agreement, the terms of Convention & Exhibition Business Cooperation Framework Agreement shall prevail.

**Payment:**

The Consultant Company and Zhuhai Huafa agree that the Consultant Company shall be paid 60% of the total cooperation fee upon signing each of the relevant Individual Cooperation Agreement while the remaining 40% of the total cooperation fee shall be paid to the Consultant Company after the accomplishment of the relevant C&E Projects as stipulated under each of the relevant Individual Cooperation Agreement.

## LETTER FROM THE BOARD

**Termination:** The Parties may terminate the Convention & Exhibition Business Cooperation Framework Agreement prior to the expiration of the service term with mutual written consent of the Consultant Company and Zhuhai Huafa. Upon termination of the Convention & Exhibition Business Cooperation Framework Agreement, the relevant Individual Cooperation Agreements shall be terminated accordingly.

**Conditions precedent:** The provision of the Convention & Exhibition Services is conditional upon fulfillment or waiver in writing (as the case may be) of the following conditions precedents:

- (a) the Company having obtained its Independent Shareholders' approval of the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder;
- (b) the Consultant Company did not breach any of the representations and warranties under the Convention & Exhibition Business Cooperation Framework Agreement and such representations and warranties remaining true, accurate, complete and not misleading; and
- (c) all the necessary authorisations, registrations, filings, confirmations, permits, consents and approvals for the transactions contemplated under the Convention & Exhibition Business Cooperation Framework Agreement having been obtained by the Consultant Company and Zhuhai Huafa.

Zhuhai Huafa may, in writing, relinquish or waive the fulfillment of conditions precedent set out in (b) and (c) above. The condition precedent set out in (a) above cannot be relinquished or waived. If any of the conditions precedent cannot be fulfilled (or relinquished or waived under any circumstances, where applicable) on or before 31 December 2019 (or such other date as agreed in writing between the Parties), the Convention & Exhibition Business Cooperation Framework Agreement and the transaction as contemplated thereunder shall be forthwith terminated and be of no effect.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, apart from the Independent Shareholders' approval as described in paragraph (a) above, all conditions precedent have been fulfilled.

### III. ANNUAL CAPS AND BASIS OF ANNUAL CAPS

In considering the cooperation fees annual caps under the Convention & Exhibition Business Cooperation Framework Agreement, the Directors have considered the following factors:

- (a) Zhuhai Huafa's plan on various C&E Projects and the services expected to be required by Zhuhai Huafa based on discussions between the Consultant Company and Zhuhai Huafa; and
- (b) the cooperation fees for provision of the services described in (a) above.

In particular, the Directors have considered quotations from three independent third party service providers for providing services to the relevant C&E Projects. The Directors also considered the estimated scale, and the scope and the complexity of services required for each C&E Project to determine the cooperation fees. It is the current intention of the Company that these C&E Projects are not one-off projects but will be held on a recurring basis annually by Zhuhai Huafa.

As the Company expects the number of projects, the scale and scope of services provided to the C&E Projects will be similar in each of the three years ending 31 December 2021, hence, the Directors propose that the annual cap for the Convention & Exhibition Business Cooperation Framework Agreement for each of the three years ending 31 December 2021 shall be the same as follows:

	<b>Date of commencement of the Term to 31 December 2019</b>	<b>1 January 2020 to 31 December 2020</b>	<b>1 January 2021 to 31 December 2021</b>
	<i>(RMB millions)</i>	<i>(RMB millions)</i>	<i>(RMB millions)</i>
Convention & Exhibition Services	68.31	68.31	68.31

## LETTER FROM THE BOARD

### IV. INTERNAL CONTROL MEASURES

The Group has adopted the following internal control procedures and corporate governance measures in relation to the transactions contemplated under the Convention & Exhibition Business Cooperation Framework Agreement:

- (a) one to three months prior to entering into any Individual Cooperation Agreement, the business department of the Consultant Company shall be responsible for liaising with and obtaining quotation from at least three independent third party service providers for providing such services to the relevant C&E Projects by way of telephone or email in order to ensure that the terms of the Individual Cooperation Agreements are fair and reasonable and no less favourable to the Company, or no more favourable to Zhuhai Huafa, than those available from independent parties;
- (b) after entering into any Individual Cooperation Agreement, the senior management of the Consultant Company shall be responsible for monitoring the Individual Cooperation Agreements. The general manager or the deputy general manager of the Consultant Company will review the Individual Cooperation Agreement every three months to ensure the transactions have been carried out in compliance with the terms of such agreement and if there is any non-compliance or potential non-compliance, the responsible personnel will report the matter to the senior management of the Company for consideration who will then find ways to resolve the matter. Further, the general manager or the deputy general manager of the Consultant Company will report to the senior management of the Company every six months on the financial performance of individual C&E Projects after the auditors have reviewed the Individual Cooperation Agreements;
- (c) the finance department of the Group is responsible for monitoring the cooperation fees for the Convention & Exhibition Services to ensure that they are in accordance with the Convention & Exhibition Business Cooperation Framework Agreement and the annual caps are not exceeded. In addition, the finance department will also conduct overall review on a monthly basis. Where the finance department is aware of any potential non-compliance with the pricing policies or that the annual caps will be exceeded, the finance department will escalate the matter to the senior management of the Company who will co-ordinate at the Group level to take remedial actions and ensure the basis of annual caps are followed and are not exceeded;
- (d) the senior management of the Company will review the draft Individual Cooperation Agreements and will escalate the matter to the independent non-executive Directors if the senior management is of the opinion that there is any non-compliance issue. The independent non-executive Directors would further review the draft Individual Cooperation Agreements and take appropriate actions to ensure that such transactions are conducted within the Convention & Exhibition Business Cooperation Framework Agreement, on normal commercial terms fair and reasonable and in the interests of the Company and its Shareholders as a whole. After respective Individual

## LETTER FROM THE BOARD

Cooperation Agreement is approved by the executive director, being the sole director, of the Consultant Company taking into account the actions taken by the independent non-executive Directors (where necessary), the general manager or the deputy general manager of the Consultant Company will be responsible for monitoring the Individual Cooperation Agreements, reviewing and approving any decision required by the operation of the C&E Projects, which is expected to take around one to two weeks; and

- (e) the auditors of the Company will conduct annual review on the transactions contemplated by the Convention & Exhibition Business Cooperation Framework Agreement and Individual Cooperation Agreements and provide their view to the Board.

By implementing the above measures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control procedures to ensure that any cooperation fees to be agreed pursuant to the Convention & Exhibition Business Cooperation Framework Agreement will be on normal commercial terms and no less favourable to the Group than those available from independent third parties.

### **V. GENERAL INFORMATION ON THE PARTIES TO THE CONVENTION & EXHIBITION BUSINESS COOPERATION FRAMEWORK AGREEMENT**

#### **The Group**

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial advisory services, securities underwriting and consultancy, securities and futures brokerage, equity research business, money lending business, financial printing services, hotel management and advisory services and consultancy services in relation to convention and event planning both in Hong Kong and the PRC.

#### **The Consultant Company**

The Consultant Company is an indirect wholly-owned subsidiary of the Company, whose scope of business includes, inter alia, organizing, hosting domestic and overseas conventions, exhibitions; organizing, arranging and hosting exhibitions, roadshows, conferences; organizing overseas exhibitions; exhibition information release; organizing domestic cultural and art exchange activities; organizing cocktails and press conferences, seminars; undertaking production, design, publication, consulting; marketing and charity event planning and management.

#### **Zhuhai Huafa**

Zhuhai Huafa is an investment holding company and an indirect wholly controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company and therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules.

## LETTER FROM THE BOARD

### VI. REASONS FOR ENTERING INTO THE CONVENTION & EXHIBITION BUSINESS COOPERATION FRAMEWORK AGREEMENT

As mentioned in the Company's announcement dated 27 November 2018 in relation to the Event Planning Agreement, the Company has been enhancing the competitiveness of its core business, it has always been seeking to diversify the business of the Group and explore new business opportunities, and with the establishment of the Consultant Company as an indirect wholly-owned subsidiary of the Company, the Group possesses the necessary expertise and personnel to provide, inter alia, the Convention & Exhibition Services. Further, as a result of the success in providing event planning services pursuant to the Event Planning Agreement, the Company is confident that the Consultant Company is capable of providing the Convention & Exhibition Services to a wider number of Zhuhai Huafa Group Companies. Hence, the Consultant Company decided to enter into the Convention & Exhibition Business Cooperation Framework Agreement to provide to Zhuhai Huafa the Convention & Exhibition Services for a longer term of not exceeding three years.

### VII. LISTING RULES IMPLICATIONS

As Zhuhai Huafa is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, Zhuhai Huafa is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Convention & Exhibition Business Cooperation Framework Agreement constitutes a continuing connected transaction of the Company and since various applicable percentage ratios in respect of the Convention & Exhibition Business Cooperation Framework Agreement are over 5% and the annual cooperation fees receivable by the Consultant Company is greater than HKD10,000,000, the entering into of the Convention & Exhibition Business Cooperation Framework Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### VIII. SGM

The SGM will be convened and held at 11:00 a.m. on Tuesday, 17 September 2019 at Unit 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong for the purpose of considering and, if thought fit, approving the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder.

The notice of SGM is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours (i.e. Sunday, 15 September 2019 at 11:00 a.m.) before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be), if you so wish.

## LETTER FROM THE BOARD

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 12 September 2019 to Tuesday, 17 September 2019, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 September 2019.

Votes on the resolution to be considered at the SGM shall be taken by poll. As at the Latest Practicable Date, Huajin Investment, an indirect wholly owned subsidiary of Zhuhai Huafa, held 3,710,750,000 Shares, representing approximately 36.88% of the entire issued share capital of the Company and is entitled to control voting rights of such shareholding. Hence, Huajin Investment will abstain from voting on the resolution in relation to the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder at the SGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save as Huajin Investment and its associates, no Shareholder has a material interest in the resolution in respect of the transactions contemplated under the Convention & Exhibition Business Cooperation Framework Agreement or should be required to abstain from voting on the resolution to be proposed at the SGM.

### IX. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 15 to 16 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder, and (ii) the letter from the Independent Financial Adviser set out on pages 17 to 28 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice.

The Directors excluding all executive Directors and Ms. Zhang Kuihong, a non-executive Director, who are also directors of Zhuhai Huafa and therefore are deemed to have material interests in the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder who have abstained from voting on the board resolution approving the transactions contemplated under the Convention & Exhibition Business Cooperation Framework Agreement (including the independent non-executive Directors whose recommendation is set out in the letter from the Independent Board Committee) consider that the terms of the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder (i) have been negotiated on an arm's length basis; (ii) will be conducted on normal commercial terms, or on terms no less favourable than those available to or from independent third parties or, on terms no more favourable to

## LETTER FROM THE BOARD

Zhuhai Huafa under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; and (iv) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder.

Hence, the Directors are of the view that the resolution in respect of the transactions contemplated under the Convention & Exhibition Business Cooperation Framework Agreement and the proposed annual caps thereof are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of the resolution at the SGM.

### X. ADDITIONAL INFORMATION

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

Yours faithfully,  
By order of the Board  
**HJ Capital (International) Holdings Company Limited**  
**Mr. Li Guangning**  
*Chairman*





HJ Capital (International) Holdings Company Limited  
**華金國際資本控股有限公司\***

(Incorporated in Bermuda with limited liability)

(Stock Code: 982)

*Independent Board Committee:*

Dr. Chen Jieping

Dr. Sun Mingchun

Mr. Tse Yung Hoi

27 August 2019

*To the Independent Shareholders:*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION –  
CONVENTION & EXHIBITION BUSINESS COOPERATION  
FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 27 August 2019 (the “Circular”), of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to give you recommendation in respect of the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of the advice of Somerley Capital Limited, together with the principal factors and reasons they have taken into account, are contained in their letter set out on pages 17 to 28 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

**RECOMMENDATION**

Having considered (i) the terms of the Convention & Exhibition Business Cooperation Framework Agreement, (ii) the reasons for the proposed annual caps and the basis upon which the proposed annual caps have been determined, and (iii) the advice given by Somerley Capital Limited, we are of the view that the terms of the Convention & Exhibition Business Cooperation Framework Agreement (including the proposed annual caps) are on normal commercial terms, or on terms no less favourable than those available to or from independent third parties under prevailing local market conditions, and are fair

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

and reasonable so far as the Independent Shareholders are concerned; and the transactions contemplated under the Convention & Exhibition Business Cooperation Framework Agreement are conducted in the ordinary and usual course of business of the Group and in the interests of Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in relation to the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Independent Board Committee**

**Dr. Chen Jieping**  
*Independent*  
*Non-executive Director*

**Dr. Sun Mingchun**  
*Independent*  
*Non-executive Director*

**Mr. Tse Yung Hoi**  
*Independent*  
*Non-executive Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the letter of advice from the Independent Financial Adviser, Somerley Capital Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**  
20th Floor, China Building  
29 Queen's Road Central  
Hong Kong

27 August 2019

To: *the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTION - CONVENTION & EXHIBITION BUSINESS COOPERATION FRAMEWORK AGREEMENT**

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and Independent Shareholders in connection with the continuing connected transactions (the “**Continuing Connected Transactions**”) contemplated under the Convention & Exhibition Business Cooperation Framework Agreement and the proposed annual caps (the “**Proposed Annual Caps**”) regarding the cooperation fees receivable by the Consultant Company for the period from the date of commencement of the Term (as defined below) to 31 December 2019 and each of the two financial years ending 31 December 2020 and 2021. Details of the Convention & Exhibition Business Cooperation Framework Agreement and Proposed Annual Caps are set out in the “Letter from the Board” contained in the circular of the Company to the Shareholders dated 27 August 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As Zhuhai Huafa is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company as at the Latest Practicable Date, Zhuhai Huafa is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the entering into of the Convention & Exhibition Business Cooperation Framework Agreement constitute continuing connected transactions of the Company and since various applicable percentage ratios in respect of the Convention & Exhibition Business Cooperation Framework Agreement are over 5% and the annual cooperation fees receivable by the Consultant Company is greater than HK\$10,000,000, the entering into of the Convention & Exhibition Business Cooperation Framework Agreement is subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all three independent non-executive Directors, namely Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi, has been formed to consider and advise the Independent Shareholders as to whether (1) the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group; (2) the terms of the Convention & Exhibition Business Cooperation Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (3) the entering into of the Convention & Exhibition Business Cooperation Framework Agreement is in the interests of the Company and the Shareholders as a whole; and (4) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, Somerley Capital Limited has acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to continuing connected transactions as detailed in the Company's circulars dated 13 June and 2 July 2019. The past engagements were limited to providing independent advisory services to independent board committee and independent shareholders of the Company pursuant to the Listing Rules. Under the past engagements, Somerley Capital Limited received normal professional fees from the Company. Notwithstanding the past engagements, as at the Latest Practicable Date, there were no relationships or interests between (a) Somerley Capital Limited and (b) the Group and Zhuhai Huafa that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (1) the Continuing Connected Transactions; and (2) the Proposed Annual Caps as detailed in the Circular.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the SGM. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group and Zhuhai Huafa, nor have we carried out any independent verification of the information supplied.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

In considering whether (1) the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group; (2) the terms of the Convention & Exhibition Business Cooperation Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (3) the entering into of the Convention & Exhibition Business Cooperation Framework Agreement is in the interests of the Company and the Shareholders as a whole; and (4) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

**1. Background to and reasons for the Convention & Exhibition Business Cooperation Framework Agreement**

As stated in the Company's 2018 annual report, the Group has been enhancing the competitiveness of its core business and has always been seeking to diversify its business and explore new business opportunities. In 2018, the Company has developed a new business segment in hotel advisory, hotel management and exhibition services planning, in order to share the benefits of development of the Guangdong-Hong Kong-Macao Greater Bay Area. With the establishment of the Consultant Company as an indirect wholly-owned subsidiary of the Company in 2018, the Group has recruited a team of experienced personnel with expertise to provide consultancy services in relation to convention, exhibition, conference and event planning and organisation. By diversifying its business, the Group targets to further broaden its income stream in order to improve the overall operational performance of the Group and ultimately maximising return for the Shareholders.

On 27 November 2018, the Consultant Company entered into the Event Planning Agreement. Pursuant to the Event Planning Agreement, the Consultant Company agreed to provide event organisation and planning services including, among others, creative design of roadshow materials, planning, organisation and execution of the promotional activities for certain PRC real estate projects owned by Zhuhai Huafa Industrial Co., Ltd (an indirect subsidiary of Zhuhai Huafa) in Hong Kong and Zhuhai. Further details of the Event Planning Agreement are set out in the Company's announcement dated 27 November 2018. As set out in the section headed "Reasons for entering into the Convention & Exhibition Business Cooperation Framework Agreement" in the "Letter from the Board" contained in the Circular, the Company is confident that the Consultant Company is capable of providing the Convention & Exhibition Services to a wider number of Zhuhai Huafa Group Companies as a result of the success in providing event planning services pursuant to the Event Planning Agreement. The Consultant Company has therefore decided to enter into the Convention & Exhibition Business Cooperation Framework Agreement to provide to Zhuhai Huafa the Convention & Exhibition Services for a longer term of not exceeding three years. Further details of the Convention & Exhibition Business Cooperation Framework Agreement are set out in the section headed "Convention & Exhibition Business Cooperation Framework Agreement" in the "Letter from the Board" contained in the Circular.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the above and given that the Continuing Connected Transactions will be conducted on normal commercial terms (as more particularly discussed in the section headed “Principal terms of the Convention & Exhibition Business Cooperation Framework Agreement” of this letter below), the executive Directors consider, and we concur, that the entering into of the Convention & Exhibition Business Cooperation Framework Agreement to provide the Convention & Exhibition Services to Zhuhai Huafa is in line with the Group’s development strategy and will benefit the Group by continuing to expand its hotel advisory, hotel management and exhibition services planning segment and to broaden its source of income.

### 2. Principal terms of the Convention & Exhibition Business Cooperation Framework Agreement

Set out below is a summary of the principal terms of the Convention & Exhibition Business Cooperation Framework Agreement. Further details of the Convention & Exhibition Business Cooperation Framework Agreement are set out in the section headed “Convention & Exhibition Business Cooperation Framework Agreement” in the “Letter from the Board” contained in the Circular.

#### (i) Subject matter

The Convention & Exhibition Business Cooperation Framework Agreement was entered into on 18 July 2019 between the Consultant Company and Zhuhai Huafa. Pursuant to the Convention & Exhibition Business Cooperation Framework Agreement, the Consultant Company agreed to cooperate, and Zhuhai Huafa agreed to retain the Consultant Company for the Convention & Exhibition Services. The Company shall provide the Convention & Exhibition Services pertinent to the specific features and characteristics of individual C&E Project in accordance with the needs and requirements of Zhuhai Huafa, which may involve (i) preparing plans and budget for the event, providing consultancy services; (ii) where necessary, application to relevant authorities for permits and approvals to host C&E Project; (iii) venue set up, decoration, on-site execution, live broadcasting/transmission, translation services; (iv) advertising and promotional activities, including design, material production and advertising; (v) business promotion and integration of cooperation resources; and (vi) planning and implementation of supporting services, including cultural performance, achievement release and visits, etc. Corresponding adjustments to the Convention & Exhibition Services are to be made according to the needs of individual C&E Project.

In respect of the specific Convention & Exhibition Services to be provided by the Consultant Company, the Consultant Company shall enter into separate services agreements (the “**Individual Cooperation Agreements**”) with individual Zhuhai Huafa Group Company. The Individual Cooperation Agreements should set out the scope of the Convention & Exhibition Services in accordance with the specific requirements of each individual C&E Project, cooperation fee charging standard, timetable and payment methods, etc. In the event of conflicts between the terms of the Individual Cooperation Agreements and the Convention & Exhibition Business Cooperation Framework Agreement, the terms of the Convention & Exhibition Business Cooperation Framework Agreement shall prevail.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *(ii) Duration*

The Convention & Exhibition Business Cooperation Framework Agreement was entered into for a term (the “Term”) not exceeding three years commencing from the fulfilment (or waiver under any circumstances, where applicable) of all the conditions precedent set out in the sub-section headed “Conditions precedent” under the section headed “Convention & Exhibition Business Cooperation Framework Agreement” in the “Letter from the Board” contained in the Circular to 31 December 2021.

### *(iii) Pricing basis*

As set out in the sub-section headed “Price determination” under the section headed “Convention & Exhibition Business Cooperation Framework Agreement” in the “Letter from the Board” contained in the Circular, the terms and cooperation fees of the Individual Cooperation Agreements shall be negotiated and agreed through arm’s length negotiations between the Consultant Company and the individual Zhuhai Huafa Group Company. Quotation from at least three independent third party service providers for providing such services to the relevant C&E Projects shall be obtained in order to ensure that the terms of the Individual Cooperation Agreements are fair and reasonable. The terms offered to the Consultant Company shall be no less favourable to the Company, or no more favourable to Zhuhai Huafa, than those available from independent third parties.

As advised by the management of the Company, the cooperation fees for the Individual Cooperation Agreements will be determined with reference to the cooperation fees chargeable by the Consultant Company for providing similar Convention & Exhibition Services to independent third parties, where applicable. Before entering into any Individual Cooperation Agreement, the business department of the Consultant Company shall be responsible for performing market research by obtaining fee quotations from at least three independent third party service providers for providing services of similar nature and scale in respect of the relevant C&E Projects, in order to ensure that the terms of the Individual Cooperation Agreements are fair and reasonable and no less favourable to the Company, or no more favourable to Zhuhai Huafa, than those available from independent parties. We understand from the management of the Company that, in performing market research through obtaining fee quotations, key details of the relevant C&E Projects including, among others, scope of services, location, size of the event venue, expected number of exhibitors/participants are provided to independent third party service providers. We also understand from the management of the Company that fee quotations will be obtained by the Consultant Company’s business department one to three months prior to entering into any Individual Cooperation Agreement, which in our view is a reasonable timeframe. As such, the executive Directors consider, and we concur, that the obtaining of fee quotations provides an appropriate basis for determining the cooperation fees under the Individual Cooperation Agreements. As further discussed in the section headed “The Proposed Annual Caps with respect to the cooperation fees receivable

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by the Consultant Company” of this letter below, in assessing the fairness and reasonableness of the Proposed Annual Caps, we have obtained and reviewed fee quotations from independent third party service providers for providing services of similar nature and scale in respect of the C&E Projects expected to be held in 2019. Based on the documents reviewed, we note that the obtaining and comparison of fee quotations from independent third party service providers by the Consultant Company is consistent with the abovementioned pricing policy as stipulated in the Convention & Exhibition Business Cooperation Framework Agreement. We also note that the fee quotations were provided by independent third party service providers based on the specifications required by the business department of the Consultant Company (including key details as mentioned above) for the relevant C&E Projects. Taking into account the above, as well as the internal control measures as set out in the section headed “Internal control measures” in the “Letter from the Board” contained in the Circular, we concur with the executive Directors that the pricing basis of the Continuing Connected Transactions to be reasonable.

### *(iv) Payment*

The Consultant Company and Zhuhai Huafa agree that the Consultant Company shall be paid 60% of the total cooperation fees upon signing of each relevant Individual Cooperation Agreement while the remaining 40% of the total cooperation fee shall be paid to the Consultant Company after accomplishment of the relevant C&E Projects as stipulated under each of the relevant Individual Cooperation Agreement. We understand from the Company that although currently there are no comparable independent third party transactions of similar scale and nature available for comparison, the Consultant Company may provide similar convention & exhibition services to independent third parties in the future. The payment terms offered to the Consultant Company shall be no less favourable to the Company, or no more favourable to Zhuhai Huafa, than those available from independent third parties pursuant to the Convention & Exhibition Business Cooperation Framework Agreement. As disclosed in the Company’s 2018 annual report, the general credit terms for the Group’s trade receivables (save for the Group’s securities/futures trading and broking business) is 90 days. As advised by the management of the Company, the cooperation fees of the Individual Cooperation Agreement are due upon presentation of the invoice, which is more favourable to the Group compared with the general credit terms of the Group’s trade receivable (save for the Group’s securities/futures trading and broking business). Considering the above and taking into account the fact that the Convention & Exhibition Services involve different stages such as planning and execution, we consider the payment terms (i.e. charging fees by stages and credit terms as compared to that offered to the Group’s general debtors as mentioned above) of the Continuing Connected Transactions to be reasonable.

### *(v) Conditions precedent*

The Convention & Exhibition Business Cooperation Framework Agreement is conditional upon fulfillment or waiver in writing (as the case may be) of, among others, (a) the Company having obtained its Independent Shareholders’ approval of



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the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder; and (b) all the necessary authorisations, registrations, filings, confirmations, permits, consents and approvals for the transactions contemplated under the Convention & Exhibition Business Cooperation Framework Agreement having been obtained by the Consultant Company and Zhuhai Huafa. As at the Latest Practicable Date, apart from the Independent Shareholders' approval, all conditions precedent have been fulfilled. Further details of the conditions precedent are set out in the sub-section headed "Conditions precedent" under the section headed "Convention & Exhibition Business Cooperation Framework Agreement" in the "Letter from the Board" contained in the Circular.

### **3. The Proposed Annual Caps with respect to the cooperation fees receivable by the Consultant Company**

The Continuing Connected Transactions are subject to the Proposed Annual Caps for the period from the date of commencement of the Term to 31 December 2019 and each of the two financial years ending 31 December 2020 and 2021. The value of the Continuing Connected Transactions, representing the cooperation fees receivable by the Consultant Company, will not exceed the applicable annual amounts stated in the "Letter from the Board" contained in the Circular.

In estimating the Proposed Annual Caps for the cooperation fees receivable by the Consultant Company under the Convention & Exhibition Business Cooperation Framework Agreement for the period from the date of commencement of the Term to 31 December 2019, the executive Directors have taken into account, among others, (i) the estimated number of the C&E Projects; (ii) the estimated scale of each of the C&E Projects; (iii) the indicative scope and complexity of the Convention & Exhibition Services in respect of each of the C&E Projects; and (iv) the estimated cooperation fees receivable by the Consultant Company in respect of each of the C&E Projects. As advised by the executive Directors, discussions have been held with Zhuhai Huafa in connection with the details of convention and exhibition projects currently undertaken or proposed to be undertaken by the Zhuhai Huafa Group (i.e. the C&E Projects). It is estimated that Zhuhai Huafa will require certain Convention & Exhibition Services with respect to the C&E Projects, while the Consultant Company is capable to provide such services. Through its discussion with Zhuhai Huafa, the Company has obtained an understanding of the estimated number and scale of the C&E Projects to be held, as well as the indicative scope of the Convention & Exhibition Services involved in the C&E Projects. When estimating the cooperation fees receivable by the Consultant Company in respect of each of the C&E Projects, the management of the Company made reference to, among others, recent market research performed by the Consultant Company's business department with respect to the cooperation fees quoted by independent consultant companies for providing services of similar nature and scale in respect of the C&E Projects. We understand from the management of the Company that the business department has (where available) obtained quotations from various independent consultant companies in the market based on the estimated scale and indicative scope of services in respect of the individual C&E Project. We have obtained and reviewed (i) a summary of the abovementioned quotations provided by the Company which contains, among others, the name of the independent

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consultant companies and the total cooperation fees quoted by these independent consultant companies in connection with individual C&E Project; (ii) all quotations from independent consultant companies referred to in the summary above, which set out, among others, the indicative scope of services and details of the fee quotations for individual C&E Project; and (iii) a schedule of total estimated cooperation fees receivable by the Consultant Company which contains, among others, the estimated scale, indicative scope of services and the estimated cooperation fees in respect of each of the individual C&E Project. Based on the documents reviewed, we note that the estimated cooperation fees receivable by the Consultant Company adopted in estimating the Proposed Annual Caps, taking into account the nature and estimated scale of individual C&E Project, are within the range of the quotations provided by independent consultant companies.

In estimating the Proposed Annual Caps for the cooperation fees receivable by the Consultant Company under the Convention & Exhibition Business Cooperation Framework Agreement for each of the two financial years ending 31 December 2020 and 2021, the executive Directors have taken into account, among others, (i) the estimated number of the C&E Projects; (ii) the estimated scale of each of the C&E Projects; (iii) the indicative scope and complexity of the Convention & Exhibition Services in respect of each of the C&E Projects; and (iv) the estimated cooperation fees receivable by the Consultant Company in respect of each of the C&E Projects. As advised by the management of the Company, through their discussions with Zhuhai Huafa, they understand that the estimated number and scale of C&E Projects to be held in 2020 and 2021 are similar to that in 2019. It is also estimated that the scope of the Convention & Exhibition Services to be provided by the Consultant Company in respect of each of the C&E Projects in 2020 and 2021 will be largely similar to that in 2019. We have obtained and reviewed schedules provided by the Company setting out the estimated number, scale and indicative scope of services in respect of the C&E Projects to be held in 2020 and 2021, and note that it is largely similar to that of 2019. In addition, in estimating the Proposed Annual Caps for the years ending 31 December 2020 and 2021, the executive Directors have taken into account, among others, the expected decrease in average costs in providing the Convention & Exhibition Services as the Group's exhibition services planning segment grows and its efficiency improves after 2019.

Taking into account the aforesaid factors, the Proposed Annual Caps for the Continuing Connected Transactions are set as follows:

	<b>Date of commencement of the Term to 31 December 2019</b>	<b>1 January 2020 to 31 December 2020</b>	<b>1 January 2021 to 31 December 2021</b>
	<i>(RMB millions)</i>	<i>(RMB millions)</i>	<i>(RMB millions)</i>
Cooperation fees for the Convention & Exhibition Services	68.31	68.31	68.31

Having considered the basis on which the Proposed Annual Caps is determined as described above, we concur with the executive Directors that the basis adopted in

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determining the Proposed Annual Caps for the Continuing Connected Transactions under the Convention & Exhibition Business Cooperation Framework Agreement is reasonable.

#### 4. Internal control measures

The Group has adopted internal control procedures and corporate governance measures in relation to the Continuing Connected Transactions. As stated in the section headed "Internal control measures" in the "Letter from the Board" contained in the Circular,

- (a) one to three months prior to entering into any Individual Cooperation Agreement, the business department of the Consultant Company shall be responsible for liaising with and obtaining quotations from at least three independent third party service providers for providing such services for the relevant C&E Projects by way of telephone or email in order to ensure that the terms of the Individual Cooperation Agreements are fair and reasonable and no less favourable to the Company, or no more favourable to Zhuhai Huafa, than those available from independent third parties;
- (b) after entering into any Individual Cooperation Agreement, the senior management of the Consultant Company shall be responsible for monitoring the Individual Cooperation Agreements. The general manager or the deputy general manager of the Consultant Company will review the Individual Cooperation Agreement every three months to ensure the transactions have been carried out in compliance with the terms of such agreement and if there is any non-compliance or potential non-compliance, the responsible personnel will report the matter to the senior management of the Company for consideration who will then find ways to resolve the matter. Further, the general manager or the deputy general manager of the Consultant Company will report to the senior management of the Company every six months on the financial performance of individual C&E Projects after the auditors have reviewed the Individual Cooperation Agreements;
- (c) the finance department of the Group is responsible for monitoring the cooperation fees for the Convention & Exhibition Services to ensure that they are conducted in accordance with the terms of the Convention & Exhibition Business Cooperation Framework Agreement and the annual caps are not exceeded. In addition, the finance department will also conduct overall review on a monthly basis. Where the finance department is aware of any potential non-compliance with the pricing policies or that the annual caps will be exceeded, the finance department will escalate the matter to the senior management of the Company who will co-ordinate at the Group level to take remedial actions and ensure the basis of annual caps are followed and are not exceeded;
- (d) the senior management of the Company will review the draft Individual Cooperation Agreements and will escalate the matter to the independent non-executive Directors if the senior management is of the opinion that there

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is any non-compliance issue. The independent non-executive Directors would further review the draft Individual Cooperation Agreements and take appropriate actions to ensure that such transactions are conducted within the Convention & Exhibition Business Cooperation Framework Agreement, on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. After respective Individual Cooperation Agreement is approved by the executive director, being the sole director, of the Consultant Company taking into account the actions taken by the independent non-executive Directors (where necessary), the general manager or the deputy general manager of the Consultant Company will be responsible for monitoring the Individual Cooperation Agreements, reviewing and approving any decision required for the operation of the C&E Projects, which is expected to take around one to two weeks; and

- (e) the auditors of the Company will conduct annual review on the transactions contemplated by the Convention & Exhibition Business Cooperation Framework Agreement and Individual Cooperation Agreements and provide their view to the Board.

As set out in the section headed “The Proposed Annual Caps with respect to the cooperation fees receivable by the Consultant Company” of this letter, we have obtained and reviewed documents provided by the Company including, among others, quotations from independent consultant companies with respect to the C&E Projects expected to be held in 2019. Based on the documents reviewed, we note that the obtaining and comparison of fee quotations from independent third party service providers by the Consultant Company is consistent with the internal control measures mentioned in (a) above.

We consider that the abovementioned measures are in the interests of the Independent Shareholders as their interests are safeguarded by (a) obtaining and comparing fee quotations from independent third party service providers; and (b) the monitoring and reviewing process to be carried out by the senior management (including independent non-executive Directors) to ensure the terms of the Continuing Connected Transactions are in accordance with the Convention & Exhibition Business Cooperation Framework Agreement and no less favourable to the Group than those available to the Group from independent third parties.

### **5. Conditions of the Continuing Connected Transactions**

In compliance with the Listing Rules, the Continuing Connected Transactions are subject to a number of conditions which include, among other things:

- (i) the Proposed Annual Caps for the Continuing Connected Transactions for each of the period/years under the Term will not be exceeded;
- (ii) the independent non-executive Directors must, in accordance with the Listing Rules, review annually the Continuing Connected Transactions and confirm in the Company’s annual report whether the Continuing Connected

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Transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

- (iii) the auditors of the Company must, in accordance with the Listing Rules, review annually the Continuing Connected Transactions and they must confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least ten business days prior to the bulk printing of the annual report of the Company) whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:
  - (a) have not been approved by the Board;
  - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Continuing Connected Transactions involve the provision of goods or services by the Group;
  - (c) were not entered into, in all material respects, in accordance with the relevant agreement(s) governing the Continuing Connected Transactions; and
  - (d) have exceeded the Proposed Annual Caps with respect to the Continuing Connected Transactions;
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors cannot confirm the matters as required;
- (v) the Company must allow, and ensure that Zhuhai Huafa allows, the auditors of the Company sufficient access to their records of the Continuing Connected Transactions for the purpose of the auditors' reporting on the Continuing Connected Transactions. The Board must state in the annual report whether the auditors of the Company have confirmed the matters set out in Rule 14A.56 of the Listing Rules; and
- (vi) the Company must comply with the applicable provisions of the Listing Rules governing continuing connected transactions in the event that the total amount of the Continuing Connected Transactions exceeds the relevant Proposed Annual Caps, or that there is any material amendment to the terms of the Convention & Exhibition Business Cooperation Framework Agreement.

In light of the conditions imposed on the Continuing Connected Transactions, in particular, (1) the limit of the value of the Continuing Connected Transactions by way of the relevant Proposed Annual Caps; (2) the on-going review by the independent non-executive Directors and auditors of the Company regarding the terms of the Continuing Connected Transactions; and (3) the on-going review by the auditors of the Company confirming the relevant Proposed Annual Caps not being exceeded, we are of

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the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors, we consider that (1) the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group; (2) the terms of the Convention & Exhibition Business Cooperation Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (3) the entering into of the Convention & Exhibition Business Cooperation Framework Agreement is in the interests of the Company and the Shareholders as a whole; and (4) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Convention & Exhibition Business Cooperation Framework Agreement (including the Proposed Annual Caps in respect of the Continuing Connected Transactions).

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Stephanie Chow**  
*Director*

*Ms. Stephanie Chow is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. She has over ten years' experience in the corporate finance industry.*

**1. RESPONSIBILITY STATEMENT**

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

**2. DIRECTORS' INTERESTS****(i) Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations**

As at the Latest Practicable Date, none of the Directors and chief executive of the Company has any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

## (ii) Interests of substantial Shareholders

*Long Position in Shares*

Name	Capacity/nature of interests	Number of Shares	Approximate percentage of the issued share capital of the Company
Zhuhai Huafa <sup>(Note 1)</sup>	Interest in controlled corporations	3,710,750,000	36.88%
Ho Chi Sing <sup>(Note 2)</sup>	Interest in controlled corporations	860,920,000	8.56%
IDG Light Solutions Limited <sup>(Note 2)</sup>	Beneficial owner	860,920,000	8.56%

*Notes:*

1. Zhuhai Huafa holds 100% of the issued share capital of Hong Kong Huafa Investment Holdings Limited, which in turn holds 100% of the issued share capital of Huajin Investment. Since Huajin Investment holds 3,710,750,000 Shares of the Company, Zhuhai Huafa is deemed to be interested in 3,710,750,000 Shares of the Company by virtue of its shareholding in Huajin Investment.
2. Mr. Ho Chi Sing directly holds 100% of the issued share capital of IDG Light Solutions Limited (incorporated in the British Virgin Islands), which holds 860,920,000 Shares of the Company. Therefore, Mr. Ho Chi Sing is deemed to be interested in a total of 860,920,000 Shares of the Company by virtue of his shareholding in IDG Light Solutions Limited.

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, no other persons (other than the substantial Shareholders disclosed above) had any interests or short positions 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 who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.



**3. DIRECTORS' INTERESTS****(i) Interests in competing business**

As at the Latest Practicable Date, none of the Directors and their respective associates had an interest in any business which competes, or are likely to compete, either directly or indirectly, with the business of the Group which would require disclosure under the Listing Rules.

**(ii) Interests in assets**

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or had been proposed to be 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 consolidated financial results of the Company were made up) and up to the Latest Practicable Date.

**(iii) Interests in contract or arrangement**

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

**4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which was not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial results of the Company were made up.

## 6. EXPERT'S QUALIFICATIONS AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which is contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, the above expert did not have any interest, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to or are proposed to be 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 consolidated financial statements of the Company were made up).

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on Monday to Friday, except for public holidays, at the head office and principal place of business of the Company in Hong Kong from the date of this circular up to and including the date of SGM:

- (1) the letter from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 17 to 28 of this circular;
- (2) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 15 to 16 of this circular;
- (3) the written consent of Somerley Capital Limited referred to in the section headed "Expert's Qualifications and Consent" in this appendix;
- (4) the Convention & Exhibition Business Cooperation Framework Agreement; and
- (5) this circular.

**8. GENERAL**

- (i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business in Hong Kong is at Unit 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong.
- (ii) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iii) In the event of any inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text of the same.

## NOTICE OF SGM



### HJ Capital (International) Holdings Company Limited 華金國際資本控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 982)

#### NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of the Shareholders of HJ Capital (International) Holdings Company Limited (the “Company”) will be held at 11:00 a.m. on Tuesday, 17 September 2019 at Unit 3605, 36/F, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. To consider and, if thought fit, to approve:

“THAT

- (a) the entering into of the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder, a copy of which has been produced to the SGM and marked “A” and initialled by the chairman of the SGM for identification purpose, and the transactions contemplated thereunder and the implementation thereof be and are hereby confirmed, approved, authorised and ratified.
- (b) any one director or duly authorised signatory of the Company or any two directors or duly authorised signatories of the Company, if the affixing of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company to) any such documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion to be incidental to, ancillary to or in connection with the matters contemplated in the Convention & Exhibition Business Cooperation Framework Agreement and the transactions contemplated thereunder, and the implementation thereof.”

Yours faithfully,

By order of the Board

**HJ Capital (International) Holdings Company Limited**

**Mr. Li Guangning**

*Chairman*

Hong Kong, 27 August 2019

## NOTICE OF SGM

*As at the date of this notice, the Board comprises Mr. Li Guangning (Executive Director and Chairman), Mr. Xie Wei (Executive Director and Chief Executive Officer), Ms. Guo Jin (Executive Director) and Mr. Tze Kan Fat (Executive Director); Ms. Zhang Kuihong and Mr. Shong Hugo (all being Non-executive Directors); Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi (all being Independent Non-executive Directors).*

Notes:

### **1. Eligibility for Attending the SGM**

In order to be eligible to attend and vote at the SGM, unregistered holders of Shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 September 2019.

### **2. Proxy**

- (1) Shareholders entitled to attend and vote at the SGM may appoint a proxy, or if a Shareholder who is the holder of two or more Shares may appoint more than one proxy to attend and vote instead of him. A proxy need not be a Shareholder of the Company. If more than one proxy is appointed, the number of Shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
- (2) A proxy shall be appointed by a Shareholder by a written instrument signed by the appointor or his attorney duly authorised in writing. In case of a corporation, the same must be either under its common seal or under hand of its director(s) or duly authorised attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorisation of such attorney shall be notarised.
- (3) To be valid, the notarised power of attorney or other document(s) of authorisation (if any) and the form of proxy shall be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours (i.e. Sunday, 15 September 2019 at 11:00 a.m.) before the time appointed for the holding of the SGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder of the Company from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

### **3. Registration Procedures for Attending the SGM**

A Shareholder or his proxy shall produce his identification document when attending the SGM. Where a Shareholder is a legal person, the legal representative of that Shareholder or that person authorised by its board of directors or other governing body shall produce a copy of the resolutions of the board of directors or other governing body of such Shareholder appointing such person to attend the SGM.

### **4. Closure of Register of Members**

The Register of Members will be closed from Thursday, 12 September 2019 to Tuesday, 17 September 2019, both dates inclusive, during which period no transfer of Shares will be registered.

### **5. Method of Voting at the SGM**

The resolution at the SGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

## NOTICE OF SGM

### 6. Miscellaneous

- (1) The SGM of the Company is expected to be held at 11:00 a.m. on Tuesday, 17 September 2019. Shareholders attending the SGM shall be responsible for their own travelling and accommodation expenses.
- (2) The address of Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (3) The registered office, principal place of business in Hong Kong and the contact details of the Company are:

Registered office:	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Principal place of business in Hong Kong:	Room 3605, 36/F, Cheung Kong Center 2 Queen's Road Central, Central Hong Kong
Contact details:	Telephone: (+852) 3465 5300 Fax: (+852) 3465 5333

If tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at 7:00 a.m. on Tuesday, 17 September 2019, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.