THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Huajun Holdings Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

HUAJUN HOLDINGS LIMITED
華君控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 377)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF ALL ISSUED SHARE CAPITAL OF HUA TAI JUN AN INTERNATIONAL DEVELOPMENT LIMITED

Independent financial adviser to
the Independent Board Committee and the Independent Shareholders

INCU Corporate Finance Limited

A notice convening the special general meeting of the Company (the "**SGM**") to be held at 3:00 p.m. on Thursday, 16 March 2017 at Conference Room, 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong is set out on pages SGM-1 to SGM-2 of this circular. A letter from Independent Financial Adviser containing its advice to the Independent Shareholders is set out on pages 25 to 47 of this circular.

Whether or not you are able to attend and vote at the SGM in person, you are requested to read the notice and to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

* *For identification purpose only*

28 February 2017

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

"Accountants' Reports"	the accountants' reports of the Target Group A and Target Group B respectively during the Reporting Period, the text of which is set out in Appendix II and Appendix III to this circular
"Acquisition"	the acquisition in relation to the Target Share and Target Shareholder's Loan pursuant to the terms and conditions of the Sale and Purchase Agreement
"Announcement"	the announcement of the Company dated 22 December 2016 relating to the Acquisition
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Days"	a day (other than a Saturday or a Sunday at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in the PRC are open for general banking business throughout their normal business hours
"BVI"	the British Virgin Islands
"Company"	Huajun Holdings Limited (Stock Code: 377), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Completion"	the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the tenth Business Day immediately following the date that all of the Conditions having been satisfied or waived (as the case may be) but not later than the Conditions Fulfillment Date
"Condition(s)"	the condition(s) precedent of the Completion, details of which are set out in the paragraph headed "Conditions Precedent" of this circular
"Conditions Fulfillment Date"	31 May 2017 or such later date as the parties to the Sale and Purchase Agreement may agree in writing

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	collectively the Share Consideration and the Loan Consideration
"Dalian Haitong"	Dalian Haitong Real Estate Development Co., Limited* (大連海通房地產開發有限公司), a company established in the PRC with limited liability, a direct wholly-owned subsidiary of Huajun Property
"Dalian Taiyuan"	Dalian Taiyuan Real Estate Development Co., Limited* (大連泰元房地產開發有限公司), a company established in the PRC with limited liability, a direct wholly-owned subsidiary of Huajun Property
"Debt Restructuring"	the restructuring of the current debts and liabilities, save and except the operational liabilities of the Target Group, to be all due by the Target Group to the Vendor's PRC Subsidiaries upon the completion of Debt Restructuring; details of which are set out in the paragraph headed "Debt Restructuring" of this circular
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Acquisition
"Group"	the Company and its subsidiaries
"HIL"	Huajun International Limited, a company incorporated in the BVI, a substantial shareholder of the Company, which was indirectly owned by Mr. Meng as to 97.0% and Madam Bao as to 3.0%, respectively
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huaan (Shenzhen)"	Huaan (Shenzhen) Investment Consultation Co., Ltd.* (華安(深圳)投資諮詢有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Huatai Junan
"Huajun Property"	Huajun Property (Dalian) Co., Ltd.* (華君置業(大連)有限公司), a company established in the PRC with limited liability, which is directly wholly-owned by Huaan (Shenzhen)

"Huatai Junan"	Huatai Junan International Group Limited (華泰君安國際集團有限公司), a company incorporated in Hong Kong with limited liability, which is directly wholly-owned by the Target Company
"Independent Board Committee"	an independent committee of the Board formed by the Company, comprising of all its independent non-executive Directors, established for the purpose of advising the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole
"INCU" or "Independent Financial Adviser"	INCU Corporate Finance Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activities, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders, other than Mr. Meng and his associates (as defined under the Listing Rules and including HIL and Jian Xing), independent of and who have no interest in the Acquisition and the transactions contemplated thereunder
"Independent Third Party(ies)"	the independent third party who is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s)
"Jian Xing"	Jian Xing International Group Limited, a company incorporated in Hong Kong with limited liability, which is indirectly wholly-owned by Mr. Meng
"Latest Practicable Date"	24 February 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Consideration"	the consideration payable by the Purchaser to the Vendor for the Target Shareholder's Loan, which shall be RMB1,600 million (equivalent to approximately HK$1,760 million)

"Madam Bao"	Madam Bao Le (鮑樂), the spouse of Mr. Meng, who indirectly owns 3.0% of the issued share capital of HIL
"Mr. Meng"	Mr. Meng Guang Bao (孟廣寶), the chairman, an executive Director and a substantial shareholder of the Company, who indirectly owns 97.0% of the issued share capital of HIL, 100% of the issued share capital of Jian Xing and 100% issued share capital of the Vendor
"PRC"	the People's Republic of China and for the sole purpose of this circular shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Go Platinum Holdings Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of the Company
"Reporting Period"	the three financial years ended 31 December 2013, 2014 and 2015 and the eight months ended 31 August 2016
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 22 December 2016, including its amendments or replacement (if any), entered into between the Vendor and the Purchaser in relation to the Acquisition
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to consider and approve the Acquisition and the transactions contemplated thereunder
"Share Consideration"	the consideration payable by the Purchaser to the Vendor for the Target Share, being RMB320 million (equivalent to approximately HK$352 million)
"Shareholders"	the holders of Shares of the Company
"Shares"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Hua Tai Jun An International Development Limited (華泰君安國際發展有限公司), a company incorporated in the BVI with limited liability

"Target Group"	collectively the Target Group A and Target Group B
"Target Group A"	collectively the Target Company, Huatai Junan and Huaan (Shenzhen)
"Target Group B"	collectively Huajun Property, Dalian Haitong and Dalian Taiyuan
"Target Share"	all issued share capital in the Target Company
"Target Shareholder's Loan"	the shareholder's loan, which amounted to RMB1,600 million (equivalent to approximately HK$1,760 million), due by the Target Group to the Vendor's PRC Subsidiaries upon the completion of Debt Restructuring
"Vendor"	Hua Tai Jun An International Limited (華泰君安國際有限公司), a company incorporated in the BVI with limited liability, which is indirectly wholly owned by Mr. Meng
"%"	per cent
"HK$"	Hong Kong Dollar, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	Dollar, the lawful currency of United States of America
"sq.m."	square meter

* *For identification purposes only*

For the purposes of illustration only, any amount denominated in RMB in this circular was translated into HK$ at the rate of RMB1 = HK$1.1. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

If there is any inconsistency in this circular between the Chinese and English versions and the English version shall prevail.

HUAJUN HOLDINGS LIMITED
華君控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 377)

Executive Directors:
Mr. Meng Guang Bao *(Chairman)*
Mr. Wu Jiwei *(Chief Executive Officer)*
Mr. Guo Song *(Deputy Chief Executive Officer)*

Independent Non-Executive Directors:
Mr. Zheng Bailin
Mr. Shen Ruolei
Mr. Pun Chi Ping

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
36/F, Champion Tower,
3 Garden Road, Central,
Hong Kong

28 February 2017

To the Shareholders and for information only,

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF ALL ISSUED SHARE CAPITAL OF HUA TAI JUN AN INTERNATIONAL DEVELOPMENT LIMITED

INTRODUCTION

Reference is made to the Announcement in respect of the Acquisition. The Acquisition constitutes a major and connected transaction of the Company under the Listing Rules.

* *For identification purpose only*

On 22 December 2016 (after trading hours of the Stock Exchange), the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire, the Target Share and the Target Shareholder's Loan at a total Consideration of RMB1,920 million (equivalent to approximately HK$2,112 million).

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to the Acquisition; (iv) the financial information of the Group; (v) the accountant's reports on the financial information of the Target Group; (vi) the unaudited pro forma financial information on the Enlarged Group; (vii) such other information of the Company; and (viii) the notice of the SGM together with the proxy form.

SALE AND PURCHASE AGREEMENT

Date	:	22 December 2016
Parties	:	Go Platinum Holdings Limited, a direct wholly-owned subsidiary of the Company, as the Purchaser. Hua Tai Jun An International Limited (華泰君安國際有限公司), a limited liability company incorporated in the BVI, as the Vendor.

Mr. Meng is the chairman, the executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Meng directly owns all the issued share capital of B&H Properties Limited, which is the sole shareholder of the Vendor. As the Vendor is indirectly wholly owned by Mr. Meng, the Vendor is an associate (as defined under the Listing Rules) of Mr. Meng and hence a connected person of the Company under the Listing Rules.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to sell (1) the Target Share, representing all issued share capital of the Target Company at the Share Consideration; and (2) the Target Shareholder's Loan which shall be amounted to RMB1,600 million (equivalent to approximately HK$1,760 million) at the Loan Consideration.

Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire the Target Group, that is, the Target Company and its subsidiaries upon Completion, namely, Huatai Junan, Huaan (Shenzhen), Huajun Property, Dalian Haitong, Dalian Taiyuan and two properties developments operated by Dalian Haitong and Dalian Taiyuan as specified in the Sale and Purchase Agreement.

Bao Hua Financial Centre (保華金融中心)*

As informed by the Vendor, Dalian Haitong currently owns a property development named Bao Hua Financial Centre* (保華金融中心), which is situated at Dalian City, Liaoning Province in the PRC. Bao Hua Financial Centre comprises a parcel of land with a site area of approximately 10,857.10 sq.m. and a commercial and office development complex erected thereon which is currently under construction. The development will be developed into a 51-storey commercial and office complex with a 2-storey basement for car parking and ancillary uses. Upon completion, the property development will have a total planned gross floor area ("**GFA**") of approximately 146,270 sq.m. (including 1,192 car parking spaces), the details of which are set out as below:

Usage	**Planned GFA** *(sq.m.)*	**Car Parking Space** *(lot)*
Aboveground:		
Commercial	30,751.76	–
Office	84,636.56	–
Car parking space	2,916.7	100
Ancillary	7,654.98	–
Sub-total:	125,960.00	100
Underground:		
Commercial	1,026.00	–
Car parking space	14,584.00	1,092
Ancillary	4,700.00	–
Sub-total:	20,310.00	1,092
Total:	146,270.00	1,192

As advised by the Target Group, the construction work of the property development is scheduled to be completed in 2018 and is expected to be ready for leasing around November 2018. The total construction cost of the property development is estimated to be approximately RMB1,250,000,000, of which approximately RMB287,781,000 had been paid as at 30 November 2016.

The Company currently intends not to sell but hold the entire properties of Bao Hua Financial Centre* for generating rental income upon completion of construction.

As at the Latest Practicable Date, it is estimated that the capital requirement (including construction cost) to complete the development will not be more than RMB800 million (equivalent to approximately HK$880 million). The Company intends to finance such capital requirement by internal resources. The Group will closely monitor the working capital position of the Group from time to time and, if appropriate, may consider to obtain external borrowings or loan from controlling shareholders.

Bao Hua Wang Yuan (保華旺苑)*

As informed by the Vendor, Dalian Taiyuan currently owns a property development named Bao Hua Wang Yuan* (保華旺苑). Bao Hua Wang Yuan is located at No. 4 Sanba Square, Zhongshan District, Dalian City. It comprises a parcel of land with a site area of approximately 7,370.2 sq.m., a 29-storey commercial and residential complex ("**Building A**") and a 7-storey commercial building ("**Building B**") together with a 3-storey basement for car parking spaces and ancillary uses erected thereon having a total GFA of approximately 56,727.86 sq.m. As at 30 November 2016, 272 residential units and 21 car parking spaces with a total GFA of approximately 19,068.53 sq.m. were sold out by the Target Group. Therefore, a total GFA of 37,659.33 sq.m. is remaining.

Bao Hua Wang Yuan comprises 3 parts with a total GFA of approximately 37,659.33 sq.m., the details are set out as below:

	Description and tenure	**Usage**	**GFA (approximate)** *(sq.m.)*	**Car Parking Space** *(lot)*
Part A	Level 6 of Building A and 185 car parking spaces together with the relevant ancillary rooms in the basement	Commercial	841.77	–
		Car parking	2,810.94	185
		Ancillary	11,637.84	–
		Sub-total:	15,290.55	185
Part B	73 unsold residential units with an ancillary room in Building A	Residential	4,890.07	–
		Ancillary	82.72	–
		Sub-total:	4,972.79	–

	Description and tenure	Usage	GFA (approximate) *(sq.m.)*	Car Parking Space *(lot)*
Part C	Levels 1 to 5 of Building A and the whole Building B	Commercial	17,395.99	–
		Sub-total:	17,395.99	–
		Total:	37,659.33	185

As advised by the Vendor, as at the Latest Practicable Date, all of the development, work and infrastructure work of part A, part B and part C of the property development, was completed. No additional capital requirement is required as the development has been completed.

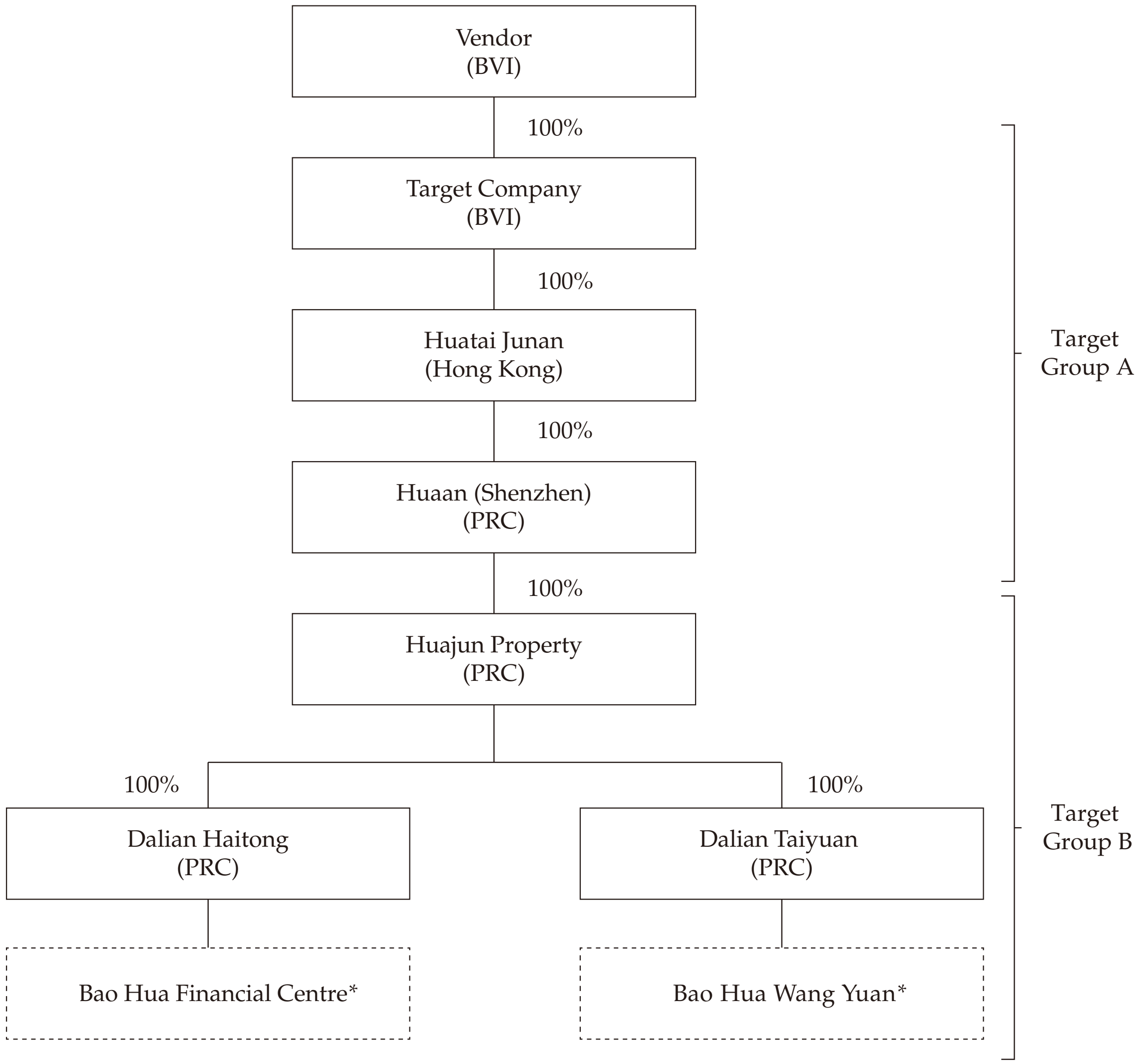
In relation to the residential units, to the best knowledge of the Company, the Company intends to hold them as inventories for sale. In relation to the commercial unit, the Company currently intends to hold them for capital appreciation and leasing them out for rental income.

Bao Hua Wang Yuan has a total of 348 residential units, the sales of which were commenced in 2016. As of the Latest Practicable Date, 309 residential units have been sold with total sale proceeds of RMB408.8 million (equivalent to approximately HK$449.68 million). Out of the said 309 sold units, 283 units have been delivered to the purchasers. The said residential units were on average sold at RMB16,906 per sq.m.. The leasing of commercial units of Bao Hua Wang Yuan have recently commenced and it is expected to start generating rental income in July 2017.

According to the State-owned Land Use Rights Certificate, the car parking spaces of the project are for public parking use, which are not allowed to be rented or sold. However, as advised by the Target Group, Dalian Taiyuan has sold 21 car parking spaces and pre-sold 7 car parking spaces as at 30 November 2016. As advised by the legal adviser of the Company in the PRC laws (the "**PRC Legal Adviser**"), the selling of the use right of car parking space by Dalian Taiyuan is an act of disposal of property, which infringe the owners' right but does not infringe the interest of the country. As advised by the PRC Legal Adviser, there is no law stipulated by the PRC government authority that a punishment would be imposed on Dalian Taiyuan because of its sale of car parking space. As Dalian Taiyuan has sold 28 parking spaces for revenue of RMB5.175 million. If the purchasers of the said car parking spaces claim for a refund, Dalian Taiyuan may need to return up to RMB5.175 million. In order to mitigate the said risk, the Vendor has agreed to provide Dalian Taiyuan RMB5.175 million as a reserve for any potential purchasers' claims for return of consideration for car parking spaces. Save as disclosed, after consulting with the PRC Legal Adviser and at the best knowledge of the Company, there is no other material risks in relation to the developments.

Due to the above, the independent valuer has not attributed any commercial value to the remaining 185 car parking spaces which have not yet been sold.

The shareholding structure of the Target Group as of the Latest Practicable Date is shown as in the simplified chart below:



Note:

property development held by the respective companies

Upon Completion, the Target Group will become the indirectly wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial results of the Group. In addition, all outstanding amount of Target Shareholder's Loan will be due by the Target Company to the Purchaser.

Consideration

The Consideration for the Acquisition is RMB1,920 million (equivalent to approximately HK$2,112 million), which comprised of (1) the Share Consideration in the sum of RMB320 million (equivalent to approximately HK$352 million); and (2) the Loan Consideration in the sum of RMB1,600 million (equivalent to approximately HK$1,760 million). Subject to all of the Conditions having been satisfied and/or waived (as the case may be), the Purchaser shall pay the Vendor the Consideration in full on Completion Date.

The Consideration was determined by arm's length negotiations between the Purchaser and the Vendor based on normal commercial terms with reference to (i) the net assets value of the Target Group of RMB78.4 million (equivalent to approximately HK$86.2 million) as at 31 August 2016; and (ii) the preliminary valuation of the land and properties owned by the Target Group, which amounted to approximately RMB2,014.5 million (equivalent to approximately HK$2,216.0 million) as at 30 November 2016.

As at the Latest Practicable Date, the original acquisition cost of Dalian Haitong and Dalian Taiyuan, which are the operating subsidiaries of the Target Company, incurred by the Vendor and the associates of the ultimate beneficial owner of the Vendor, Mr. Meng, amounted to approximately RMB1,578.2 million (equivalent to approximately HK$1,736 million).

Bao Hua Properties (Dalian) Co., Ltd* (保華地產（大連）有限公司) ("**Baohua Dalian**") first acquired Dalian Haitong in July 2014 and Dalian Taiyuan in September 2014.

Baohua Dalian was a company with limited liability established in the PRC which was indirectly wholly-owned by Mr. Meng at the relevant time. Pursuant to the sale and purchase agreement ("**2015 SPA**") dated 7 October 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理（中國）有限公司), an indirect wholly-owned subsidiary of the Company, as the purchaser and Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司), as the vendor, the entire equity interest in Liaoning Bao Hua Properties Development Co., Ltd.* (遼寧保華房地產開發有限公司) ("**Liaoning Bao Hua**") had been sold to B&H Properties Management (China) Limited* (保華置業管理（中國）有限公司) ("**2015 Acquisition**"). Baohua Dalian was a direct wholly-owned subsidiary of Liaoning Bao Hua and part of target group under 2015 Acquisition being sold to the Group. 2015 Acquisition was completed on 29 March 2016.

In accordance to the terms of 2015 SPA, a corporate reorganisation of the target group were taken place so that only certain companies and properties developments would be remained in the target group for 2015 Acquisition. Dalian Haitong and Dalian Taiyuan were therefore transferred to Huajun Property.

Subsequent to the acquisition of Dalian Haitong and Dalian Taiyuan by Baohua Dalian, which is then in place by Huajun Property, as at the Latest Practicable Date, Mr. Meng had indirectly made interest-free advances of RMB1,265.1 million to the Target Group.

Mr. Meng, as the chairman, an executive Director and a substantial shareholder of the Company, at the perspective of the Company, believes that it is a good price for the Company to acquire the Target Group, with reference to the net assets value of the Target Group and preliminary valuation of the land and properties owned by the Target Group, so that the Company and the Shareholders as a whole can benefit from it.

After taking into account of the factors above the Board (including the independent non-executive Directors who have considered the advice of the Independent Financial Adviser) is of the view that the Consideration and the timing of the acquisition is fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Debt Restructuring

Pursuant to the Sale and Purchase Agreement, prior to the date of transfer of Target Share, the Vendor shall restructure certain liabilities of the Target Group. Through the Debt Restructuring, the liabilities of the Target Group shall be assigned to the subsidiaries (the "**Vendor's PRC Subsidiaries**") of the Vendor which were established in the PRC so that upon the completion of the Debt Restructuring, the liabilities due from the Target Group to Vendor's PRC Subsidiaries will be not less than RMB1,600 million (equivalent to approximately HK$1,760 million). As informed by the Vendor, (i) the amount due to ultimate holding company of Target Group B approximately in the sum of RMB1,570,000,000; and (ii) the amounts due to related companies of Target Group B approximately in the sum of RMB87,000,000 are subject to the Debt Restructuring.

Immediately upon the completion of the Debt Restructuring, the amount due to ultimate holding company of Target Group B and the amounts due to related companies of Target Group B in the amount of not less than RMB1,600 million (equivalent to approximately HK$1,760 million) will be due by the Target Group to the Vendor's PRC Subsidiaries. Vendor's PRC Subsidiaries will assign the right of the Target Shareholder's Loan of RMB1,600 million (equivalent to approximately HK$1,760 million) to the Purchaser or the Company's subsidiaries.

After the Debt Restructuring, if the outstanding shareholder's loan due by the Target Group to the Vendor's PRC Subsidiaries is more than RMB1,600 million (equivalent to approximately HK$1,760 million), such amount ("**Remaining Loan**") exceeded the value of the Target Shareholder's Loan will remain to be owed by the Target Group to the Vendor's PRC Subsidiaries and repayable on demand. As the Debt Restructuring is one of the Conditions for the Completion, no announcement will be issued by the Company upon completion of the Debt Restructuring and the determination of the Remaining Loan. Furthermore, as the assignment of Remaining Loan under the Debt Restructuring would be taken place among the Vendor, the Vendor's PRC Subsidiaries and the Target Group, the Purchaser will not need to sign any loan agreement or assignment, no announcement will be issued by the Company in regard also. Thus, upon the Completion, the grant of Remaining Loan by the Vendor's PRC Subsidiaries to the Target Group will constitute a financial assistance by connected person to the Company. Since the Remaining Loan is intended to be on an interest-free and unsecured basis upon the Completion, it is exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules. As informed by the Vendor, the Vendor and the Vendor's PRC Subsidiaries are not intended to call the Remaining Loan as of the Latest Practicable Date and any time soon after the Completion.

In any event, if the grant of Remaining Loan constitutes a non-exempted financial assistance by the connected person under Chapter 14A of the Listing Rules, the Company will comply with the Listing Rules and make relevant disclosure as applicable and appropriate.

As of the Latest Practicable Date, the Debt Restructuring has not been completed and is expected to be completed by the end of February 2017.

Conditions precedent

Completion of the Acquisition is conditional upon the fulfillment of the following Conditions on or before the Conditions Fulfillment Date:

(a) the passing of the resolution(s) by the Independent Shareholders to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM;

(b) the Vendor is the legal and beneficial owner of the Target Share and the Target Shareholder's Loan, which are not subject to any encumbrances and third parties' rights;

(c) the Target Company is the legal and beneficial owner of all issued share capital of Huatai Junan, which is not subject to any encumbrances and third parties' rights (including any encumbrances created due to any pledges of the said issued share capital);

(d) Huatai Junan is the legal and beneficial owner of entire equity interest of Huaan (Shenzhen), which is not subject to any encumbrances and third parties' rights (including any encumbrances created due to any pledges of the said entire equity interest);

(e) Huaan (Shenzhen) is the legal and beneficial owner of entire equity interest of Huajun Property, which is not subject to any encumbrances and third parties' rights (including any encumbrances created due to any pledges of the said entire equity interest);

(f) Huajun Property is the legal and beneficial owner of the entire equity interest in each of Dalian Haitong and Dalian Taiyuan, which is not subject to any encumbrances and third parties' rights (including any encumbrances created due to any pledges of the said entire equity interest);

(g) all assets held by Dalian Haitong and Dalian Taiyuan are not subject to any encumbrances and third parties' rights (including any encumbrances created due to any pledges of the said assets);

(h) the acquisition of the Target Share and Target Shareholder's Loan shall be completed simultaneously in compliance with the applicable PRC laws and to the satisfaction of the Purchaser;

(i) the Vendor has completed the Debt Restructuring and the Purchaser has received the relevant documentary proof to its satisfaction;

(j) the Purchaser has been satisfied with the result of the due diligence review of the Target Group (including but not limited to the review on the indebtedness of the Target Group);

(k) the management of Target Group shall not have done any act which may have negative impact on the businesses, assets, properties, financial conditions, operations and future prospects of the Target Group on or prior to Completion; and all warranties shall be accurate and true in all respects as at the Completion Date;

(l) the Vendor has obtained all necessary third party consents, approvals, authorisations, waivers, permission and certifications in relation to the transactions contemplated under the Sale and Purchase Agreement and other relevant matters; and

(m) the representations, warranties and undertakings given by the Vendor (the "**Warranties**") have remained true, accurate and not misleading in all material respects and there have been no breach of any of the Warranties in any respect by the Vendor.

Save and except Conditions (a) to (g), all other Conditions are capable of being waived by the Purchaser at its discretion in writing to the Vendor. If any of the Conditions have not been fulfilled or waived (as the case may be) by the Conditions Fulfillment Date, the Sale and Purchase Agreement shall lapse and have no further effect. The Vendor shall refund all amounts (if any) previously received from the Purchaser with interest of 12% per annum and penalty of RMB1 million (equivalent approximately HK$1.1 million) to the Purchaser forthwith. Upon due receipt of the said payment by the Purchaser, none of the parties shall make any claims against the other party pursuant to the terms and conditions of the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Company has no intention to waive any of the Conditions (h) to (m). The Purchaser may at its absolute discretion waive any of the above conditions precedent depending on the actual circumstances if it is in the interest of the Company and the Shareholders as a whole to do so.

To ensure the legal compliance of the Acquisition and the simultaneousness of the acquisition of the Target Share and Target Shareholder's Loan, there is no intention to waive Condition (h).

In respect of the Condition (i), it is agreed between parties of the Sale and Purchase Agreement that the Target Shareholder's Loan is only amounted to RMB1,600 million (equivalent to approximately HK$1,760 million). Shall there be any change to the Debt Restructuring, such as the amount of the Target Shareholder's Loan, announcement of the Company will be issued to disclose the relevant details.

In respect of Condition (j), the Purchaser has engaged the Company's PRC legal advisers to conduct the legal due diligence review on the companies of the Target Group which are established in the PRC and ZHONGHUI ANDA CPA Limited to conduct the audit work on the Target Group.

In respect of Condition (l), the Company's PRC legal adviser advised the Company that no foreseeable difficulty on obtaining third party consents, approvals, authorisations, waivers, permission and certifications under the PRC laws in relation to the transactions contemplated under the Sale and Purchase Agreement and other relevant matters.

In respect of Conditions (k) and (m), if on or prior to the Completion, management of Target Group shall not have done any act which may have negative impact on the businesses, assets, properties, financial conditions, operations and future prospects of the Target Group, or any of the warranties of the Vendors are found to be incorrect or misleading or have not been fully carried out in any material respect, the Purchaser would have the right to rescind the Agreement.

As at the Latest Practicable Date, the above Conditions (b) to (e) have been satisfied.

Completion

Completion of the Acquisition, subject to all of the Conditions having been satisfied and/or waived (as the case may be), shall take place on the tenth Business Day immediately following the satisfaction and/or waiver (as the case may be) of all of the Conditions or such other date agreed by the Vendor and the Purchaser.

Pursuant to the Sale and Purchase Agreement, within 45 Business Days immediately after signing of the Sale and Purchase Agreement, the Vendor shall complete the Debt Restructuring and registration of the transfer of the Target Share to the Purchaser and the change of the legal representative, business registration certificate, tax registration permit* (稅務登記證) and Organization Code Certificate* (組織機構代碼證).

INFORMATION OF THE VENDOR AND THE TARGET GROUP

The Vendor is a company incorporated in the BVI with limited liability and, as advised by the Vendor, is principally engaged in property investment. As at the Latest Practicable Date, Mr. Meng directly wholly owns B&H Properties Limited, which is the sole shareholder of the Vendor.

The Target Company is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, the Target Company is directly wholly-owned by the Vendor.

Huatai Junan is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, Huatai Junan is directly wholly-owned by the Target Company.

Huaan (Shenzhen) is a company established in the PRC with limited liability and is principally engaged in, among other things, development, sale and management of properties. As at the Latest Practicable Date, Huaan (Shenzhen) is directly wholly-owned by Huatai Junan.

Huajun Property is a company established in the PRC with limited liability and is principally engaged in, among other things, development, sale and management of properties. As at the Latest Practicable Date, Huajun Property is directly wholly-owned by Huaan (Shenzhen).

Each of Dalian Haitong and Dalian Taiyuan is a company established in the PRC with limited liability and is principally engaged in development, sale and management of properties. As at the Latest Practicable Date, each of Dalian Haitong and Dalian Taiyuan is directly wholly-owned by Huajun Property.

FINANCIAL INFORMATION OF THE TARGET GROUP

As informed by the Vendor, the unaudited consolidated financial information of the Target Group prepared under Hong Kong Financial Reporting Standards for the two years ended 31 December 2014 and 2015 and for the eight months ended 31 August 2016, summarized as follows:

	For the year ended/ as of 31 December 2014	For the year ended/ as of 31 December 2015	For the eight months ended/ as of 31 August 2016
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(unaudited)	(unaudited)	(unaudited)
Net profit (loss) before taxation	(54)	(26,042)	175,660
Net profit (loss) after taxation	(54)	(38,629)	109,951
Net assets (liabilities)	7,089	(28,640)	78,417

Since the Huajun Property acquired Dalian Haitong and Dalian Taiyuan in August 2015 and October 2015 respectively, the financial information of the Target Group for the year ended 31 December 2015 has consolidated the result of these two companies after the acquisition date.

In 2016, certain properties held by Dalian Taiyuan were sold and delivered to purchasers and Dalian Taiyuan has recognized the revenues and cost in 2016. Thus, the net profit before taxation and after taxation and net assets are fluctuated during the two years ended 31 December 2014 and 2015 and for the eight months ended 31 August 2016. All of the properties held by Dalian Haitong were still under development in 2016 and therefore no revenue was generated by Dalian Haitong for the eight months ended 31 August 2016.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal business activity of the Company is investment holding. The Group is principally engaged in business of (a) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (b) provision of finance; (c) securities investments; (d) property development and investments; (e) financial leasing; (f) trading and logistics; (g) medical management; (h) manufacturing and sale of industrial equipment; and (i) manufacturing and sale of photovoltaic products.

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

Both Bao Hua Financial Centre* (保華金融中心) and Bao Hua Wang Yuan* (保華旺苑) are located in Dalian City, Liaoning Province, the PRC. Through the acquisition of the Target Share, the Group will acquire the interest of Bao Hua Financial Centre* (保華金融中心) and Bao Hua Wang Yuan* (保華旺苑). The Acquisition provides an investment opportunity for the Group to strengthen and develop its existing property business which in turn provides an opportunity to the Group to potentially enhance the return for its Shareholders.

In view of the above, the Directors (including the independent non-executive Directors who have considered the advice of the Independent Financial Adviser) consider that (i) the Acquisition is beneficial for the Group; (ii) the entering into of the Sale and Purchase Agreement is on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation; and (iii) the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders of the Company as a whole.

FINANCIAL AND CAPITAL RESOURCES

As published in the interim report of the Company for the six months ended 30 September 2016, as at 30 September 2016, the Group had borrowings totaling approximately HK$3,028.5 million. Of these borrowings, approximately HK$2,558.2 million were secured by the assets of the Group with an aggregate carrying value of approximately HK$3,845.7 million.

As at 30 September 2016, the Group had total equity of approximately HK$3,828.3 million.

As at 30 September 2016, the Group had current assets of approximately HK$7,550.9 million comprising cash and cash equivalents of approximately HK$293.6 million, and current liabilities of HK$3,021.0 million. The Group's current ratio (defined as current assets divided by current liabilities) was maintaining at 2.5.

The Group's gearing ratio, expressed as a percentage of interest-bearing liabilities to total assets was at 32.9% as at 30 September 2016.

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks to meet its ongoing obligations and commitments.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Group will become the indirectly wholly-owned subsidiaries of the Company.

Net Assets

Set out in Appendix V to this circular is the unaudited pro forma statement of assets and liabilities of the Enlarged Group which illustrates the financial effects of the Acquisition assuming Completion had taken place on 30 September 2016. Based on the unaudited pro forma financial information of the Enlarged Group, the total assets of the Group would increase approximately 33.7% from approximately HK$9,154.0 million to approximately HK$12,240.5 million and its total liabilities would increase approximately 58.0% from approximately HK$5,325.7 million to approximately HK$8,412.2 million.

Earnings

According to the Accountants' Reports, the Target Group recorded a net profit attributable to owners of the company of approximately RMB109.9 million for the period from 1 January 2016 to 31 August 2016. The Acquisition may lead to an increase on the Group's earnings if the Acquisition was completed on 1 January 2016.

LISTING RULES IMPLICATIONS

Mr. Meng is the chairman, the executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Meng directly owns all the issued share capital of B&H Properties Limited, which is the sole shareholder of the Vendor. As the Vendor is indirectly wholly owned by Mr. Meng, theVendor is an associate (as defined under the Listing Rules) of Mr. Meng and hence a connected person of the Company under the Listing Rules.

As the relevant percentage ratios for the Acquisition exceeds 25% and the Consideration exceeds HK$10,000,000, the Acquisition constitutes an non-exempt connected transaction for the Company and is subject to reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Mr. Meng and his associates (including HIL, Jian Xing and the Vendor, being associates of Mr. Meng) shall abstain from voting at the SGM in respect of the resolutions approving the Acquisition and the transactions contemplated thereunder. As at the Latest Practicable Date, the Vendor does not own any Shares, while Mr. Meng and his associates own the Shares as follows:

(i) Mr. Meng personally holds 383,853,513 Shares representing approximately 6.33% of the issued share capital of the Company;

(ii) HIL holds 3,993,698,214 Shares representing approximately 65.83% of the issued share capital of the Company; and

(iii) Jian Xing holds 53,571,429 Shares representing approximately 0.88% of the issued share capital of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as Mr. Meng, HIL and Jian Xing, no other Director or Shareholder has a material interest in the Sale and Purchase Agreement. Accordingly, apart from Mr. Meng, HIL, Jian Xing and their respective associates, no other Shareholder is required to abstain from voting at the SGM in respect of the resolutions relating to the Sale and Purchase Agreement. At the Board meeting approving the Acquisition, Mr. Meng has abstained from voting on the relevant Board resolution for considering and approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

Further, as the relevant applicable ratios for the Acquisition under the Sale and Purchase Agreement are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping, has been established to consider the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard

SGM

An SGM will be held on Thursday, 16 March 2017 at 3:00 p.m. at Conference Room, 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong, during which resolution(s) will be proposed to the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Acquisition and the transactions contemplated thereunder.

The notice of the SGM is set out on pages SGM-1 and SGM-2 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not the Shareholders are able to attend the SGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should the Shareholders so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure the chairman of the SGM to demand for voting on poll in respect of the ordinary resolution to be proposed at the SGM in accordance with the memorandum of association and the bye-laws of the Company and Union Registrars Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, HIL, Jian Xing, Mr. Meng and their respective associates (as defined under the Listing Rules) are required to abstain from voting on the resolution(s) in respect of the Acquisition and the transactions contemplated thereunder at the SGM.

RECOMMENDATION

Having considered the above-mentioned benefits to the Group and the advice of the Independent Financial Adviser, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole and they are fair and reasonable to the Company. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to (1) the letter from the Independent Board Committee set out on pages 23 and 24 of this circular and (2) the letter of advice from the Independent Financial Adviser set out on pages 25 to 47 of this circular, which contains among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition and the transactions contemplated thereunder and the principal factors considered by it in arriving at its recommendation.

Your attention is also drawn to the additional information contained in the appendices to this circular.

By Order of the Board
Wu Jiwei
Chief Executive Officer and Executive Director

HUAJUN HOLDINGS LIMITED
華君控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 377)

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
36/F, Champion Tower,
3 Garden Road,
Central,
Hong Kong

28 February 2017

To the Independent Shareholders,

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF ALL ISSUED SHARE CAPITAL OF HUA TAI JUN AN INTERNATIONAL DEVEOPMENT LIMITED

We refer to this circular ("**Circular**") dated 28 February 2017 issued by the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Acquisition and to advise you as to whether, in our opinion, the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned. INCU Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sales and Purchase Agreement and the transactions contemplated thereunder.

We also wish to draw your attention to (i) the letter from the Board; (ii) the letter from INCU Corporate Finance Limited; and (iii) the additional information set out in the appendices to the Circular.

* *For identification purpose only*

Having considered the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, and having taken into account the opinion of INCU Corporate Finance Limited and, in particular, the factors, reasons and recommendations as set out in the letter from INCU Corporate Finance Limited on pages 25 to 47 of the Circular, we consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Independent Shareholders and the Company as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions which will be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,

Zheng Bailin	**Shen Ruolei**	**Pun Chi Ping**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the text of a letter of advice from INCU, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in relation to the Sales and Purchase Agreement and the transactions contemplated thereunder.

INCU Corporate Finance Limited
Unit 1701, 17/F, Wings Building,
110-116 Queen's Road Central,
Central, Hong Kong

28 February 2017

To: The Independent Board Committee and
the Independent Shareholders of
Huajun Holdings Limited

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF ALL ISSUED SHARE CAPITAL OF HUA TAI JUN AN INTERNATIONAL DEVELOPMENT LIMITED

1) INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular of the Company dated 28 February 2017 (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, unless the context requires otherwise.

On 22 December 2016 (after trading hours of the Stock Exchange), the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire, the Target Share and the Target Shareholder's Loan at a total Consideration of RMB1,920 million (equivalent to approximately HK$2,112 million). Upon Completion, the Target Group will become an indirect wholly-owned subsidiary of the Company, and their financial results will be consolidated into the financial results of the Group.

Mr. Meng is the chairman, the executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Meng indirectly owns all the issued share capital of B&H Properties Limited, which is the sole shareholder of the Vendor. As the Vendor is indirectly wholly owned by Mr. Meng, the Vendor is an associate (as defined under the Listing Rules) of Mr. Meng and hence a connected person of the Company under the Listing Rules.

As the relevant applicable percentage ratios for the Acquisition exceed 25% and the Consideration exceeds HK$10,000,000, the Acquisition constitutes on non-exempt connected transaction for the Company and is subject to reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Mr. Meng and his associates (including HIL, Jian Xing and the Vendor, being associates of Mr. Meng) shall abstain from voting at the SGM in respect of the resolutions approving the Acquisition and the transactions contemplated thereunder. As at the Latest Practicable Date, the Vendor does not own any Shares, while Mr. Meng and his associates own the Shares as follows:

(i) Mr. Meng personally holds 383,853,513 Shares representing approximately 6.33% of the issued share capital of the Company;

(ii) HIL holds 3,993,698,214 Shares representing approximately 65.83% of the issued share capital of the Company; and

(iii) Jian Xing holds 53,571,429 Shares representing approximately 0.88% of the issued share capital of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as Mr. Meng, HIL and Jian Xing, no other Director or Shareholder has a material interest in the Sale and Purchase Agreement. Accordingly, apart from Mr. Meng, HIL, Jian Xing and their respective associates, no other Shareholder is required to abstain from voting at the SGM in respect of the resolutions relating to the Sale and Purchase Agreement.

Furthermore, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition calculated exceeds 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirments under the Listing Rules.

The Company has established an Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping, to advise the Independent Shareholders in respect of the terms of the Acquisition and the transactions contemplated thereunder.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, we are not connected with Directors, chief executives and substantial shareholders of the Company or HIL and Mr. Meng or any of their respective associates. We are not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as 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 the Acquisition and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. During the past two years, we have been appointed as the independent financial adviser (the "**Previous Engagement**") to the Company in respect of the connected transaction in relation to the issue of convertible bonds under specific mandate (the "**Issue**") with details set out in the circular of the Company dated 11 March 2016. We considered that the Previous Engagement did not affect our independence as the Independent Financial Adviser to the proposed Acquisition and the transactions contemplated thereunder, since the Previous Engagement merely involved the provision of opinion to the independent board committee and independent shareholder in relation to the Issue, we did not give any advice or opinion to the Company on planning and/or structuring any corporate action outside the scope of the Issue. Accordingly, we consider that we are considered eligible to give independent advice on the Sale and Purchase Agreement and the transactions contemplated thereunder.

2) BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company and the management of the Group. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. 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. However, we have not conducted any in-depth independent investigation into the businesses, affairs and financial positions of the Group, the Vendor and the Target Group nor have we carried out any independent verification of the information supplied.

3) PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder, we have considered the principal factors and reasons set out below:

I. Background and financial performance of the Group

Information of the Group

The principal business activity of the Company is investment holding. The Group is principally engaged in the business of (i) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (ii) provision of finance; (iii) securities investments; (iv) property development and investments; (v) financial leasing; (vi) trading and logistics; (vii) medical management; (viii) manufacturing and sale of industrial equipment; and (ix) manufacturing and sale of photovoltaic products.

Historical financial information of the Group

Set out below are (i) the audited consolidated financial information of the Group for the two years ended 31 March 2015 ("**FY2015**") and 31 March 2016 ("**FY2016**") as extracted from the annual report of the Company for the year ended 31 March 2016 ("**2016 Annual Report**"); and (ii) unaudited consolidated financial information of the Group for the six months ended 30 September 2015 and 30 September 2016 ("**1H2015/16**" and "**1H2016/17**") as extracted from the interim report of the Company for six months ended 30 September 2016 ("**2016 Interim Report**"):

	FY2015	**FY2016**	**1H2015/16**	**1H2016/17**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Continuing operations				
Revenue	747,926	1,295,581	676,963	835,066
Gross profit	166,570	243,044	148,381	181,774
Gross profit margin	22.3%	18.8%	21.9%	21.8%
Profit/(loss) before taxation	422,643	31,545	(396,833)	14,927
Income tax expenses	(145,526)	(62,122)	(8,078)	(9,989)
Discontinued operations *(Note)*				
Profit from discontinued operations	35	579	–	21,565
Profit/(loss) for the year/period	277,152	(29,998)	(404,911)	26,503
Profit/(loss) for the year/period attributable to shareholders of the Company	242,190	32,654	(389,130)	7,071

	As at 31 March 2016	As at 30 September 2016
	HK$'000	*HK$'000*
	(audited)	(unaudited)
Non-current assets	1,723,924	1,603,157
Current assets	4,601,265	7,550,875
Non-current liabilities	281,178	2,304,767
Current liabilities	2,468,733	3,020,955
Net assets attributable to shareholders of the Company	3,441,962	3,679,642
Bank balances and cash	132,918	293,586

Note: Discontinued operations in FY2015 represent the securities brokerage business disposed of by the Group in FY2015. Discontinued operations in FY2016 represent solar business disposed of by the Company.

(a) Financial performance in FY2016 and FY2015

As disclosed in the 2016 Annual Report, revenue of the Group was approximately HK$1,295.6 million in FY2016, representing an increase of approximately HK$547.7 million, or 73.2%, compared to the revenue of approximately HK$747.9 million in FY2015. The overall increase in revenue was attributable to the development of trading and logistics business, in particular the commencement of sale of oil products and growth of sale of electronic parts and devices in FY2016.

Gross profit margin was approximately 18.8% for FY2016, representing a decrease of approximately 3.5% from 22.3% in FY2015. Such decrease was mainly due to increase in revenue contribution from trading and logistics business in FY2016 with lower gross profit margin.

Profit attributable to shareholders of the Company amounted to approximately HK$242.2 million and approximately HK$32.7 million for FY2015 and FY2016 respectively. The decrease in profit was mainly attributable to (i) impairment loss on goodwill arising from acquisition of 60% equity interest in Dalian Bao Xing Da Industrial Co., Ltd., a non-wholly owned subsidiary of the Company principally engaged in land consolidation, parking services and lease of land; (ii) increase in finance cost of approximately HK$241.2 million; and (iii) absence of gain arising on change in fair value of investment properties (FY2015: approximately HK$305.2 million), which was partially offset by gains on disposal of subsidiaries amounted to approximately HK$542.9 million.

(b) Financial performance in 1H2016/17 and 1H2015/16

As disclosed in the 2016 Interim Report, revenue of the Group in 1H2016/17 was approximately HK$835.1 million, representing an increase of approximately HK$158.1 million, or 23.4%, compared to the revenue of approximately HK$677.0 million for 1H2015/16. The overall increase in revenue was attributable to the development of trading and logistics business, in particular the electronic parts and devices in 1H2016/17. Gross profit margin remained at a stable level of approximately 21.8% in 1H2016/17 as compared to approximately 21.9% in 1H2015/16.

Profit attributable to shareholders of the Company amounted to approximately HK$7.1 million in 1H2016/17 and a loss of approximately HK$389.1 million was recorded in 1H2015/16. Such turnaround effect was mainly due to absence of impairment loss (1H2015: approximately HK$313.2 million) and a decrease in finance costs of approximately HK$76.5 million.

(c) Financial positions of the Group

Based on the 2016 Interim Report, the Group recorded net assets attributable to shareholders of the Company of approximately HK$3,679.6 million as at 30 September 2016.

As at 30 September 2016, the non-current assets of the Group amounted to approximately HK$1,603.2 million, mainly comprised property, plant and equipment of approximately HK$495 million, available-for-sale investments of approximately HK$372.5 million, finance lease receivables of approximately HK$159.8 million, prepaid lease payments of approximately HK$144.5 million and investment properties of approximately HK$87.2 million, while the current assets of the Group amounted to approximately HK$7,550.9 million, mainly comprised land and properties for sale of approximately HK$3,796.7 million, assets classified as held for sale of approximately HK$1,831.1 million, trade and other receivables of approximately HK$480.1 million, loan receivables of approximately HK$457.2 million and bank balances and cash of approximately HK$293.6 million.

As at 30 September 2016, the current liabilities of the Group amounted to approximately HK$3,021.0 million, mainly comprised liabilities associated with assets classified as held for sale of approximately HK$1,343.0 million and trade and other payables of approximately HK$876.6 million and borrowings of approximately HK$740.0 million, while the non-current liabilities of the Group amounted to approximately HK$2,304.8 million, mainly represented borrowings of approximately HK$1,856.0 million, convertible bonds of approximately HK$284.6 million and corporate bonds of approximately HK$147.8 million.

As at 30 September 2016, the gearing ratio of the Group, which was computed by dividing total interest-bearing borrowings by total assets, was approximately 32.9%.

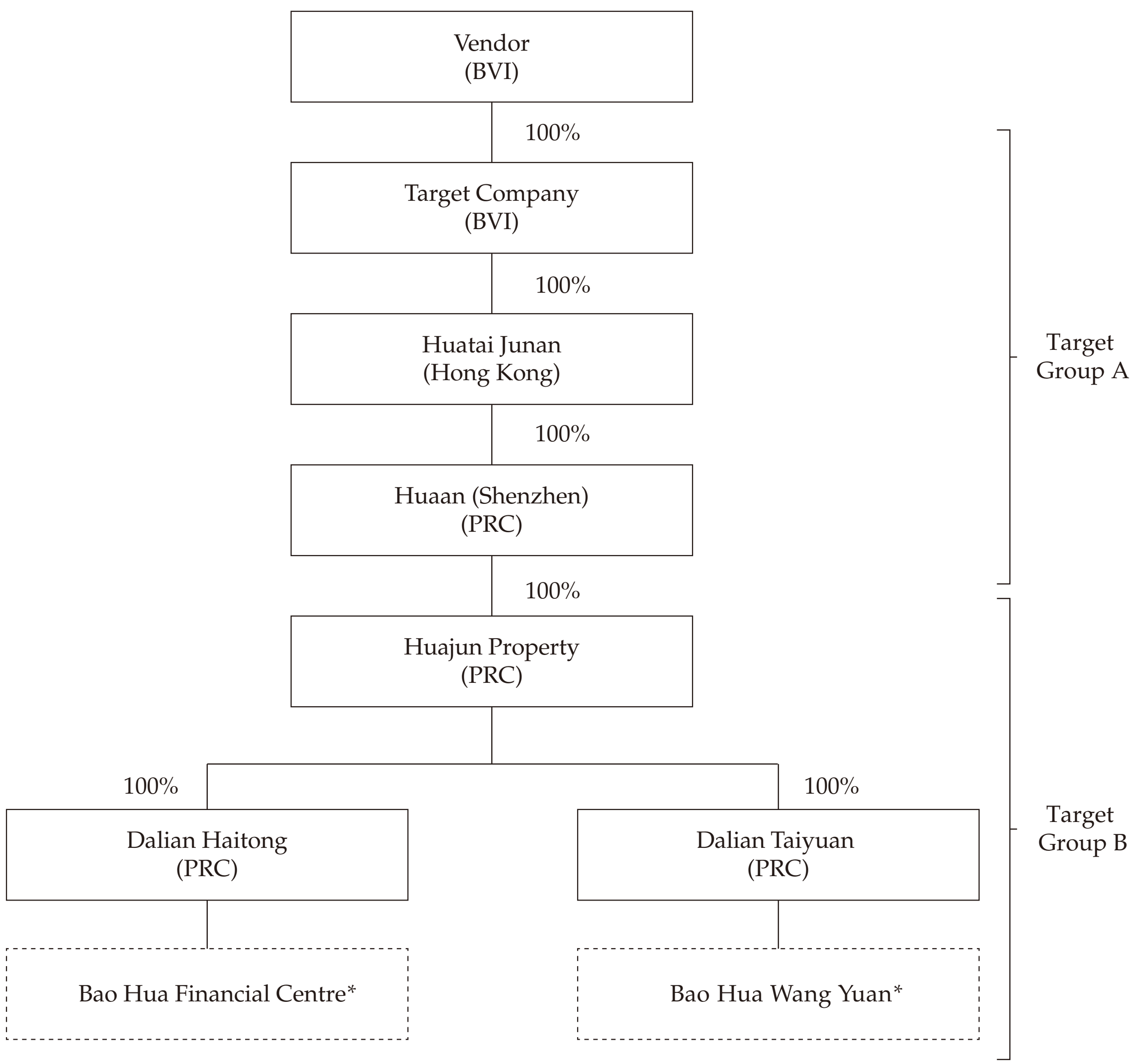
II. Information of the Vendor and the Target Group

Information of the Vendor

With reference to the Letter from the Board, the Vendor is a company established in the BVI with limited liabilities and is principally engaged in property investment. As at the Latest Practicable Date, Mr. Meng directly wholly owns B&H Properties Limited, which is the sole shareholder of the Vendor.

Background of the Target Group

The corporate structure of the Target Group as at the Latest Practicable Date is shown as in the simplified chart below:



Note:

property development held by the respective companies

The Target Company is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, the Target Company is directly wholly-owned by the Vendor.

Huatai Junan is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Huaan (Shenzhen) is a company established in the PRC with limited liability and is principally engaged in, among other things, development, sale and management of properties. Huajun Property is a company established in the PRC with limited liability and is principally engaged in, among other things, development, sale and management of properties.

Each of Dalian Haitong and Dalian Taiyuan is a company established in the PRC with limited liability and is principally engaged in development, sale and management of properties and owns Bao Hua Financial Centre and Bao Hua Wang Yuan (collectively the "**Properties**") respectively.

Details of the Properties are set out below:

Bao Hua Financial Center* (保華金融中心)

As disclosed in the Letter from the Board, Dalian Haitong currently owns a property development named Bao Hua Financial Centre* (保華金融中心), which is situated at Dalian City, Liaoning Province in the PRC. Bao Hua Financial Centre comprises a parcel of land with a site area of approximately 10,857.10 sq.m. and a commercial and office development complex erected thereon which is currently under construction. The development will be developed into a 51-storey commercial and office complex with a 2-storey basement for car parking and ancillary uses. Upon completion, the property development will have a total planned gross floor area ("**GFA**") of approximately 146,270 sq.m. (including 1,192 car parking spaces), the details of which are set out as below:

Usage	**Planned GFA** *(s.q.m.)*	**Car Parking Space** *(lot)*
Aboveground:		
Commercial	30,751.76	–
Office	84,636.56	–
Car parking space	2,916.70	100
Ancillary	7,654.98	–
Sub-total:	125,960.00	100

Usage	Planned GFA	Car Parking Space
	(s.q.m.)	*(lot)*
Underground:		
Commercial	1,026.00	–
Car parking space	14,584.00	1,092
Ancillary	4,700.00	–
Sub-total:	20,310.00	1,092
Total:	146,270.00	1,192

As further disclosed in the Letter from the Board, the construction work of the property development is scheduled to be completed in 2018 and is expected to be ready for leasing around November 2018. The total construction cost of the property development is estimated to be approximately RMB1,250,000,000, of which approximately RMB287,781,000 had been paid as at 30 November 2016. The Company currently intends not to sell but hold the entire properties of Bao Hua Financial Centre* for generating rental income upon completion of construction.

As advised by the Directors, it is expected that rental income from Bao Hua Financial Centre* will be generated since November 2018.

As at the Latest Practicable Date, the estimated capital requirement (including construction cost) to complete the construction of Bao Hua Financial Center will not be more than RMB800 million (equivalent to approximately HK$880 million). The Company intends to finance such capital requirement by internal resources. The Group will closely monitor the working capital position of the Group from time to time, and if necessary, may consider to obtain external borrowings or loan from controlling shareholders.

Based on the current level of bank balances, banking facilities available to the Group and the cash flow to be generated from the existing operations of the Company, it is expected that the Enlarged Group will have sufficient working capital for the next 12 months from the date of the Circular.

Bao Hua Wang Yuan* (保華旺苑)

As disclosed in the Letter from the Board, Dalian Taiyuan currently owns a property development named Bao Hua Wang Yuan* (保華旺苑). Bao Hua Wang Yuan is located at No. 4 Sanba Square, Zhongshan District, Dalian City. It comprises a parcel of land with a site area of approximately 7,370.2 sq.m., a 29-storey commercial and residential complex ("**Building A**") and a 7-storey commercial building ("**Building B**") together with a 3-storey basement for car parking spaces and ancillary uses erected thereon having a total GFA of approximately 56,727.86 sq.m. As at the 30 November 2016, 272 residential units and 21car parking spaces with a total GFA of approximately 19,068.53 sq.m. were sold out by the Target Group. Therefore, a total GFA of 37,659.33 sq.m. is remaining as set out below:

	Description and tenure	Usage	GFA (approximate) *(s.q.m.)*	Car Parking Space *(lot)*
Part A	Level 6 of Building A and 185 car parking spaces together with the relevant ancillary rooms in the basement	Commercial	841.77	–
		Car parking	2,810,94	185
		Ancillary	11,637.84	–
		Sub-total:	15,290.55	185
Part B	73 unsold residential units with an ancillary room in Building A	Residential	4,890.07	–
		Ancillary	82.72	–
		Sub-total:	4,972.79	–
Part C	Levels 1 to 5 of Building A and the whole Building B	Commercial	17,395.99	–
		Sub-total:	17,395.99	–
		Total:	37,659.33	185

With reference to the Letter from the Board, as at the Latest Practicable Date, all of the development, including the internal decoration work and infrastructure work of Part A, part B and part C of the property development was completed. No additional capital requirement is required as the development has been completed. In relation to the residential units, to the best knowledge of the Company, the Company intends to hold them as inventories for sale. In relation to the commercial unit, the Company currently intends to hold them for capital appreciation and leasing them out for rental income. Bao Hua Wang Yuan has a total of 348 residential units, the sales of which were commenced in 2016. As of the Latest Practicable Date, 309 residential units have been sold with total sale proceeds of RMB408.8 million (equivalent to approximately HK$449.68 million). Out of the said 309 sold units, 283 units have been delivered to the purchasers. The said residential units were on average sold at RMB16,906 per sq.m.. The leasing of commercial units of Bao Hua Wang Yuan have recently commenced and it is expected to start generating rental income in July 2017.

According to the State-owned Land Use Rights Certificate, the car parking spaces of the project are for public parking use, which are not allowed to be rented or sold. However, as advised by the Target Group, Dalian Taiyuan has sold 21 car parking spaces and pre-sold 7 car parking spaces as at 30 November 2016. As advised by the legal adviser of the Company in the PRC laws (the "**PRC Legal Adviser**"), the selling of the use right of car parking spaces by Dalian Taiyuan is an act of disposal of property, which infringe the owners' right but does not infringe the interest of the country. As advised by the PRC Legal Adviser, there is no law stipulated by the PRC government authority that a punishment would be imposed on Dalian Taiyuan because of its sale of car parking space. As Dalian Taiyuan has sold 28 parking spaces for revenue of RMB5.175 million. If the purchasers of the said car parking spaces claim for a refund, Dalian Taiyuan may need to return up to RMB5.175 million. In order to mitigate the said risk, the Vendor has agreed to provide Dalian Taiyuan RMB5.175 million as a reserve for any potential purchasers' claims for return of consideration for car parking spaces. Save as disclosed, after consulting with the PRC Legal Adviser, there is no material risks in relation to the developments.

As disclosed in the valuation report of Bao Hua Wang Yuan set out in Appendix VI to the Circular, since the 185 unsold car parking spaces are not allowed to be rented or sold pursuant to the State-Owned Land Use Rights Certificate, the 185 car parking spaces have attributed no commercial value in the valuation of Bao Hua Wang Yuan.

Taking into account that (i) the Vendor will fully indemnify Dalian Taiyuan for the potential purchasers' claims for return of consideration for car parking spaces sold previously; (ii) the amount of the potential claim of RMB5.175 million (equivalent to approximately HK$5.693 million), represented approximately 0.15% of the net assets of the Enlarged Group based on the "Unaudited Pro Forma Financial information of the Enlarged Group" set out in Appendix V to the Circular, will not impose material impact on the financial position of the Enlarged Group; (iii) there is no other material risk associated with the sales of these car parking space other than the potential claims of

RMB5.175 million based on the advice from the PRC Legal Adviser, we consider that the risk exposure in relation to the previous sales of car parking spaces by Dalian Taiyuan to the Enlarged Group is limited.

Although the Target Group has sold certain car parking spaces against the terms of the State-owned Land Use Rights Certificate which resulted in potential claims of RMB5.175 million, taking into account the above factors, we are of the view that the sale of car parking spaces does not affect the fairness and reasonableness of the Acquisition.

Financial information of the Target Group

As Target Group A is principally engaged in investment holding with insignificant assets and liabilities, financial performance and financial position of the Target Group is mainly attributable to Target Group B. For details of financial information of Target Group A, please refer to the "Accountant's report of the Target Group A" as set out in Appendix II to the Circular.

Set out below is the summary of the audited consolidated financial information of Huajun Property and its subsidiaries, namely Delian Haitong and Dalian Taiyuan, being the major operating subsidiaries of the Target Group ("**Target Group B**"), for the two years ended 31 December 2014 and 2015 and for the eight months ended 31 August 2016 prepared under Hong Kong Financial Reporting Standards, as extracted from "Accountants' Report of the Target Group B" set out in the Appendix III to the Circular:

	For the year ended 31 December 2014 *RMB'000* approximately (audited)	**For the year ended 31 December 2015** *RMB'000* approximately (audited)	**For the eight months ended 31 August 2016** *RMB'000* approximately (audited)
Revenue	–	–	237,520
Net profit (loss) before taxation	(55)	(26,041)	175,659
Net profit (loss) after taxation	(55)	(40,739)	109,950
Net assets (liabilities)	7,089	(30,751)	76,306

During the two years ended 31 December 2015, no revenue has been generated by Target Group B. During the period ended 31 August 2016, revenue of Target Group B represented the sales proceeds of the residential units of Bao Hua Wang Yuan.

As at 31 August 2016, the consolidated net assets of Target Group B amounted to approximately RMB76.3 million. Its principal assets were investment properties of approximately RMB1,785 million and restricted and pledged bank deposits of approximately RMB231 million, while its principal liabilities were amount due to a controlling shareholder of approximately RMB1,570 million and accruals and other payables of approximately RMB657 million.

The Target Group will become the indirect wholly-owned subsidiaries of the Company, and their financial results will be consolidated into the consolidated financial statements of the Group after Completion.

III. Reasons for and benefits of the Acquisition

As disclosed in the Letter from the Board, the Group always looks for suitable investment opportunities to strengthen its existing business segment in property development and investments and establishment in Liaoning Province.

As further disclosed in the Letter from the Board, both Bao Hua Financial Centre* (保華金融中心) and Bao Hua Wang Yuan* (保華旺苑) are located in Dalian City, Liaoning Province, the PRC. Through the acquisition of the Target Share, the Group will acquire the interest of Bao Hua Financial Centre* (保華金融中心) and Bao Hua Wang Yuan* (保華旺苑). The Acquisition provides an investment opportunity for the Group to strengthen and develop its existing property business which in turn provides an opportunity to the Group to potentially enhance the return for its Shareholders.

As disclosed in the 2015 Annual Report, the Group seeks development projects with asset appreciation potential for investment and enjoys asset appreciation while generating stable revenue. The Directors are of the view that the Acquisition provides an opportunity for the Group to strengthen its existing property development and investments business and provides stable revenue to the Group in the future from the rental income or sales proceeds to be generated by Dalian Bao Hua Financial Center and Bao Hua Wang Yuan.

In view of the above, the Directors consider that (i) the Acquisition is beneficial for the Group; (ii) the entering into of the Sale and Purchase Agreement is on normal commercial terms after arm's length negotiation; and (iii) the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders of the Company as a whole.

Industry overview

In order to get a better grasp of the real estate market in Dalian City and the PRC, we have conducted our own desktop research.

(a) Overview of the economy and real estate market in the PRC

The following table set out the major economic indicators in the PRC:

	2010	2011	2012	2013	2014	2015
GDP (RMB million)	41,303.0	48,930.1	54,036.7	59,524.4	64,397.4	68,550.6
GDP per capita (RMB)	30,876.0	36,403.0	40,007.0	43,852.0	47,203.0	49,992.0
Per capita disposable income of urban residents (RMB)	17,174.7	21,890.8	24,564.7	26,467.0	28,843.9	31,194.8
Fixed assets investment (RMB million)	25,168.4	31,148.5	37,469.5	44,629.4	51,202.1	56,200.0

Source: China Statistical Yearbook, National Bureau of Statistics of China

Despite the impact of the volatile economic environment of the PRC economy, a strong growing trend is noted in PRC economy as reflected by compound annual growth rate ("**CAGR**") of over 10% in GDP, GDP per capita, per capita disposable income of urban residents and fixed assets investment.

The following table set out the urban population of the PRC:

	2010	2011	2012	2013	2014	2015
Population (million)	1,340.9	1,347.7	1,354.0	1,360.7	1,367.8	1,374.6
Urban population (million)	669.8	690.8	711.8	731.1	749.2	771.2
Urbanisation rate	50.0%	51.3%	52.6%	53.7%	54.8%	56.1%

Source: China Statistical Yearbook, National Bureau of Statistics of China

Over the period from 2010 to 2016, the urbanisation rate in the PRC increased by 1%-1.3% per year and reached 56.1% by the end of 2015. Such growth between 2010 and 2015 represented a CAGR of approximately 2.3%.

According to the China Statistical Yearbook published by National Bureau of Statistics of China, the average selling price of commercialized buildings has increased from approximately RMB5,032 per sq.m. in 2010 to RMB6,793 per sq.m. in 2015, represented a CAGR of approximately 6.19%. Moreover, the total investment by enterprises for real estate development with office use has increased from approximately RMB180,738 million in 2010 to approximately RMB620,974 million in 2015, represented a CAGR of approximately 28.0%.

(b) Overview of the economy and real estate market in Dalian City

Dalian City is located in the southern part of Liaoning Province, with a total area of approximately 12,574 square kilometers and a population of approximately 5.94 million. According to the statistics published by National Bureau of Statistics of China, the GDP of Dalian City has shown a growing trend in the recent five years which increased from approximately RMB615,063 million in 2011 to RMB773,164 million in 2015, represented a CAGR of approximately 5.89%. The average annual wage of staff and workers have increased from 49,728 in 2011 to 69,390 in 2015, represented a CAGR of approximately 8.69%. Furthermore, the average selling price of commercialized buildings has shown steady growth from RMB8,052/square meter in 2011 to RMB8,929/square meter in 2015, represented a CAGR of approximately 2.62%. The total investment by enterprises for real estate development with office use reached approximately RMB4,893 million in 2015, represented a CAGR of approximately 28.46% from 2011 to 2015.

(c) Principal growth drivers

With reference to the "National Plan on New Urbanisation (2014-2020)" (國家新型城鎮化規劃 (2014-2020)) announced by the PRC State Council, certain policy and measures will be carried out to increase the China's urbanisation rate to 60% by 2020 as well as the level and quality of China's urbanisation. Such increase is expected to bring large housing and consuming demand to the cities in the PRC.

With reference to the announcement "The Opinion about Dissolving Real Estate Stock to maintain a Stable and Healthy Development of Real Estate Market"* (《關於化解房地產庫存促進房地產市場健康發展的意見》) ("**The Opinion**") published by the People's Government of Dailin City General Office in June 2016 for the aim to speed up resolving real estate stock. The Opinion proposed to adjust land supply rhythm from the supply side through optimising supply scale and structure and other measures; while from the demand side through preferential policies, credit support and monetary compensation to stimulate the release of regid demand.

The Opinion proposed certain policies to stimulate demand and stabilise real estate market which mainly include, among others, (i) lowering of property related tax, such as value-added tax for property sale; (ii) abolishment of restrictive policies on real estate market and raising maximum credit limit for mortgage loan; (iii) provision of monetary incentive to attract professional and talented persons to rent or purchase housing unit in Dalian; and (iv) adoption of preferential policies for encouraging farmers to reside in the urban area.

With reference to the valuation report on the properties of the Target Group as set out in Appendix VI of the Circular, Sanba Square Business District and Xinghai Bay Business Area which the properties of the Target Group located, are traditional business areas of Dalian with high-end office buildings, commercial buildings and metro railway stations nearby.

Taking into account (i) the historical growth of the economy and real estate market in the PRC and Dalian city; (ii) the growth drivers of the real estate market in the PRC and Dalian City and (iii) the well-developed environment of the area at which the Properties located, we concur with the Director's view that the Acquisition is in the interests of the Company and the Shareholders of the Company as a whole.

IV. Principal terms of the Sale and Purchase Agreement

Date: 22 December 2016

Parties:

(1) Go Platinum Holdings Limited, a direct wholly-owned subsidiary of the Company, as the Purchaser; and

(2) Hua Tai Jun An International Limited (華泰君安國際有限公司), a limited liability company incorporated in the BVI, as the Vendor.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to sell (1) the Target Share, representing all issued share capital of the Target Company at the Share Consideration; and (2) the Target Shareholder's Loan which shall be amounted to RMB1,600 million (equivalent to approximately HK$1,760 million) at the Loan Consideration.

Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire the Target Group, that is, the Target Company and its subsidiaries upon Completion, namely, Huatai Junan, Huaan (Shenzhen), Huajun Property, Dalian Haitong, Dalian Taiyuan and two properties developments operated by Dalian Haitong and Dalian Taiyuan as specified in the Sale and Purchase Agreement.

Details of the Properties are set out in the section headed "Information of the Vendor and the Target Group" above.

Consideration

The Consideration for the Acquisition is RMB1,920 million (equivalent to approximately HK$2,112 million), which comprised (1) the Share Consideration in the sum of RMB320 million (equivalent to approximately HK$352 million); and (2) the Loan Consideration in the sum of RMB1,600 million (equivalent to approximately HK$1,760 million). Subject to all of the Conditions having been satisfied and/or waived (as the case may be), the Purchaser shall pay the Vendor the Consideration in full on Completion Date.

The Consideration was determined by arm's length negotiations between the Purchaser and the Vendor based on normal commercial terms with reference to (i) the net assets value of the Target Group of RMB78.4 million (equivalent to approximately HK$86.2 million) as at 31 August 2016; and (ii) the preliminary valuation of the land and properties owned by the Target Group, which amounted to approximately RMB2,014.5 million (equivalent to approximately HK$2,216.0 million) as at 30 November 2016.

As disclosed in the Letter from the Board, the original acquisition cost of Dalian Haitong and Dalian Taiyuan, which are the operating subsidiaries of the Target Company, incurred by the Vendor and the associates of the ultimate beneficial owner of the Vendor, Mr. Meng, amounted to approximately RMB1,578.2 million (equivalent to approximately HK$1,736 million). Dalian Haitong and Dalian Taiyuan were first acquired by Bao Hua Properties (Dalian) Co., Ltd* (保華地產(大連)有限公司), a company with limited liability established in the PRC which was indirectly wholly-owned by Mr. Meng at the relevant time, in July 2014 and September 2014 respectively.

Pursuant to the sale and purchase agreement ("**2015 SPA**") dated 7 October 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), an indirect wholly-owned subsidiary of the Company, as the purchaser and Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司), as the vendor, the entire equity interest in Liaoning Bao Hua Properties Development Co., Ltd.* (遼寧保華房地產開發有限公司) ("**Liaoning Bao Hua**") had been sold to B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司) ("**2015 Acquisition**"). Baohua Dalian was a direct wholly-owned subsidiary of Liaoning Bao Hua and part of target group under 2015 Acquisition being sold to the Group. 2015 Acquisition was completed on 29 March 2016.

In accordance to the terms of 2015 SPA, a corporate reorganisation of the target group were taken place so that only certain companies and properties developments would be remained in the target group for 2015 Acquisition. Dalian Haitong and Dalian Taiyuan were therefore transferred to Huajun Property.

We have enquired and have been advised by the Directors that, at the time of acquisition of Dalian Haitong and Dalian Taiyuan by Mr. Meng in 2014, the Properties were in the preliminary stage of development which required significant amount of capital for their development. At that time, Dalian Bao Hua Financial Center was in the progress of foundation piling without any superstructure erected, while the construction work of Dalian Bao Hua Wang Yuan, other than the structural skeleton of Building B, had not yet commenced. Subsequent to the acquisition by Mr. Meng in 2014 and up to the date of the Sale and Purchase Agreement, construction costs incurred by Dalian Haitong and Dalian Taiyuan for development of the Properties amounted to approximately RMB446.82 million (equivalent to approximately HK$491.50 million).

As further advised by the Directors, as the underlying property projects of Dalian Haitong and Dalian Taiyuan, being the Properties, were in preliminary stage of development without generating revenue at the time of the 2015 SPA, significant amount of capital was required for further development of the Properties. Based on the estimation of the Company, such capital requirement amounted to approximately RMB952.3 million (equivalent to approximately HK$1,047.5 million. In view of (i) the significant amount of capital requirement; (ii) the uncertainties of the Properties at the time of the 2015 SPA which were in preliminary development stage; (iii) no cash inflow/revenue generated from the Properties at that time, the management of the Company considered that the Properties, at the time of 2015 SPA, was not as attractive as the target assets under the 2015 Acquisition and hence excluded Dalian Haitong and Dalian Taiyuan from the 2015 Acquisition.

Subsequent to the 2015 Acquisition and up to the Latest Practicable Date, Bao Hua Financial Center finished the foundation piling working and the structural skeleton of 31 out of 51 floors has been completed.

In respect of Bao Hua Wang Yuan, construction work of Building A and Building B has been substantially completed in December 2016 and pre-sale of residential units have been commenced in late August 2016. It is also expected that the commercial portion will start to generate rental income from the month of July 2017. Having taken into consideration that (i) the ability of generating sales/rental income of Bao Hua Wang Yuan; and (ii) the cost required to be invested into the development projects before their completion became ascertainable, we concur with the Directors' view that, the Acquisition is of less risks/uncertainties under current circumstances, as compared to the situation at time of 2015 Acquisition.

As at 30 September 2016, bank balance and cash of the Group amounted to approximately HK$293.6 million. As advised by the Directors, to satisfy the Consideration of approximately RMB1,920 million (equivalent to approximately HK$2,112 million), the Group intends to finance the consideration by the loan of HK$2,000 million to be drawn down under the credit facility signed between the Company and HIL, a substantial shareholder of the Company, dated 28 September 2016 and 26 January 2017, the loan is unsecured, interest-free and due within one year or a later date agreed between the Company and HIL. The Company will negotiate with HIL for extension of repayment date.

Although the Consideration is higher than the original acquisition cost incurred by Vendor in acquiring Dalian Haitong and Dalian Taiyuan, taking into account (i) the substantial development made to the Properties as evidenced by construction cost of RMB446.82 million incurred subsequent to the acquisition in 2014; (ii) the Consideration of RMB1,920 million (equivalent to approximately HK$2,112 million) is supported by fair value of the Properties of approximately RMB2,014.48 million (equivalent to approximately HK$2,216.00 million); and (iii) the Consideration represented a discount to the fair value of the Properties, we are of the view that the Consideration is fair and reasonable.

Valuation of the Properties

We have interviewed the Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**Valuer**") and make inquiry on any current or prior relationship between the Valuer and the Group, the Vendor and their core connected persons. We have also reviewed the Valuer's engagement letter including their scope of work. Based on the review and the interview, we are satisfied with the terms of the engagement of the Valuer and its qualification and experience for preparation of the valuation report. The Valuer confirmed that it is independent of and not connected with the Group, the Vendor, the Target Group and their respective associates. Moreover, the Valuer has confirmed that the valuation report is prepared in line with the standard valuation procedures and practices, the valuation method adopted is commonly used for valuing assets similar to the Properties and the underlying assumptions and basis used in the valuation report are fair and reasonable.

As stated in the "Valuation Report on Properties of the Target Group" (the "**Valuation Report**") set out in the appendix VI to the Circular, in arriving at the valuation of RMB2,014.5 million for the Properties, the Valuer has adopted comparison approach as valuation method to value the Properties.

For Bao Hua Wang Yuan, assumption is made for sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For Bao Hua Financial Centre, it is assumed to be developed and completed in accordance with the latest development proposals provided by the Target Group. In arriving at the values, the comparison approach have been adopted by making reference to comparable sales evidence as available in the relevant market and the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development have also been taken into account.

For our due diligence purpose, we have (i) discussed with the relevant staff of the Valuer regarding the methodology used and principal bases and assumptions adopted in the Valuation Report; (ii) reviewed the underlying calculations of the Valuation Report and the information of the comparables properties (including unit prices) adopted by the Valuer; (iii) discussed with the Valuer and understood their selection criteria of comparable properties adopted in the Valuation Report; (iv) discussed with the Valuer and understood that the Valuer has included all of the most suitable comparable properties meeting the selection criteria as identified by them based on their best information, knowledge and belief.

We have reviewed the six comparables adopted by the Valuer in arriving at the fair value of the Properties, and we noted that (i) the comparable properties are located in the location close to the Properties with similar accessibility and decoration; and (ii) all unit price quoted are the asking prices based on the Valuer's site investigation or quotation from real estate agencies. Based on the above, we consider that the comparables selected by the Valuer are fair and representative samples for direct comparison purpose.

According to the Valuation Report, the fair value of Bao Hua Financial Centre* and Bao Hua Wang Yuan* was RMB1,564,000,000 and RMB450,475,000 respectively (in aggregate equivalent to approximately HK$2,216.0 million) as at 30 November 2016.

Further details of the basis and assumption of the valuation are included in the Valuation Report as contained in Appendix VI to this Circular. During our discussion with the Valuer, we have not identified any major factors which cause us to doubt the fairness and reasonable of the principal basis, assumptions and methodologies adopted for the valuation of the Properties. However, Shareholders should note that valuation of land and properties usually involves assumptions and therefore the valuation may or may not reflect the true market values of the land and properties accurately.

Debt Restructuring

Pursuant to the Sale and Purchase Agreement, completion of the Debt Restructuring is one of the conditions precedent of the Acquisition.

As disclosed in the Letter from the Board, pursuant to the Sale and Purchase Agreement, prior to the date of transfer of Target Share, the Vendor shall restructure certain liabilities of the Target Group. Through the Debt Restructuring, the liabilities of the Target Group shall be assigned to the subsidiaries (the "**Vendor's PRC Subsidiaries**") of the Vendor which were established in the PRC so that upon completion of the Debt Restructuring, the liabilities due from the Target Group to Vendor's PRC Subsidiaries will be not less than RMB1,600 million (equivalent to approximately HK$1,760 million). As informed by the Vendor, (i) the amount due to ultimate holding company of Target Group B approximately in the sum of RMB1,570,000,000; and (ii) the amounts due to related companies of Target Group B approximately in the sum of RMB87,000,000 are subject to the Debt Restructuring.

Immediately upon completion of the Debt Restructuring, the amount due to ultimate holding company of Target Group B and the amounts due to related companies of Target Group B in the amount of not less than RMB1,600 million (equivalent to approximately HK$1,760 million) will be due by the Target Group to the Vendor's PRC Subsidiaries. Vendor's PRC Subsidiaries will assign the right of the Target Shareholder's Loan of RMB1,600 million (equivalent to approximately HK$1,760 million) to the Purchaser or the Company's subsidiaries.

As further disclosed in the Letter from the Board, after the Debt Restructuring, if the outstanding liabilities due by the Target Group to the Vendor's PRC Subsidiaries is more than RMB1,600 million (equivalent to approximately HK$1,760 million), such amount ("**Remaining Loan**") exceeded the value of the Target Shareholder's Loan will remain to be owed by the Target Group to the Vendor's PRC Subsidiaries and repayable on demand. As the assignment of Remaining Loan under the Debt Restructuring would be taken place among the Vendor, the Vendor's PRC Subsidiaries and the Target Group, the Purchaser will not need to sign any loan agreement or assignment. Thus, upon the Completion, the grant of Remaining Loan by the Vendor's PRC Subsidiaries to the Target Group will constitute a financial assistance by connected person to the Company. Since the Remaining Loan is intended to be on an interest free and unsecured basis upon the Completion, it is exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules. The Vendor and the Vendor's PRC Subsidiaries are not intend to call the Remaining Loan as of the Latest Practicable Date and any time soon after Completion.

In any event, if the grant of Remaining Loan constitutes a non-exempted financial assistance by the connected person under Chapter 14A of the Listing Rules, the Company will comply with the Listing Rules and make relevant disclosure as applicable and appropriate.

As of the Latest Practicable Date, the Debt Restructuring has not been completed and is expected to be completed by end of February 2017.

It is noted that (i) the amount due to ultimate holding company of Target Group B in the sum of approximately RMB1,570,000,000; and (ii) the amounts due to related companies of Target Group B in the sum of approximately RMB87,000,000 as at 31 August 2016 are subject to the Debt Restructuring. With reference to the "Accountant's Report of the Target Group B" set out in the Appendix III to the Circular, the loans subject to the Debt Restructuring are unsecured, interest-free and repayable on demand, which is the same as the Remaining Loan. We understand that the Debt Restructuring will not create any additional liabilities to the Target Group and is merely an arrangement of debt settlement. Having considered the above, we are of the view that the Debt Restructuring, being part of the terms under the Sale and Purchase Agreement, will not have adverse effect on the fairness and reasonableness of the Acquisition.

V. Possible financial effects of the Acquisition

Upon Completion, the Target Group will become the indirectly wholly-owned subsidiaries of the Company.

Net Assets

As stated in the unaudited pro forma statement of assets and liabilities of the Enlarged Group set out in Appendix V to the Circular, the total assets of the Group would increase from approximately HK$9,154.0 million to approximately HK$12,240.5 million and its total liabilities would increase from approximately HK$5,325.7 million to approximately HK$8,412.2 million. The net assets of the Group would decrease from approximately HK$4,529.9 million to HK$4,306.6 million.

Earnings

According to the "Accountants' report of the Target Group B" as set out in Appendix III to this Circular, Target Group B recorded a net profit attributable to owners of the company of approximately RMB110.0 million for the eight months ended 31 August 2016. The Acquisition is expected to bring positive effect on the Group's earnings.

Working capital and gearing

We have reviewed the information provided by the management of the Company in connection with the Enlarged Group's working capital requirements for not less than twelve months from the date of the Circular. It is also noted from Appendix I to the Circular that the Directors are of the opinion that, after taking into account the Enlarged Group's business prospects, the net assets position of the Enlarged Group, the internal financial resources available to the Enlarged Group, the existing banking facilities available to the Group and the Acquisition, the Enlarged Group has sufficient working capital for its present operating requirements, that is for at least the next twelve months from the date of this Circular, in the absence of any unforeseeable circumstances.

With regard to the gearing of the Enlarged Group, as the Consideration will be settled by cash and financed by an interest-free loan from HIL, the gearing ratio of the Group is expected to increase as a result of the Acquisition. According to the "Unaudited Pro Forma Financial Information of the Enlarged Group" set out in Appendix V to the Circular, the gearing ratio (defined as total interest-bearing borrowings divided by total assets) of the Group would increase from approximately 33% to 41%. Having considered that (i) the increase in gearing ratio is mainly due to the settlement of the Consideration for the Acquisition by way of loan from HIL which is interest free and will not adversely affect the earnings of the Group; and (ii) the Acquisition would widen the earning base of the Group with the rental income or sales proceeds to be generated by Bao Hua Financial Center* and Bao Hua Wang Yuan*, we are of the opinion that the increase in the gearing ratio of the Enlarged Group is acceptable.

RECOMMENDATION

Having taken into account (i) the reasons for and benefits of the Acquisition; (ii) the basis of determination of Consideration; (iii) the principal terms of the Sale and Purchase Agreement; and (iv) the possible financial effects of the Acquisition, we are of the view that the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned but are not in the ordinary course of business of the Company. We consider that the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the upcoming SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited
Gina Leung
Managing Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

A. THREE-YEAR AUDITED FINANCIAL INFORMATION

Details of the financial information of the Group for each of the three years ended 31 March 2014, 2015 and 2016 are disclosed in the annual reports of the Company for the financial years ended 31 March 2014 (pages 28 to 99), 31 March 2015, (pages 27 to 107) and 31 March 2016 (pages 45 to 212), respectively, and are incorporated by reference into this circular.

The said annual reports of the Company are available on the Company's website at http://www.huajunholdings.com and the website of the Stock Exchange at www.hkexnews.hk.

B. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 January 2017, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following liabilities:

(a) Borrowings

As at the close of business on 31 January 2017 (being the latest practicable date for the purpose of this indebtedness statement), the Group had outstanding borrowings of approximately HK$4,066.5 million, comprising secured bank borrowings of approximately HK$3,508.9 million, unsecured bank borrowings of approximately HK$88.2 million, unsecured bonds payable of approximately HK$185.3 million and liabilities portion of unsecured convertible bonds of approximately HK$284.1 million.

(b) Pledge of assets

As at the close of business on 31 January 2017, the Group's property, plant and equipment, prepaid lease payments, investment properties, land and property for sale and pledged bank deposits with carrying amounts of approximately HK$533.6 million, HK$194.8 million, HK$189.3 million, HK$2,979.1 million and HK$236.0 million respectively were pledged to secure certain banking and credit facilities of the Group.

(c) Guarantees

As at the close of business on 31 January 2017, the Company had provided corporate guarantees to the extent of approximately HK$2,432.4 million to secure general banking facilities granted to its subsidiaries. As at 31 January 2017, the amount drawn against the banking facilities amounted to approximately HK$2,347.5 million. The Company had also provided corporate guarantees of approximately HK$429.3 million in favour of Jiangsu branch office of China Cinda Asset Management Co., Ltd. in respect of the obligations and liabilities of Hareon Solar Technology Co., Ltd. and Jiangyin Hareon Solar Energy Electrical Power Co., Ltd. under the restructuring documents.

Save as above or otherwise mentioned in this circular, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, the Group did not have any other outstanding indebtedness at the close of business on 31 January 2017 or any loan capital issued and outstanding or agreed to be issued, bank overdrafts or loans, or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

C. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 March 2016, being the date to which the latest audited consolidated financial statements of the Group were made up.

D. WORKING CAPITAL

As at the Latest Practicable Date, after due and careful enquiry, the Directors are of the opinion that, after taking into account Enlarged Group's business prospects, the net assets position of the Enlarged Group, the internal financial resources available to the Enlarged Group, the existing banking facilities available to the Group and the Acquisition, the Enlarged Group has sufficient working capital for its present operating requirements, that is for at least the next twelve months from the date of this circular, in the absence of any unforeseeable circumstances.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal business activity of the Company is investment holding. The Group is principally engaged in business of (a) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (b) provision of finance; (c) securities investments; (d) property development and investments; (e) financial leasing; (f) trading and logistics; (g) medical management; (h) manufacturing and sale of industrial equipment; and (i) manufacturing and sale of photovoltaic products, and will continue to optimize its assets structure to ensure balanced growth with enhanced rate of return on investments.

Set out below are details of the financial and trading prospectus of the core business segments of the Group:

(i) Sale and manufacture of high quality multi-color packaging products, carton boxes, books, brochures and other paper products

The operation of this segment is mainly located in Hong Kong, the PRC and the United States of America. The business has been established for more than fifty years. The management of the Company expects this business will continue to benefit from the opportunities in the PRC, the United States and European markets. This segment will continue to be the major business segment of the Group and contribute stable revenue and profit to the Group.

(ii) Provision of Finance

The operation of this segment is mainly located in Hong Kong. The Group will further develop this business segment, diversify the customer portfolio, seek opportunity to cooperate with its business partners and is actively looking for new business opportunities in the PRC to extend the money lending platform of the Group.

(iii) Securities Investments

This segment consists of investments in Hong Kong and overseas securities. This segment mainly utilises the extensive investment experience of the management to make medium and short-term investment by searching for stable revenue with controllable risk, diversifying the corporate operating risk, improving asset liquidity and enhancing the debt-paying ability of the Group.

(iv) Property Development and Investments

This segment consists of real estate development and sales, property leasing and management, and various real estate business. Leveraging on the rich resources in the PRC, the Group seeks development projects with asset appreciation potential for investment and enjoys asset appreciation while generating stable revenue.

(v) Financial Leasing

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

(vi) Trading and Logistics

This segment consists of the trading of electronic, oil and timber products. The operation of this segment is mainly located in Hong Kong and the PRC. This business has been established since 2014. The management expects that this business will continue to benefit from the stable demand in Hong Kong and the PRC markets for the Group's products.

(vii) Medical Management

This segment is one of the investment segments which the Group intends to further develop in accordance with the call on hospital reform of the Ministry of Health of the PRC to improve the quality of PRC citizens' healthcare services and to develop the medical and health care industry of the PRC. The Group will look for other cooperation opportunities with hospitals and clinics in the PRC for the provision of medical management services.

(viii) Industrial equipment

The Group started this new segment in August 2015 following the acquisition of Zhejiang Linhai Machinery Co. Ltd.

(ix) Manufacturing and sale of photovoltaic products

The Group started this new segment in January 2016 following the acquisition of Changzhou City Jintan Ruxin Optoelectronic Co., Ltd.* (常州市金壇瑞欣光電有限公司) and Jiangsu Zkong Ke Zhong Ke Gao Meng Photovoltaic Technology Co., Ltd.* (江蘇中科國能光伏科技有限公司).

The Group always endorses a prudent philosophy of good governance, stresses in term of risk management, and attends to maintain excellent assets quality, stability and financial resources. At the same time, the Group has been proactively seeking for core business returns and exploring new business opportunities carefully.

To the best knowledge of the Directors, the Directors are optimistic about the future development of the Group. The Directors expect that the Group would have sufficient funds for the existing requirement of the Group. The Group will also continue proactively and prudently to seek new investment opportunities under the right circumstances, with a view to increasing value for the Shareholders.

中汇
ZHONGHUI

28 February 2017

The Board of Directors
Huajun Holdings Limited

Dear Sirs,

We set out below our report on the financial information relating to Hua Tai Jun An International Development Limited (華泰君安國際發展有限公司) (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group A**"), which comprise the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group A for the period from 2 December 2015 (date of establishment) to 31 August 2016 (the "**Relevant Period**") and the Target Group A's consolidated statements of financial position and the Target Company's statements of financial position as at 31 August 2016 (the "**Financial Information**") for inclusion in a circular issued by Huajun Holdings Limited (the "**Company**") dated 28 February 2017 (the "**Circular**") in connection with the proposed acquisition of the entire equity interests of the Target Company (the "**Acquisition**").

The Target Company, which is engaged in investment holding, was incorporated in the British Virgin Islands on 2 December 2015. As at the date of this report, it has a wholly-owned subsidiary named Huatai Junan International Group Limited ("**Huatai Junan**"), which was established on 2 December 2015, in Hong Kong with limited liability and principally engaged in investment holding. As at 31 August 2016 and the date of this report, Huatai Junan has share capital of HK$1.

The Target Group A has adopted 31 December as its financial year end date. As at the date of this report, no statutory audited financial statements have been prepared for the Target Company and Huatai Junan since its date of incorporation as there are no statutory requirements under the relevant rules and regulations in its jurisdiction of incorporation.

For the purpose of this report, the directors of the Target Company have prepared the consolidated financial statements of the Target Group A for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") ("**Underlying Financial Statements**").

We have performed an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Underlying Financial Statements for the Relevant Period in accordance with Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the HKICPA.

The Financial Information of the Target Group A for the Relevant Period set out in this report has been prepared from the Underlying Financial Statements. No adjustments were considered necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The preparation of the Underlying Financial Statements are the responsibility of the directors of the Target Company. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Target Group A and the Target Company as at 31 August 2016; and of the financial performance and cash flows of the Target Group A for the Relevant Period.

Emphasis of Matters Relating to Going Concern Basis

Without qualifying our opinion, we draw attention to note 2 to the Financial Information which mentions that as at 31 August 2016, the Target Group A has net current liabilities of approximately RMB17,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Group A's ability to continue as a going concern. Details of the Target Group A obtaining sufficient resources to satisfy its working capital needs are set out in note 2 to the Financial Information.

* *The English name is a translation of its Chinese name and included herein for identification purpose only*

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**For the period from 2 December 2015 (date of establishment) to 31 August 2016** *RMB'000*
Revenue	*7*	–
Administrative expenses		(17)
Loss before tax		(17)
Income tax expenses	*8*	–
Loss and total comprehensive expenses for the period	*9*	(17)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**At 31 August 2016** *RMB'000*
CURRENT LIABILITIES		
Accruals and other payables		8
Amount due to a controlling shareholder	*13*	9
		17
NET CURRENT LIABILITIES		(17)
TOTAL ASSETS LESS CURRENT LIABILITIES		(17)
NET LIABILITIES		(17)
CAPITAL AND RESERVES		
Share capital	*14*	–
Reserves		(17)
TOTAL DEFICIT		(17)

STATEMENTS OF FINANCIAL POSITION

	Notes	**At 31 August 2016** *RMB'000*
NON-CURRENT ASSETS		
Interests in subsidiaries	*12*	–
CURRENT LIABILITIES		
Accruals and other payables		7
NET CURRENT LIABILITIES		(7)
TOTAL ASSETS LESS CURRENT LIABILITIES		(7)
NET LIABILITIES		(7)
CAPITAL AND RESERVE		
Share Capital	*14*	–
Reserve		(7)
TOTAL DEFICIT		(7)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 2 December 2015 (date of establishment)	–	–	–
Loss and total comprehensive expenses for the period	–	(17)	(17)
At 31 August 2016	–	(17)	(17)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the period from 2 December 2015 (date of establishment) to 31 August 2016
	RMB'000
Cash flows from operating activities	
Loss before tax	(17)
Change in accruals and other payables	8
Change in amount due to a controlling shareholder	9
Cash used in from operations	–
NET CASH USED IN OPERATING ACTIVITIES	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	
Cash and bank balances	–

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

Hua Tai Jun An International Development Limited (the "**Target Company**") was incorporated in the British Virgin Islands with limited liability on 2 December 2015.

The principal activity of the Target Company is investment holding. The subsidiaries are principally engaged in investment holding.

The Financial Information is presented in Renminbi ("**RMB**").

2. BASIS OF PREPARATION

The Financial Information has been prepared on a going concern basis. As at 31 August 2016, the Target Group A has net current liabilities of approximately RMB17,000. In preparing the Financial Information, the directors of the Target Company have reviewed the Target Group A's financial and liquidity position, and taken into consideration the following factors:

– if the Target Group A becomes a subsidiary of Huajun Holdings Limited, Huajun Holdings Limited will make available to the Target Group A whatever financial support is required to enable the Target Group A to meet in full its financial obligations as they fall due for a period of twelve months from the date of this financial information; and

– cost control measures; and

– possible additional external funding.

The directors of the Target Company believe that, taking into account the above factors, the Target Group A will be able to meet in full its financial obligations as and when they fall due for the foreseeable future, and accordingly, have prepared the Financial Information on a going concern basis.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group A had adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 2 December 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations.

The Target Group A has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Target Group A has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material effect on the results of operations and financial position of the Target Group A.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA and applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention. The significant accounting policies applied in the preparation of the Financial Information are set out below.

Consolidation

The Financial Information include the financial statements of the Target Company and its subsidiaries made up to the Relevant Period. Subsidiary is an entity over which the Target Group A has control. The Target Group A controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group A has power over an entity when the Target Group A has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Target Group A considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiary is consolidated from the date on which control is transferred to the Target Group A. It is de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Target Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group A.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Target Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Functional and presentation currency

Items included in the Financial Information of each of the Target Group A's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Financial Information is presented in Renminbi rounded to the nearest thousand, which is the Target Group A's presentation currency. The functional currency of the Target Company is Hong Kong dollars. The directors consider that choosing Renminbi as the presentation currency best suits the needs of the shareholders and investors.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group A becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group A transfers substantially all the risks and rewards of ownership of the assets; or the Target Group A neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Target Group A will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowances is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Group A's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group A after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Target Group A and the amount of revenue can be measured reliably.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group A's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in a subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Target Group A whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group A intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Target Group A.

(A) A person or a close member of that person's family is related to the Target Group A if that person:

- (i) has control or joint control over the Target Group A;
- (ii) has significant influence over the Target Group A; or
- (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

(B) An entity is related to the Target Group A if any of the following conditions applies:

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group A or an entity related to the Target Group A. If the Target Group A is itself such a plan, the sponsoring employers are also related to the Target Group A.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to a parent of the Target Company.

Impairment of assets

At the end of each reporting period, the Target Group A reviews the carrying amounts of its assets except investment properties and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group A estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group A has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Group A's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

5. CRITICAL JUDGMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Target Company have made the following judgements that have the most significant effect on the amounts recognised in the Financial Information.

(a) Going concern basis

The Financial Information has been prepared on a going concern basis, the validity of which depends upon the factors explained in note 2 to the Financial Information.

6. FINANCIAL RISK MANAGEMENT

The Target Group A's activities expose it to a variety of financial risks: liquidity risk and foreign currency risk. The Target Group A's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group A's financial performance.

(a) Liquidity risk

The Target Group A's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Target Group A's financial liabilities is as follows:

	Weighted average effective interest rate	Less than 1 year	Total undiscounted cash flow	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*
At 31 August 2016				
Accruals and other payables	–	8	8	8
Amount due to a controlling shareholder	–	9	9	9
		17	17	17

(b) Foreign currency risk

The Target Group A has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. The Target Group A currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Group A will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(c) Categories of financial instruments

	At 31 August 2016 *RMB'000*
Financial liabilities:	
Financial liabilities at amortised cost:	
Accruals and other payables	8
Amount due to a controlling shareholder	9
	17

(d) Fair values

The carrying amounts of the Target Group A's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

7. REVENUE

No transactions were concluded to generate any income during the Relevant Period.

8. INCOME TAX EXPENSES

Corporate Income Tax and Hong Kong Profits Tax have been provided at a rate of 25% and 16.5% on the estimated assessable profit for the Relevant Period.

The reconciliation between the income tax expense and the loss before tax is as follows:

	For the period from 2 December 2015 (date of establishment) to 31 August 2016 *RMB'000*
Loss before tax	(17)
Tax at domestic income tax rate of 25%	(4)
Effect of different tax rates of a subsidiary	1
Tax losses not recognised	3
Tax charge	–

9. LOSS FOR THE PERIOD

The Target Group A's loss for the Relevant Period is stated after charging the following:

	For the period from 2 December 2015 (date of establishment) to 31 August 2016
	RMB'000
Directors' emoluments	
– As directors	–
– For management	–
	–

10. EARNING PER SHARE

Earning per share has not been presented as its inclusion is not considered meaningful for the purpose of the Financial Information.

11. DIVIDENDS

The directors of the Target Company do not recommend the payment of any dividend in respect of the Relevant Period.

12. SUBSIDIARIES

Particulars of the subsidiaries as at 31 August 2016 are as follows:

Name	Place of incorporation/ registration and operation	Registered capital/ Paid-up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Hua Tai Jun An International Group Limited 華泰君安國際集團有限公司	Hong Kong	HK$1	100% (direct)	Investment holding
Huaan (Shenzhen) Investment Consultation Co., Ltd. 華安(深圳)投資諮詢有限公司	The People's Republic of China (The "**PRC**")	RMB10,000	100% (indirect)	Development, sale and management of properties

13. AMOUNT DUE TO A CONTROLLING SHAREHOLDER

The amount is unsecured, interest-free and repayable on demand.

14. SHARE CAPITAL

	At 31 August 2016
	RMB'000
Authorized:	
1 ordinary share of US$1	–
Issued and fully paid:	
1 ordinary share of US$1 each	–

The Target Group A's objectives when managing capital are to safeguard the Target Group A's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

In order to maintain or adjust the capital structure, the Target Group A may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

15. CONTINGENT LIABILITIES

At the end of each reporting period, the Target Group A did not have any significant contingent liabilities.

16. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 August 2016.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Practising Certificate Number P06084
Hong Kong

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

中汇
ZHONGHUI

28 February 2017

The Board of Directors
Huajun Holdings Limited

Dear Sirs,

We set out below our report on the financial information relating to Huajun Property (Dalian) Co., Ltd. (華君置業(大連)有限公司) ("**Huajun Property**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group B**"), which comprise the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group B for each of the three years ended 31 December 2013, 2014, 2015 and the eight months ended 31 August 2016 (the "**Relevant Periods**") and the Target Group B's consolidated statements of financial position and Huajun Property's statements of financial position as at 31 December 2013, 2014, 2015 and 31 August 2016 (the "**Financial Information**") for inclusion in a circular issued by Huajun Holdings Limited (the "**Company**") dated 28 February 2017 (the "**Circular**") in connection with the proposed acquisition of the entire equity interests of Hua Tai Jun An International Development Limited which is Huajun Property's intermediate Holding company (the "**Acquisition**").

Huajun Property, which is engaged in investment holding, was incorporated in the People's Republic of China (the "**PRC**") on 10 May 2012. As at the date of this report, it has two wholly-owned subsidiaries named Dalian Haitong Real Estate Development Co., Limited (大連海通房地產開發有限公司) ("**Dalian Haitong**") and Dalian Taiyuan Real Estate Development Co., Limited (大連泰元房地產開發有限公司) ("**Dalian Taiyuan**"), which were established on 28 September 2006 and 18 December 2012 respectively in the PRC with limited liability and principally engaged in property development. As at 31 August 2016 and the date of this report, Dalian Haitong and Dalian Taiyuan have registered capital of RMB60,000,000.00 and RMB1,863,000,000.00 respectively.

The Target Group B has adopted 31 December as its financial year end date. As at the date of this report, no statutory audited financial statements have been prepared for Huajun Property, Dalian Haitong and Dalian Taiyuan since its date of incorporation as there are no statutory requirements under the relevant rules and regulations in its jurisdiction of incorporation.

For the purpose of this report, the directors of Huajun Property have prepared the consolidated financial statements of the Target Group B for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") ("**Underlying Financial Statements**").

We have performed an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Underlying Financial Statements for the Relevant Periods in accordance with Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the HKICPA.

The Financial Information of the Target Group B for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were considered necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The preparation of the Underlying Financial Statements are the responsibility of the directors of Huajun Property. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Target Group B and Huajun Property as at 31 December 2013, 2014, 2015 and 31 August 2016; and of the financial performance and cash flows of the Target Group B for the Relevant Periods.

COMPARATIVE FINANCIAL INFORMATION

For the purpose of this report, the directors of Huajun Property have prepared the comparative financial information of the Target Group B for the eight months ended 31 August 2015 in accordance with the HKFRSs (the "**Comparative Financial Information**"). We have reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. A review consists principally of making enquiries of Huajun Property management and applying analytical procedures to the Comparative Financial Information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Comparative Financial Information.

Emphasis of Matters Relating to Going Concern Basis

Without qualifying our opinion, we draw attention to note 2 to the Financial Information which mentions that as at 31 December 2015 and 31 August 2016, the Target Group B has net current liabilities of approximately RMB1,501,594,000 and RMB1,682,968,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Group B's ability to continue as a going concern. Details of the Target Group B obtaining sufficient resources to satisfy its working capital needs are set out in note 2 to the Financial Information.

* *The English name is a translation of its Chinese name and included herein for identification purpose only*

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Eight months ended 31 August	
		2013	2014	2015	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	8	–	–	–	–	237,520
Cost of sales		–	–	–	–	(214,076)
Gross profit		–	–	–	–	23,444
Other income	9	–	–	5	–	265
Fair value change of investment properties		–	–	58,791	–	175,273
Selling expenses		–	–	(1,031)	–	(1,961)
Administrative expenses		(398)	(55)	(2,248)	(4)	(11,086)
Operating (loss)/profit		(398)	(55)	55,517	(4)	185,935
Finance costs	10	–	–	(81,558)	–	(10,276)
(Loss)/profit before tax		(398)	(55)	(26,041)	(4)	175,659
Income tax expenses	11	–	–	(14,698)	–	(65,709)
(Loss)/profit and total comprehensive (expenses)/income for the year/period	12	(398)	(55)	(40,739)	(4)	109,950
(Loss)/profit and total comprehensive (expenses)/income for the year/period attributable to:						
Owners of the Target Company		(398)	(55)	(40,738)	(4)	109,955
Non-controlling interests		–	–	(1)	–	(5)
		(398)	(55)	(40,739)	(4)	109,950

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2013 RMB'000	2014 RMB'000	2015 RMB'000	At 31 August 2016 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	19	12	36,728	32,790
Investment properties	16	–	–	1,448,000	1,785,000
Goodwill		–	–	813	–
		19	12	1,485,541	1,817,790
CURRENT ASSETS					
Properties under developments and properties held-for-sale	18	–	–	278,783	90,747
Prepayment, deposit and other receivables	19	20	20	11,332	7,954
Tax receivables		–	–	2,762	–
Amount due from ultimate holding company	20	–	–	2,158,029	527,765
Amount due from a related company	21	8,000	8,000	8,000	6,700
Restricted and pledged bank deposits	22	–	–	–	230,586
Cash and bank balances		–	2	3,258	593
		8,020	8,022	2,462,164	864,345
CURRENT LIABILITIES					
Trade payables	23	–	–	112,426	189,772
Accruals and other payables	24	–	–	62,253	657,219
Pre-sales proceeds received on sales of properties	25	–	–	130,674	33,866
Tax payable		–	–	–	8,972
Amount due to ultimate holding company	20	895	945	–	–
Amount due to a controlling shareholder	26	–	–	–	1,570,216
Amounts due to related companies	27	–	–	1,458,405	87,268
Secured borrowings	28	–	–	2,200,000	–
		895	945	3,963,758	2,547,313
NET CURRENT ASSETS/(LIABILITIES)		7,125	7,077	(1,501,594)	(1,682,968)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,144	7,089	(16,053)	134,822
NON-CURRENT LIABILITY					
Deferred tax liabilities	29	–	–	14,698	58,516
NET ASSETS/(LIABILITIES)		7,144	7,089	(30,751)	76,306
CAPITAL AND RESERVE					
Paid-up capital	30	8,000	8,000	8,000	8,000
Reserve		(856)	(911)	(41,649)	68,306
Equity attributable to owners of the Target Company		7,144	7,089	(33,649)	76,306
Non-controlling interests		–	–	2,898	–
TOTAL EQUITY/(DEFICIT)		7,144	7,089	(30,751)	76,306

STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December			At 31 August
		2013	2014	2015	2016
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Interests in subsidiaries	*17*	–	–	1,584,916	1,578,216
Property, plant and equipment		19	12	6	1
		19	12	1,584,922	1,578,217
CURRENT ASSETS					
Prepayment, deposit and other receivables		20	20	20	20
Amount due from a related company		8,000	8,000	8,000	6,700
Amount due from ultimate holding company		–	–	–	228,891
Restricted and pledged bank deposits		–	–	–	98,571
Cash and bank balances		–	2	–	–
		8,020	8,022	8,020	334,182
CURRENT LIABILITIES					
Accruals and other payables		–	–	–	328,570
Amount due to ultimate holding company		896	945	943	–
Amount due to a controlling shareholder		–	–	–	1,570,216
Amounts due to related companies		–	–	1,584,916	7,492
		896	945	1,585,859	1,906,278
NET CURRENT ASSETS/(LIABILITIES)		7,124	7,077	(1,577,839)	(1,572,096)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,143	7,089	7,083	6,121
NET ASSETS		7,143	7,089	7,083	6,121
CAPITAL AND RESERVE					
Paid-up capital	*30*	8,000	8,000	8,000	8,000
Reserve		(857)	(911)	(917)	(1,879)
TOTAL EQUITY		7,143	7,089	7,083	6,121

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital	Other non-distributable reserves	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	8,000	–	(458)	7,542	–	7,542
Loss and total comprehensive expenses for the year	–	–	(398)	(398)	–	(398)
At 31 December 2013 and 1 January 2014	8,000	–	(856)	7,144	–	7,144
Loss and total comprehensive expenses for the year	–	–	(55)	(55)	–	(55)
At 31 December 2014 and 1 January 2015	8,000	–	(911)	7,089	–	7,089
Acquisition of subsidiaries	–	–	–	–	2,899	2,899
Transfer of non-distributable reserves	–	1,072	(1,072)	–	–	–
Loss and total comprehensive expenses for the year	–	–	(40,738)	(40,738)	(1)	(40,739)
At 31 December 2015	8,000	1,072	(42,721)	(33,649)	2,898	(30,751)
Profit and total comprehensive income for the period	–	–	109,955	109,955	(5)	109,950
Disposal of a subsidiary	–	–	–	–	(2,893)	(2,893)
At 31 August 2016	8,000	1,072	67,234	76,306	–	76,306
At 1 January 2015	8,000	–	(911)	7,089	–	7,089
Loss and total comprehensive expenses for the period (unaudited)	–	–	(4)	(4)	–	(4)
At 31 August 2015 (unaudited)	8,000	–	(915)	7,085	–	7,085

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Eight months ended 31 August	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash flows from operating activities					
(Loss)/profit before tax	(398)	(55)	(26,041)	(4)	175,659
Adjustments for:					
Interest income	–	–	(5)	–	(253)
Depreciation	2	7	260	4	303
Gain on disposal of a subsidiary	–	–	–	–	(12)
Fair value change of investment properties	–	–	(58,791)	–	(175,273)
Finance costs	–	–	81,558	–	10,276
Operating (loss)/profit before working capital changes	(396)	(48)	(3,019)	–	10,700
Change in properties under developments and properties held-for-sale	–	–	(32,456)	–	188,036
Change in prepayment, deposit and other receivables	–	–	(8,278)	–	3,303
Change in trade payables	–	–	59,473	–	77,346
Change in accruals and other payables	–	–	15,814	–	594,966
Change in pre-sales proceeds received on sales of properties	–	–	130,674	–	(96,808)
Cash (used in)/generated from operations	(396)	(48)	162,208	–	777,543
Income tax paid	–	–	(2,761)	–	(10,156)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(396)	(48)	159,447	–	767,387
Cash flows from investing activities					
Interest received	–	–	5	–	253
Placement of pledged bank deposits	–	–	–	–	(230,586)
Acquisition of assets and a subsidiary	–	–	2,318	–	–
Addition to investment properties	–	–	(85,643)	–	(161,727)
Purchases of property, plant and equipment	(21)	–	(2,947)	–	(152)
Proceed from disposal of property, plant and equipment	–	–	–	–	3,768
NET CASH USED IN INVESTING ACTIVITIES	(21)	–	(86,267)	–	(388,444)
Cash flows from financing activities					
Repayment of secured borrowings	–	–	–	–	(2,200,000)
Advances from a related company	–	–	–	–	8,000
Advances from/(repayment to) ultimate holding company	–	–	138,173	(2)	1,630,264
Advances from/(repayment to) related companies	415	50	(126,539)	–	190,404
Interest paid	–	–	(81,558)	–	(10,276)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	415	50	(69,924)	(2)	(381,608)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2)	2	3,256	(2)	(2,665)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	2	–	2	2	3,258
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD					
Cash and bank balances	–	2	3,258	–	593

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

Huajun Property (Dalian) Co., Ltd. ("**Huajun Property**") was incorporated in the People's Republic of China (the "**PRC**") with limited liability on 10 May 2012. The address of its registered office and principal place of business is 遼寧省大連市甘井子區東緯路34號-1.

The principal activity of Huajun Property is investment holding. The subsidiaries are principally engaged in property development in the PRC.

The Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Huajun Property.

2. BASIS OF PREPARATION

The Financial Information has been prepared on a going concern basis. As at 31 December 2015 and 31 August 2016, the Target Group B has net current liabilities of approximately RMB1,501,594,000 and RMB1,682,968,000 respectively. In preparing the Financial Information, the directors of Huajun Property have reviewed the Target Group B's financial and liquidity position, and taken into consideration the following factors:

– if the Target Group B becomes a subsidiary of Huajun Holdings Limited, Huajun Holdings Limited will make available to the Target Group B whatever financial support is required to enable the Target Group B to meet in full its financial obligations as they fall due for a period of twelve months from the date of this financial information; and

– cost control measures; and

– possible additional external funding.

The directors of Huajun Property believe that, taking into account the above factors, the Target Group B will be able to meet in full its financial obligations as and when they fall due for the foreseeable future, and accordingly, have prepared the Financial Information on a going concern basis.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group B had adopted all the new and revised (HKFRSs) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations.

The Target Group B has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Target Group B has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material effect on the results of operations and financial position of the Target Group B.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA and applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention modified by the revaluation of investment properties which are carried at their fair values. The significant accounting policies applied in the preparation of the Financial Information are set out below.

Consolidation

The Financial Information include the financial statements of Huajun Property and its subsidiaries made up to the Relevant Periods. Subsidiary is an entity over which the Target Group B has control. The Target Group B controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group B has power over an entity when the Target Group B has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Target Group B considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiary is consolidated from the date on which control is transferred to the Target Group B. It is de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) Huajun Property's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group B.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to Huajun Property. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Functional and presentation currency

Items included in the Financial Information of each of the Target Group B's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Financial Information is presented in Renminbi rounded to the nearest thousand, which is the Company's presentation currency and the functional currency of the operating subsidiaries of the Target Group B.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	5%
Motor Vehicle	25%
Furniture and equipment	20%-33.3%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment properties are stated at their fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment properties are recognised in profit or loss for the period in which they arise.

Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Properties for sale under development

Properties for sale under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Costs of properties include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group B becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group B transfers substantially all the risks and rewards of ownership of the assets; or the Target Group B neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Target Group B will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowances is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Group B's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group B after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group B has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Target Group B and the amount of revenue can be measured reliably.

(a) Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Target Group B has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Target Group B retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Target Group B; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Delivery takes place on the date when the property buyers sign the delivery documents. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position as ''Pre-sales proceeds received on sales of properties'' under current liabilities.

(b) Interest income is recognised on a time-proportion basis using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group B's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in a subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Target Group B whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group B intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Target Group B.

(A) A person or a close member of that person's family is related to the Target Group B if that person:

(i) has control or joint control over the Target Group B;

(ii) has significant influence over the Target Group B; or

(iii) is a member of the key management personnel of Huajun Property or of a parent of Huajun Property.

(B) An entity is related to the Target Group B if any of the following conditions applies:

(i) The entity and Huajun Property are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group B or an entity related to the Target Group B. If the Target Group B is itself such a plan, the sponsoring employers are also related to the Target Group B.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Huajun Property or to a parent of the Huajun Property.

Impairment of assets

At the end of each reporting period, the Target Group B reviews the carrying amounts of its assets except investment properties and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group B estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group B has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Group B's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

5. CRITICAL JUDGMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of Huajun Property have made the following judgements that have the most significant effect on the amounts recognised in the Financial Information.

(a) Going concern basis

The Financial Information has been prepared on a going concern basis, the validity of which depends upon the factors explained in note 2 to the Financial Information.

(b) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Target Group B's investment property portfolios and concluded that the Target Group B's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Target Group B's deferred tax for investment properties, the directors of Huajun Property have determined that the presumption that investment properties measured using the fair value model are recovered through sale.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Fair values of investment properties

The Target Group B appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

(b) Land appreciation tax

The Target Group B is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Target Group B have not finalised their land appreciation tax calculations and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Target Group B recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

(c) Determination of net realisable value of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value with an aggregate carrying amount of Nil, Nil, RMB278,783,000 and RMB90,747,000 as at 31 December 2013, 2014 and 2015 and 31 August 2016 respectively. Cost, including the cost of land, development expenditure, borrowing costs capitalised in accordance with the Target Group B's accounting policy and other attributable expenses, are allocated to each unit in each phase based on sellable gross floor area, using the weighted average method. The net realisable value is the estimated selling price less estimated selling expenses and estimated cost of completion (if any), which are determined based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be write-down on the properties under development for sale and completed properties for sale.

6. FINANCIAL RISK MANAGEMENT

The Target Group B's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Target Group B's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group B's financial performance.

(a) Credit risk

The carrying amounts of the cash and bank balances, restricted and pledged bank deposits, other receivables and amount due from a related company and ultimate holding company included in the consolidated statements of financial position represent the Target Group B's maximum exposure to credit risk in relation to the Target Group B's financial assets.

The Target Group B has no significant concentrations of credit risk.

Amounts due from a related company and ultimate holding company are closely monitored by the director.

The credit risk on cash and bank balances and restricted and pledged bank deposits is limited because the counterparties are banks with good reputation.

(b) Liquidity risk

The Target Group B's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Target Group B's financial liabilities is as follows:

	Weighted average effective interest rate	Less than 1 year	Total undiscounted cash flow	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*
At 31 December 2013				
Amount due to ultimate holding company	–	895	895	895
At 31 December 2014				
Amount due to ultimate holding company	–	945	945	945
At 31 December 2015				
Trade payables	–	112,426	112,426	112,426
Accruals and other payables	–	62,253	62,253	62,253
Amounts due to related companies	–	1,458,405	1,458,405	1,458,405
Secured borrowings	11.50%	2,453,000	2,453,000	2,200,000
		4,086,084	4,086,084	3,833,084
At 31 August 2016				
Trade payables	–	189,772	189,772	189,772
Accruals and other payables	–	657,219	657,219	657,219
Amount due to a controlling shareholder	–	1,570,216	1,570,216	1,570,216
Amounts due to related companies	–	87,268	87,268	87,268
		2,504,475	2,504,475	2,504,475

(c) Foreign currency risk

Foreign currency risk means the risk of fluctuations in the fair value or future cash flows of financial instruments which arise from changes in exchange rates. The Target Group B's business are mainly located in the PRC and are mainly transacted and settled in Renminbi, so the Target Group B has minimal exposure to foreign currency risk.

(d) Interest rate risk

The Target Group B's exposure to interest rate risk arises from its restricted and pledged bank deposits and secured borrowings. The Target Group B's pledged bank deposits and secured borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks and these restricted deposits bear interests at variable rates varied with the then prevailing market condition.

The Target Group B currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

At 31 December 2015 and 31 August 2016 as the Target Group B had no significant bank deposits and interest bearing liabilities at variable rate, the directors consider the risk is not significant.

(e) Categories of financial instruments

	At 31 December			At 31 August
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Loans and receivables:				
Financial assets included in prepayments, deposits and other receivables	20	20	1,019	3,310
Amount due from ultimate holding company	–	–	2,158,029	527,765
Amount due from a related company	8,000	8,000	8,000	6,700
Restricted and pledged bank deposits	–	–	–	230,586
Cash and cash equivalents	–	2	3,258	593
	8,020	8,022	2,170,306	768,954
Financial liabilities:				
Financial liabilities at amortised cost:				
Trade payables	–	–	112,426	189,772
Accruals and other payables	–	–	62,253	657,219
Amount due to ultimate holding company	895	945	–	–
Amount due to a controlling shareholder	–	–	–	1,570,216
Amounts due to related companies	–	–	1,458,405	87,268
Secured borrowings	–	–	2,200,000	–
	895	945	3,833,084	2,504,475

(f) Fair values

The carrying amounts of the Target Group B's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Target Group B's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The fair value of the Target Group B's investment properties was determined based on direct comparison approach making reference to comparable market observable transactions of similar locations and conditions and asking price as available in the relevant market. There has been no change from the valuation technique used during the Relevant Period.

(a) Disclosure of valuation techniques and inputs used in fair value measurements at the end of reporting period:

Level 2 fair value measurements

31 August 2016

Description	Valuation technique	Inputs	Fair value
			RMB'000
Investment properties	Market comparable approach	Price per square metre	1,785,000

31 December 2015

Description	Valuation technique	Inputs	Fair value
			RMB'000
Investment properties	Market comparable approach	Price per square metre	1,448,000

8. REVENUE

The Target Group B's revenue for the Relevant Periods are as follows:

	Year ended 31 December			Eight months ended 31 August	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Sales of properties	–	–	–	–	237,520

9. OTHER INCOME

	Year ended 31 December			Eight months ended 31 August	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Bank interest income	–	–	5	–	253
Gain on disposal of a subsidiary	–	–	–	–	12
	–	–	5	–	265

10. FINANCE COSTS

	Year ended 31 December			Eight months ended 31 August	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on secured bank borrowings	–	–	108,036	–	13,864
Less: amounts capitalised in the cost of qualifying assets	–	–	(26,478)	–	(3,588)
	–	–	81,558	–	10,276

11. INCOME TAX EXPENSES

	Year ended 31 December			Eight months ended 31 August	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Current tax					
PRC Corporate Income Tax	–	–	–	–	8,173
PRC Land Appreciation Tax	–	–	–	–	13,718
	–	–	–	–	21,891
Deferred tax *(Note 29)*	–	–	14,698	–	43,818
	–	–	14,698	–	65,709

Corporate Income Tax has been provided at a rate of 25% on the estimated assessable profit for the Relevant Periods.

The reconciliation between the income tax expense and the (loss)/profit before tax is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit before tax	(398)	(55)	(26,041)	(4)	175,659
Tax at domestic income tax rate of 25%	(100)	(14)	(6,510)	(1)	43,915
Tax effect of non-taxable income and expenses not deductible	–	–	–	–	550
PRC Land Appreciation Tax	–	–	–	–	13,718
Tax effect of utilisation of tax losses not previously recognised	–	–	–	–	(3,301)
Tax losses not recognised	100	14	21,208	1	10,827
Tax charge	–	–	14,698	–	65,709

12. (LOSS)/PROFIT FOR THE YEAR/PERIOD

The Target Group B's (loss)/profit for the Relevant Periods is stated after charging the following:

	Year ended 31 December			Eight months ended 31 August	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Directors' emoluments	–	–	–	–	2,637
Depreciation of property, plant and equipment	2	7	260	4	303
Operating lease charges on building	–	–	456	–	1,495
Cost of properties recognised as an expenses	–	–	–	–	214,076
Staff costs					
– other staff costs	–	–	844	–	8,478
– retirement benefits contributions	–	–	263	–	1,373
Total staff costs, including directors' remunerations	–	–	1,107	–	9,851

13. EARNING PER SHARE

Earnings per share has not been presented as its inclusion is not considered meaningful for the purpose of the Financial Information.

14. DIVIDENDS

The directors of Huajun Property do not recommend the payment of any dividend in respect of the Relevant periods.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture and equipment	Motor Vehicle	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
As at 1 January 2013	–	–	–	–	–
Additions	–	21	–	–	21
As at 31 December 2013 and 31 December 2014	–	21	–	–	21
Additions	–	1,448	240	35,251	36,939
Business combination	–	37	–	–	37
As at 31 December 2015	–	1,506	240	35,251	36,997
Additions	–	152	–	–	152
Disposal	–	–	–	(3,768)	(3,768)
Transfers	7,884	–	–	(7,884)	–
Disposal of a subsidiary	–	(37)	–	–	(37)
As at 31 August 2016	7,884	1,621	240	23,599	33,344
Accumulated depreciation					
As at 1 January 2013	–	–	–	–	–
Provided for the year	–	2	–	–	2
As at 31 December 2013	–	2	–	–	2
Provided for the year	–	7	–	–	7
As at 31 December 2014	–	9	–	–	9
Provided for the year	–	113	147	–	260
As at 31 December 2015	–	122	147	–	269
Provided for the period	–	303	–	–	303
Disposal of a subsidiary	–	(18)	–	–	(18)
As at 31 August 2016	–	407	147	–	554
Carrying amount					
At 31 December 2013	–	19	–	–	19
At 31 December 2014	–	12	–	–	12
At 31 December 2015	–	1,384	93	35,251	36,728
At 31 August 2016	7,884	1,214	93	23,599	32,790

As at 31 December 2013, 2014 and 2015 and 31 August 2016, property, plant and equipment amounting to Nil, Nil, RMB27,033,000 and RMB23,599,000 represented car parking spaces under construction without title certificates which cannot be sold or transferred to other parties according to the relevant laws and regulations in the PRC.

At 31 August 2016, the carrying amount of buildings pledged as security for the Target Group B's bank facilities amounted to RMB528,000 (31 December 2015: Nil).

16. INVESTMENT PROPERTIES

	Investment properties under construction
	RMB'000
Fair value	
At 1 January 2013, 31 December 2013, 31 December 2014	–
Additions	1,389,209
Increase in fair value recognised in profit or loss	58,791
At 31 December 2015	1,448,000
Additions	161,727
Increase in fair value recognised in profit or loss	175,273
At 31 August 2016	1,785,000

At the end of each reporting period, the investment properties were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professional qualified valuers, on the market value basis using direct comparison approach.

At 31 August 2016, the carrying amount of investment properties pledged as security to obtain the bank facilities of the Target Group B amounted to approximately RMB1,233,052,000 (31 December 2015: approximately RMB900,000,000, 31 December 2014: Nil, 31 December 2013: Nil).

17. SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2015 and 31 August 2016 are as follows:

Name	**Place of incorporation/ registration and operation**	**Paid-up capital**	**Percentage of ownership interest/voting power/profit sharing**	**Principal activities**
Dalian Haitong Real Estate Development Co., Limited (大連海通房地產開發有限公司)	The People's Republic of China (The "**PRC**")	RMB600,000,000	100% (direct)	Properties development
Dalian Taiyuan Real Estate Development Co., Limited (大連泰元房地產開發有限公司)	The PRC	RMB186,300,000	100% (direct)	Properties development
Baohua Yipin Real Estate (Dalian) Co., Limited *(Note)*	The PRC	RMB10,000,000	67% (direct)	Investment holding

Note: The subsidiary was disposed in 2016 for consideration of RMB6,700,000 to a related company.

18. PROPERTIES UNDER DEVELOPMENTS AND PROPERTIES HELD-FOR-SALE

Properties under developments and properties held-for-sale in the consolidated statement of financial position comprise:

	At 31 December			At 31 August
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under developments	–	–	278,783	–
Properties held-for-sale	–	–	–	90,747
	–	–	278,783	90,747

All of the properties under developments and properties held for-sale are located in the PRC. All the properties held-for-sale are stated at cost.

Details of the Target Group B's properties under deveopments and properties held-for-sales being pledged to secure borrowings and the general banking facilities are set out in note 28.

19. PREPAYMENT, DEPOSIT AND OTHER RECEIVABLES

	At 31 December			At 31 August
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment	–	–	10,313	4,644
Deposit	–	–	600	600
Other receivables	20	20	419	2,710
	20	20	11,332	7,954

20. AMOUNT DUE FROM/(TO) ULTIMATE HOLDING COMPANY

The amount is unsecured, interest-free and have no fixed repayment terms.

21. AMOUNT DUE FROM A RELATED COMPANY

The amount is unsecured, interest-free and have no fixed repayment terms.

22. RESTRICTED AND PLEDGED BANK DEPOSITS

The restricted and pledged bank deposits carry interest at market rate of 1.96% per annum as at 31 August 2016.

Restricted and pledged bank deposits amounting to RMB197,142,000 and RMB33,444,000 as at 31 August 2016 are pledged to banks to secure general banking facility granted to the Target Group B in note 28.

23. TRADE PAYABLES

The aging analysis of trade payables, based on the invoice date, is as follows:

	At 31 December			At 31 August
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-60 days	–	–	112,324	188,954
61-90 days	–	–	–	293
91- 180 days	–	–	–	40
181 days-1 year	–	–	9	398
Over 1 year	–	–	93	87
	–	–	112,426	189,772

The credit period on construction payable is normally within 90 days to 1 year from the invoice date for the year ended 31 December 2015 and the eight months ended 31 August 2016.

24. ACCRUALS AND OTHER PAYABLES

	At 31 December			At 31 August
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued staff costs	–	–	97	–
Bills payables *(Note)*	–	–	–	657,140
Other tax payables	–	–	3,290	79
Other payables	–	–	58,866	–
	–	–	62,253	657,219

Note: As at 31 August 2016, the balance represented the bill payables were secured by the pledged deposits of RMB197,142,000 (note 22), interest-free and repayable within one year. The amount of bill payables was issued to third parties on behalf of ultimate holding company and included in the line item of "amount due from ultimate holding company".

25. PRE-SALES PROCEEDS RECEIVED ON SALES OF PROPERTIES

Pre-sales proceeds received on sales of properties represent proceeds received on property unit sales that have not been recognised as revenue in accordance with the Target Group B's revenue recognition policy.

26. AMOUNT DUE TO A CONTROLLING SHAREHOLDER

The amount is unsecured, interest-free and repayable on demand.

27. AMOUNTS DUE TO RELATED COMPANIES

The amounts, of which the ultimate controlling shareholder has control over the related companies, are unsecured, interest-free and repayable on demand.

28. SECURED BORROWINGS

	At 31 December			At 31 August
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loan	–	–	700,000	–
Other loan	–	–	1,500,000	–
	–	–	2,200,000	–

All borrowings are repayable on demand or within one year.

The borrowings bear interest at 11.5% per annum.

As at 31 December 2015, the secured borrowings of RMB700,000,000 and RMB1,500,000,000 were secured by charges over the shares of Dalian Taiyuan and the ultimate holding company's bill receivables. The guarantees were released in 2016.

The Target Group B pledged the following assets to banks for the borrowings and other general banking facilities granted to the Target Group B:

	At 31 December			At 31 August
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under developments and properties held-for-sales	–	–	–	48,475
Investment properties	–	–	900,000	1,233,052
Pledged bank deposits	–	–	–	230,586
	–	–	900,000	1,512,113

As at 31 August 2016, the Target Group B has also obtained the general banking facilities from banks by charges over the shares of Dalian Taiyuan and Dalian Haitong.

29. DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Target Group B.

	Fair value change of investment properties
	RMB'000
At 1 January 2013, 31 December 2013 and 31 December 2014	–
Charged to profit or loss	14,698
At 31 December 2015	14,698
Charged to profit or loss	43,818
At 31 August 2016	58,516

As at 31 August 2016, the Target Group B has unused tax loss of approximately RMB5,650,000 (31 December 2015: RMB4,065,000; 31 December 2014: RMB54,000; 31 December 2013: Nil) available to offset future profits. No deferred tax assets has been recognised in respect of those tax losses due to the unpredictability of future profit streams. The tax losses will be expired ranging from 2019 to 2021.

30. PAID-UP CAPITAL

	Amount
	RMB'000
At 1 January 2013, 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016	8,000

The Target Group B's objectives when managing capital are to safeguard the Target Group B's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

In order to maintain or adjust the capital structure, the Target Group B may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

31. OPERATING LEASE COMMITMENTS

(a) As lessee

At the end of each of the reporting period, the Target Group B had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 December			At 31 August
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	–	1,035	23

32. CAPITAL COMMITMENTS

The Target Group B's capital commitments at the end of each reporting period are as follows:

	At 31 December			At 31 August
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction commitments in respect of investment properties under construction and property, plant and equipment contracted for but not provided in the Financial Information	–	–	112,713	76,060

33. ACQUISITIONS AND DISPOSALS OF A SUBSIDIARY

On 3 November 2015, Huajun Property acquired 67% equity interest of Baohua Yipin Real Estate (Dalian) Co., Limited ("**Baohua Yipin**"), for a consideration of RMB6,700,000. Baohua Yipin was an investment holding company which Huajun Property considered it is a business. On 30 August 2016, Huajun Property disposed its interest in Baohua Yipin to a related company for same consideration as acquisition. No material acquisition and disposal related costs were incurred in the acquisition and disposal.

The value of the identifiable assets and liabilities of Baohua Yipin acquired as at its date of acquisition are as follows:

	Baohua Yipin
	RMB'000
Assets and liabilities acquired:	
Property, plant and equipment	37
Prepayments, deposits and other receivables	74
Amount due from ultimate holding company	8,675
	8,786
Non-controlling interest	(2,899)
	5,887
Goodwill	813
	6,700
Satisfied by:	
Cash	6,700
Net cash outflow arising on acquisition:	
Cash consideration paid	6,700
Cash and cash equivalents acquired	–
	6,700

The value of the identifiable assets and liabilities of Baohua Yipin disposed as at its date of disposal are as follows:

	Baohua Yipin
	RMB'000
Assets and liabilities disposed:	
Property, plant and equipment	19
Prepayments, deposits and other receivables	74
Amount due from a controlling shareholder	8,675
	8,768
Non-controlling interest	(2,893)
	5,875
Goodwill	813
Gain on disposal of a subsidiary	12
Total consideration satisfied by cash	6,700
Net cash inflow arising on disposal:	
Cash consideration received	6,700
	6,700

34. MAJOR NON-CASH TRANSACTION

The Target Group B entered into the following major non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 31 December 2015, the acquisition of assets and a subsidiary for which the total consideration of approximately RMB1,584,916,000 was unpaid and included in the advances from/(repayment to) related companies as at 31 December 2015.

During the period ended 31 August 2016, the disposal of a subsidiary for which the consideration of approximately RMB6,700,000 was unsettled and included in the advances from a related company as at 31 August 2016.

35. CONTINGENT LIABILITIES

At the end of each reporting period, the Target Group B did not have any significant contingent liabilities.

36. RELATED PARTY TRANSACTIONS

Other than the balances with related parties as disclosed elsewhere in the Financial Information, the Target Group B had the following transactions with its related parties during the Relevant Periods.

	At 31 December			At 31 August
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Acquisition of assets and a subsidiary from related companies	–	–	1,584,916	–
Disposal of a subsidiary to a related company	–	–	–	(6,700)
Legal and professional fee paid to a related company	–	–	208	156
Meal expense paid to a related company	–	–	297	169

A director, Mr. Meng Guang Bao, has control over the related companies.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Huajun Property in respect of any period subsequent to 31 August 2016.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Practising Certificate Number P06084
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS ON TARGET GROUP

Set out below is the management discussion and analysis on Target Group, which is based on the financial information of the Target Group as set out in Appendix II and Appendix III to this circular.

Business overview

The Target Group comprises the Target Company and its subsidiaries, namely Huatai Junan, Huaan (Shenzhen), Huajun Property, Dalian Haitong and Dalian Taiyuan.

The Target Company is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, the Target Company is directly wholly-owned by the Vendor.

Huatai Junan is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, Huatai Junan is directly wholly-owned by the Target Company.

Huaan (Shenzhen) is a company established in the PRC with limited liability and is principally engaged in, among other things, development, sale and management of properties. As at the Latest Practicable Date, Huaan (Shenzhen) is directly wholly-owned by Huatai Junan.

Huajun Property is a company established in the PRC with limited liability and is principally engaged in, among other things, development, sale and management of properties. As at the Latest Practicable Date, Huajun Property is directly wholly-owned by Huaan (Shenzhen).

Each of Dalian Haitong and Dalian Taiyuan is a company established in the PRC with limited liability and is principally engaged in development, sale and management of properties. As at the Latest Practicable Date, each of Dalian Haitong and Dalian Taiyuan is directly wholly-owned by Huajun Property.

Financial review

(i) Comparison for the eight months ended 31 August 2016 to the eight months ended 31 August 2015

The increase in revenue of the Target Group from the eight months ended 31 August 2015 to the eight months ended 31 August 2016 was mainly due to the commencement of sales of properties in 2016.

Selling expenses of the Target Group for the eight months ended 31 August 2015 and for the eight months ended 31 August 2016 were approximately RMB nil and RMB2.0 million, respectively. Selling expenses were mainly represented by staff costs.

Administrative expenses of the Target Group for the eight months ended 31 August 2015 and for the eight months ended 31 August 2016 were approximately RMB4,000 and RMB11.1 million, respectively. The increase in administrative expenses was mainly due to increase in staff cost.

Finance costs of the Target Group for the eight months ended 31 August 2015 and for the eight months ended 31 August 2016 were approximately RMB nil and RMB10.3 million, respectively.

(ii) Comparison for the year ended 31 December 2015 to the year ended 31 December 2014

Selling expenses of the Target Group for the year ended 31 December 2014 and for the year ended 31 December 2015 were approximately RMB nil and RMB1.0 million, respectively. The increase in selling expenses was mainly attributable to increase in staff costs.

Administrative expenses of the Target Group for the year ended 31 December 2014 and for the year ended 31 December 2015 were approximately RMB55,000 and RMB2.2 million, respectively. The increase in administrative expenses was mainly due to increase in staff costs and rental expenses.

Finance costs of the Target Group for the year ended 31 December 2014 and for the year ended 31 December 2015 were approximately RMB nil and RMB 81.6 million respectively. The increase in finance costs was mainly due to increase in secured borrowings.

(iii) Comparison for the year ended 31 December 2014 to the year ended 31 December 2013

Administrative expenses of the Target Group for the year ended 31 December 2013 and for the year ended 31 December 2014 were approximately RMB398,000 and RMB55,000, respectively.

Liquidity and financial resources

As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016, the Target Group had approximately net current assets of RMB7.1 million, net current assets of RMB7.1 million, net current liabilities of RMB1,502 million, and net current liabilities of RMB1,683 million, respectively. The current ratio (being current assets over current liabilities) as at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016 were approximately 9.0 times, 8.5 times, 0.6 times, and 0.3 times respectively.

As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016, the Target Group had approximately net assets of RMB7.1 million, net assets of RMB7.1 million, net liabilities of RMB30.8 million, and net assets of RMB76.3 million, respectively.

As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016, the bank balance of the Target Group amounted to approximately RMB nil, RMB2,000, RMB3.3 million, and RMB593,000, respectively which were mainly denominated in RMB. As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016, the outstanding secured borrowings of the Target Group amounted to approximately RMB nil, RMB nil million, RMB2,200 million and RMB nil respectively.

Pursuant to the Sale and Purchase Agreement, prior to the date of transfer of Target Share, the Vendor shall restructure certain liabilities of the Target Group. Through the Debt Restructuring, the liabilities of the Target Group shall be assigned to the subsidiaries (the "**Vendor's PRC Subsidiaries**") of the Vendor which were established in the PRC so that upon the completion of the Debt Restructuring, the liabilities due from the Target Group to Vendor's PRC Subsidiaries will be not less than RMB1,600 million (equivalent to approximately HK$1,760 million). As informed by the Vendor, (i) the amount due to ultimate holding company of Target Group B approximately in the sum of RMB1,570,000,000; and (ii) the amounts due to related companies of Target Group B approximately in the sum of RMB87,000,000 are subject to the Debt Restructuring.

Immediately upon the completion of the Debt Restructuring, the amount due to ultimate holding company of Target Group B and the amounts due to related companies of Target Group B in the amount of not less than RMB1,600 million (equivalent to approximately HK$1,760 million) will be due by the Target Group to the Vendor's PRC Subsidiaries. Vendor's PRC Subsidiaries will assign the right of the Target Shareholder's Loan of RMB1,600 million (equivalent to approximately HK$1,760 million) to the Purchaser or the Company's subsidiaries.

After the Debt Restructuring, if the outstanding shareholder's loan due by the Target Group to the Vendor's PRC Subsidiaries is more than RMB1,600 million (equivalent to approximately HK$1,760 million), such amount ("**Remaining Loan**") exceeded the value of the Target Shareholder's Loan will remain to be owed by the Target Group to the Vendor's PRC Subsidiaries and repayable on demand. As the Debt Restructuring is one of the Conditions for the Completion, no announcement will be issued by the Company upon completion of the Debt Restructuring and the determination of the Remaining Loan. Furthermore, as the assignment of Remaining Loan under the Debt Restructuring would be taken place among the Vendor, the Vendor's PRC Subsidiaries and the Target Group, the Purchaser will not need to sign any loan agreement or assignment, no announcement will be issued by the Company in regard also. Thus, upon the Completion, the grant of Remaining Loan by the Vendor's PRC Subsidiaries to the Target Group will constitute a financial assistance by connected person to the Company. Since the Remaining Loan is intended to be on an interest-free and unsecured basis upon the Completion, it is exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules. As informed by the Vendor, the Vendor and the Vendor's PRC Subsidiaries are not intended to call the Remaining Loan as of the Latest Practicable Date and any time soon after the Completion.

In any event, if the grant of Remaining Loan constitutes a non-exempted financial assistance by the connected person under Chapter 14A of the Listing Rules, the Company will comply with the Listing Rules and make relevant disclosure as applicable and appropriate.

Subsequent to completion of the Acquisition, the Target Group will become a member of the Enlarged Group which the Directors consider such status would give the Target Group better access to capital markets. The Company is also considering fund raising activities, after which the Target Group will have access to those funds.

Capital structure

As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016, the Target Group's interest bearing secured borrowings was approximately RMB nil, RMB nil, RMB2,200 million and RMB nil respectively. The secured borrowings of the Target Group as at 31 December 2015 were secured by charges over the shares of Dalian Taiyuan and the ultimate holding company's bill receivables. All secured borrowings were denominated in RMB.

Gearing ratio

The Gearing ratio of the Target Group, which is equal to the total of secured borrowings to total equity/(deficit) as at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016 was approximately 0%, 0%, 7,154% and 0%, respectively.

Foreign currency risks

The businesses conducted of the Target Group during the period from the year ended 31 December 2013 to the eight months ended 31 August 2016 were denominated in RMB. As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016, all of the secured borrowings of and all of the cash and bank balances of the Target Group were made in RMB. Therefore, the exposure in currency risks of the Target Group was considered by the management to be minimal and it had not used any financial instrument for hedging purposes during the said period.

Capital commitment

As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016, capital commitment in respect of investment properties under construction and property, plant and equipment was approximately RMB nil, RMB nil, RMB112.7 million and RMB76.1 million, respectively.

Pledge of assets

The secured borrowings of the Target Group as at 31 December 2015 were secured by charges over the shares of Dalian Taiyuan and the ultimate holding company's bill receivables.

Contingent liabilities

As at 31 December 2013, 31 December 2014, 31 December 2015 and 31 August 2016, the Target Group did not have any significant contingent liabilities.

Employees and remuneration policy

Remuneration for employees were maintained at a competitive level and determined with reference to the general market condition and qualifications and experience of the employees concerned. Employees' salaries and wages for the years ended 31 December 2013, 31 December 2014, 31 December 2015 and the eight months ended 31 August 2016 were approximately RMB nil, RMB nil, RMB1.1 million and RMB 9.9 million, respectively. Remuneration packages comprised salaries and defined contribution pension fund. Apart from pension, discretionary bonus will also be granted to certain employees as awards in accordance with individual performance. The Target Group has no share option scheme.

Future plans

Investment properties

The Target Group intends to rent out investment properties including Bao Hua Financial Centre and commercial units of Bao Hua Wang Yuan in order to generate rental income.

Properties under developments and properties held-for-sale

The Target Group targets to sell all remaining residential units of Bao Hua Wang Yuan to generate revenue, and internal decoration work and infrastructure work is being performed on certain unsold units in order to achieve higher selling prices.

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

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

28 February 2017

The Board of Directors
Huajun Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of Huajun Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2016 and related notes as set out in Appendix V of the circular (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are set out in Appendix V of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of the entire equity interest (the "**Acquisition**") of Hua Tai Jun An International Development Limited (華泰君安國際發展有限公司) (the "**Target Company**") and its subsidiaries (the "**Target Group A**") and Huajun Property (Dalian) Co., Ltd.* (華君置業（大連）有限公司) ("**Huajun Property**") and its subsidiaries (the "**Target Group B**") (collectively the "**Enlarged Group**") on the Group's financial position as at 30 September 2016 as if the Acquisition had taken place on 30 September 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements for the period ended 30 September 2016, on which an interim report has been published. Information about the Target Group A's financial position as at 31 August 2016 and Target Group B's financial position as at 31 August 2016 has been extracted by the Directors from the accountants' report of the Target Group A and Target Group B as set out in Appendix II and III to the Circular respectively.

Directors' Responsibilities for the Pro Forma Financial Information

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

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

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

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

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

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition as at 30 September 2016 would have been as presented.

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

– The related pro forma adjustments give appropriate effect to those criteria; and

– The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Practising Certificate Number P06084

Hong Kong, 28 February 2017

(1) INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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

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

The Unaudited Pro Forma Financial Information is prepared based on the consolidated statement of financial position of the Group as at 30 September 2016 as extracted from the interim report of the Group for the period ended 30 September 2016, the audited consolidated statement of financial position of the Target Group A as at 31 August 2016 and the audited consolidated statement of financial position of the Target Group B as at 31 August 2016 as extracted from the accountants' report as set out in Appendix II and III of this Circular respectively after making certain proforma adjustments resulting from the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 30 September 2016. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group's future financial position.

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

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

	The Group as at 30 September 2016	The Target Group A as at 31 August 2016	The Target Group A as at 31 August 2016	The Target Group B as at 31 August 2016	The Target Group B as at 31 August 2016	Pro forma adjustments				The Enlarged Group
	HK$'000	RMB'000	HK$'000	RMB'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)					
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 3)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	
Non-current assets										
Property, plant and equipment	495,071	–	–	32,790	36,069	–	–	–	–	531,140
Prepaid lease payments	144,510	–	–	–	–	–	–	–	–	144,510
Investment properties	87,154	–	–	1,785,000	1,963,500	–	–	–	–	2,050,654
Goodwill	71,698	–	–	–	–	–	268,083	–	–	339,781
Interests in associates	140,940	–	–	–	–	–	–	–	–	140,940
Deferred tax assets	2,203	–	–	–	–	–	–	–	–	2,203
Deposits for acquisition of machineries and an investment property	46,008	–	–	–	–	–	–	–	–	46,008
Club membership	2,092	–	–	–	–	–	–	–	–	2,092
Finance lease receivables	159,760	–	–	–	–	–	–	–	–	159,760
Loan receivables	58,000	–	–	–	–	–	–	–	–	58,000
Deposits for acquisition of subsidiaries	23,200	–	–	–	–	–	–	–	–	23,200
Available-for-sale investments	372,521	–	–	–	–	–	–	–	–	372,521
	1,603,157	–	–	1,817,790	1,999,569	–	268,083	–	–	3,870,809
Current assets										
Land and properties for sale	3,796,702	–	–	90,747	99,822	–	–	–	–	3,896,524
Prepaid lease payments	3,454	–	–	–	–	–	–	–	–	3,454
Inventories	270,290	–	–	–	–	–	–	–	–	270,290
Finance lease receivables	274,584	–	–	–	–	–	–	–	–	274,584
Trade and other receivables	480,146	–	–	7,954	8,749	–	–	–	–	488,895
Loan receivables	457,218	–	–	–	–	–	–	–	–	457,218
Tax recoverable	369	–	–	–	–	–	–	–	–	369
Amount due from ultimate holding company	–	–	–	527,765	580,542	–	–	–	(580,542)	–
Amount due from related companies	–	–	–	6,700	7,370	–	–	–	580,542	587,912
Amount due from Target Group B	–	–	–	–	–	–	1,760,000	(1,760,000)	–	–
Held for trading investments	51,000	–	–	–	–	–	–	–	–	51,000
Restricted and pledged bank deposits	92,393	–	–	230,586	253,645	–	–	–	–	346,038
Bank balances and cash	293,586	–	–	593	652	1,980,000	(2,112,000)	–	–	162,238
Assets classified as held for sale	1,831,133	–	–	–	–	–	–	–	–	1,831,133
	7,550,875	–	–	864,345	950,780	1,980,000	(352,000)	(1,760,000)	–	8,369,655

	The Group as at 30 September 2016 HK$'000 (Unaudited) *(Note 1)*	The Target Group A as at 31 August 2016 RMB'000 (Audited) *(Note 2)*	The Target Group A as at 31 August 2016 HK$'000 (Audited) *(Note 2)*	The Target Group B as at 31 August 2016 RMB'000 (Audited) *(Note 3)*	The Target Group B as at 31 August 2016 HK$'000 (Audited) *(Note 3)*	Pro forma adjustments HK$'000 *(Note 4)*	HK$'000 *(Note 5)*	HK$'000 *(Note 6)*	HK$'000 *(Note 7)*	The Enlarged Group HK$'000
Current liabilities										
Trade and other payables	876,577	8	9	846,991	931,690	–	–	–	–	1,808,276
Pre-sales proceeds received on sales of properties	–	–	–	33,866	37,253	–	–	–	–	37,253
Tax payable	61,235	–	–	8,972	9,869	–	–	–	–	71,104
Amount due to a controlling shareholder	–	9	10	1,570,216	1,727,238	–	(1,663,995)	–	(10)	63,243
Amount due to related companies	–	–	–	87,268	95,995	–	(96,005)	–	10	–
Amount due to the Group	–	–	–	–	–	–	1,760,000	(1,760,000)	–	–
Borrowings	740,100	–	–	–	–	–	–	–	–	740,100
Liabilities associated with assets classified as held for sale	1,343,043	–	–	–	–	–	–	–	–	1,343,043
	3,020,955	17	19	2,547,313	2,802,045	–	–	(1,760,000)	–	4,063,019
Net current assets/(liabilities)	4,529,920	(17)	(19)	(1,682,968)	(1,851,265)	1,980,000	(352,000)	–	–	4,306,636
Total assets less current liabilities	6,133,077	(17)	(19)	134,822	148,304	1,980,000	(83,917)	–	–	8,177,445
Non-current liabilities										
Corporate bonds	147,846	–	–	–	–	–	–	–	–	147,846
Convertible bonds	284,560	–	–	–	–	–	–	–	–	284,560
Deferred tax liabilities	16,361	–	–	58,516	64,368	–	–	–	–	80,729
Borrowings	1,856,000	–	–	–	–	1,980,000	–	–	–	3,836,000
	2,304,767	–	–	58,516	64,368	1,980,000	–	–	–	4,349,135
Net assets	3,828,310	(17)	(19)	76,306	83,936	–	(83,917)	–	–	3,828,310

(3) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) Figures are extracted from the consolidated financial statements of the Group as set out in the interim report of the Company for the period ended 30 September 2016.

(2) Figures are extracted from the Target Group A's statement of financial position as at 31 August 2016 included in the accountants' report of the Target Group A as set out in Appendix II to the Circular and converted to the presentation currency of the Group of HK$. The conversion of RMB into HK$ for the statement of financial position of the Target Group A is based on the exchange rate of RMB1 translated to HK$1.1. No representation is made that RMB amounts have been, could have been or could be converted into HK$, or vice versa, at that rate or at any other rates or at all.

(3) Figures are extracted from the Target Group B's statement of financial position as at 31 August 2016 included in the accountants' report of the Target Group B as set out in Appendix III to the Circular and converted to the presentation currency of the Group of HK$. The conversion of RMB into HK$ for the statement of financial position of the Target Group B is based on the exchange rate of RMB1 translated to HK$1.1. No representation is made that RMB amounts have been, could have been or could be converted into HK$, or vice versa, at that rate or at any other rates or at all.

(4) The adjustment represented the loan drawn by the Company from the immediate holding company of the Company under the credit facilities agreement signed between Huajun International Limited and the Company dated on 28 September 2016 and 26 January 2017. The loan is unsecured, interest-free and due over one year.

(5) Pursuant to the Sale and Purchase Agreement, the total consideration amounting to RMB320 million (equivalent to HK$352 million) for the acquisition of entire equity interests of Target Group A and Target Group B will be settled by cash. The adjustment reflects the recognition of goodwill of approximately HK$268,083,000, arising from the Acquisition, as if the Acquisition had been completed on 30 September 2016 as follows:

	HK$'000
Cash consideration	352,000
Net liabilities of Target Group A as at 30 September 2016	(19)
Net assets of Target Group B as at 30 September 2016	83,936
Sub total	83,917
Goodwill	268,083

Pursuant to the Sale and Purchase Agreement, the Group has conditionally agreed to acquire for and the Vendor has conditionally agreed to sell the Target Shareholder's Loan which shall be amounted to RMB1,600 million (equivalent to approximately HK$1,760 million) at the consideration. The amount due to a controlling shareholder amounting to approximately RMB1,513 million (equivalent to approximately HK$1,664 million) and the amount due to related companies of approximately RMB87 million (equivalent to approximately HK$96 million) of Target Group B were assigned to amount due to the Group.

The total cash outflow amounting to approximately RMB1,920 million (equivalent to approximately HK$2,112 million) is as follows:

	HK$'000
Cash consideration for the acquisition of entire equity interests of Target Group A and Target Group B	352,000
Cash consideration for the acquisition of the Target Shareholder's Loan	1,760,000
	2,112,000

(6) The adjustment represented the elimination of amount due from the Target Group B and amount due to the Group amounting to approximately HK$1,760 million.

(7) The adjustment represented the reclassification from amount due from ultimate holding company to amount due from related companies of Target Group B amounting to approximately HK$581 million and from amount due to a controlling shareholder to amount due to related companies of Target Group A amounting to approximately HK$10,000.

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of assets and liabilities has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition on the statement of assets and liabilities of the Group as at 30 September 2016.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group is prepared, based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016 extracted from the published interim report of the Group for the six months ended 30 September 2016 which have been published on the website of the Stock Exchange and the website of the Company, and the audited combined statement of financial position of the Target Group as at 31 August 2016 as extracted from the financial information of the Target Group set out in Appendix II to this circular as if the Acquisition had been completed on 30 September 2016.

The unaudited pro forma statement of assets and liabilities is based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. A narrative description of the pro forma adjustments of the completion of the Acquisition that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; and (ii) factually supportable, is summarised in the accompanying notes.

The accompanying unaudited pro forma statement of assets and liabilities has been prepared by the Directors for illustrative purpose only and is based on certain assumptions, estimates, uncertainties and other currently available information. Accordingly, and because of its nature, the unaudited pro forma statement of assets and liabilities may not give a true picture of the financial position of the Enlarged Group following the completion of the Acquisition. Further, the unaudited pro forma statement of assets and liabilities of the Enlarged Group does not purport to predict the Enlarged Group's future financial position.

The following is the text of a letter and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant, in connection with its valuation as at 30 November 2016 of the selected property interests to be acquired by Huajun Holdings Limited.

JLL
仲量聯行

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Licence No: C-030171

28 February 2017

The Board of Directors
Huajun Holdings Limited
36th Floor, Champion Tower
3 Garden Road, Central
Hong Kong

Dear Sirs,

Pursuant to a Sale and Purchase Agreement entered into between Go Platinum Holdings Limited (the "**Purchaser**"), who is a direct wholly-owned subsidiary of Huajun Holdings Limited (the "**Company**"), and Hua Tai Jun An International Limited (the "**Vendor**", the "**Target Company**"), the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Targets Share and the Target Shareholder's Loan at a total Consideration of RMB1,920 million (equivalent to approximately HK$2,112 million). Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire the Target Group, that is, the Target Company and its subsidiaries upon Completion, namely, Huatai Junan, Huaan (Shenzhen), Huajun Property, Dalian Haitong, Dalian Taiyuan and two properties developments operated by Dalian Haitong and Dalian Taiyuan as specified in the Sale and Purchase Agreement. As informed by the Vendor, Dalian Haitong currently owns a property development project named Bao Hua Financial Centre (保華金融中心) and Dalian Taiyuan currently owns a property development project named Bao Hua Wang Yuan (保華旺苑), which are both situated at Dalian City, Liaoning Province, the PRC.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**" or "**we**") is instructed by the Company to provide valuation service on the properties to be acquired in the People's Republic of China (the "**PRC**") for disclosure purpose. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 30 November 2016 (the "**valuation date**").

In accordance with Chapter 5 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), we classified these properties as the property interest relating to "Property activities" which mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments. Having considered the implications of Rule 5.01A(1) of the Listing Rules, the selected property interests we valued are those property interests relating to "property activities" except for those with a carrying amount below 1% of the Group's total assets. The total carrying amount of property interests not valued does not exceed 10% of the Group's total assets. Furthermore, we have adopted the below guidance on what constitutes a property interest:

(a) one or more units in the same building or complex;

(b) one or more properties located at the same address or lot number;

(c) one or more properties comprising an integrated facility;

(d) one or more properties, structures or facilities comprising a property development project (even if there are different phases);

(e) (one or more properties held for investment within one complex;

(f) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or

(g) a project or phases of development presented to the public as one whole project or forming a single operating entity.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued property no. 1 by the comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, completed properties for sale are those the Construction Work Completion and Inspection Certificate/Tables or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and properties for future development are those the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates have been obtained.

In valuing property no. 2 which is currently under development, we have assumed that it will be developed and completed in accordance with the latest development proposals provided to us by the Target Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Target Group according to the stage of construction of the property as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, properties under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Target Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers – Liao Ning Wei Dian Law Firm (遼寧維典律師事務所), concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in the period from 31 October 2016 to 3 November 2016 by Ms. Corrina Li and Ms. Doris Zhang who have 9 years' and 1 year's experience respectively in property valuation in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Target Group. We have also sought confirmation from the Target Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

All monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificate are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: *Eddie T.W. Yiu is a Chartered Surveyor who has 23 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.*

SUMMARY OF VALUES

Group I: Properties held and occupied by the Target Group in the PRC
Group II: Properties held for sale by the Target Group in the PRC
Group III: Properties held or developed for investment by the Target Group in the PRC
–: Not Available or Not Applicable

No.	**Property** (1)	**Market value in existing state as at the valuation date** *RMB* **Group I:**	**Market value in existing state as at the valuation date** *RMB* **Group II:**	**Market value in existing state as at the valuation date** *RMB* **Group III:**	**The total market value of the property in existing state as at the valuation date** *RMB*
1.	Project Bao Hua Wang Yuan located at No. 4 Sanba Square Zhongshan District Dalian City Liaoning Province The PRC	11,770,000(2)	75,175,000	363,520,000	**450,465,000**(3)
2.	Project Bao Hua Financial Centre under construction located at the south-eastern side of the junction of Titan Road and Zhongshan Road Shahekou District Dalian City Liaoning Province The PRC	–	–	1,564,000,000	**1,564,000,000**
	Total:	**11,770,000**	**75,175,000**	**1,927,520,000**	**2,014,465,000**

Notes:

(1) The property does not include the portions which have been sold out before the valuation date and the proceeds from which have already been recognized as revenue.

(2) According to the content stated on the State-owned Land Use Rights Certificate, the car parking spaces of Project Bao Hua Wang Yuan are for public parking use, which are not allowed to be rented or sold. However, as advised by the Target Group, Dalian Taiyuan has sold 21 car parking spaces and pre-sold 7 car parking spaces as at the valuation date. According to the legal opinion provided by the Company's PRC legal advisers, the Target Group would not be subject to any punishment imposed by the government referring to the current legal regulation, but would face the risk of returning the car parking spaces' revenue. As at the valuation date, the Target Group has not been prohibited or punished by relevant government authorities. In the valuation of the property, we have attributed no commercial value to the 185 car-parking spaces (including the aforesaid 7 pre-sold car parking spaces). However, for reference purpose, we are of the opinion that the market value of them as at the valuation date would be RMB33,041,000 assuming all relevant title certificates have been obtained and they could be freely transferred and there is no legal impediment and onerous cost in obtaining the title certificates.

(3) This total market value does not include the market value for reference for 185 car parking spaces (without proper title certificates) as stated in note 2.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation dates *RMB*
1.	Project Bao Hua Wang Yuan located at No. 4 Sanba Square Zhongshan District Dalian City Liaoning Province The PRC	Project Bao Hua Wang Yuan is located at No. 4 Sanba Square, Zhongshan District, Dalian City. It comprises a parcel of land with a site area of approximately 7,370.2 sq.m., a 29-storey commercial and residential complex ("**Building A**") and a 7-storey commercial building ("**Building B**") together with a 3-storey basement for car parking spaces and ancillary uses erected thereon having a total gross floor area ("**GFA**") of approximately 56,727.86 sq.m. completed in 2016. As at the valuation date, 272 residential units and 21 car parking spaces with a total GFA of approximately 19,068.53 sq.m. were sold out by the Target Group, which are excluded from the property. It is situated at Sanba Square Business District, which is a traditional business area in Dalian. The project is well-served by commercial and public facilities. The immediate neighborhood includes commercial, office and residential buildings with some community retail shops and a hospital. The project is only about 2 kilometers off Dalian Railway Station and about 1 kilometer off Zhongshan Square and Gangwan Square Metro Stations along metro Line 2. The property comprises 3 parts in Project Bao Hua Wang Yuan with a total GFA of approximately 37,659.33 sq.m., the details are set out as below:- ***Part A:*** part A of the property comprises Level 6 of Building A and 185 car parking spaces together with the relevant ancillary rooms in the basement with a total GFA of approximately 15,290.55 sq.m.	Part A of the property is currently held by the Target Group for office, car parking spaces and ancillary uses, part B of the property is held by the Target Group for sale and part C of the property is held by the Target Group for investment purpose.	450,465,000*

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation dates *RMB*
		Part B: part B of the property comprises 73 unsold residential units with an ancillary room in Building A with a total GFA of approximately 4,972.79 sq.m. ***Part C:*** part C of the property comprises Levels 1 to 5 of Building A and the whole Building B with a total GFA of approximately 17,395.99 sq.m. Part A of the property was completed in August 2016 whilst the internal decoration work and infrastructure work of part B and part C of the property are currently in progress. As advised by the Target Group, the total remaining cost of the internal decoration work and infrastructure work is estimated to be approximately RMB14,800,000 as at the valuation date. The land use rights of the property have been granted for terms expiring on 5 July 2039 and 5 July 2069 for public building and residential uses respectively.		

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Da Guo Yong (2014) Di No. 01044, the land use rights of a parcel of land with a site area of approximately 7,370.2 sq.m., on which the property is located, have been granted to Dalian Taiyuan Real Estate Development Co., Limited (大連泰元房地產開發有限公司). ("**Dalian Taiyuan**", a wholly-owned subsidiary of the Target Company) for terms expiring on 5 July 2039 and 5 July 2069 for public building and residential uses respectively.

2. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 210202201500025 in favour of Dalian Taiyuan, the construction works of Project Bao Hua Wang Yuan (including the property) with a total GFA of approximately 55,586 sq.m. have been approved for construction.

3. Pursuant to a Construction Work Commencement Permit – No. 210200201512301901 in favour of Dalian Taiyuan, permission by the relevant local authority was given to commence the construction of the aboveground portion of Project Bao Hua Wang Yuan (including the property) with a total GFA of approximately 40,780 sq.m. As advised by Dalian Taiyuan, Project Bao Hua Wang Yuan was acquired by Dalian Taiyuan from Dalian Hongfu Enterprise Group Co., Ltd. in 2012, when it was under construction. The construction work of the basement portion of Project Bao Hua Wang Yuan had been completed as at the date of acquisition.

4. According to the information provided by the Target Group, details of the GFA of the property are set out below:

Part	Usage	GFA *(sq.m.)*	No. of Car Parking Space
Part A	Commercial	841.77	
	Car parking	2,810.94	185
	Ancillary	11,637.84	
	Sub-total:	**15,290.55**	
Part B	Residential	4,890.07	
	Ancillary	82.72	
	Sub-total:	**4,972.79**	
Part C	Commercial	17,395.99	
	Sub-total:	**17,395.99**	
	Grand-total:	**37,659.33**	**185**

5. As advised by Dalian Taiyuan, 33 residential units of part B with a total GFA of approximately 2,169.06 sq.m. and 7 car parking spaces of part A of the property have been pre-sold to various third parties at a total consideration of RMB34,229,329. Such portions of the property have not been legally and virtually transferred and therefore we have included the units and car parking spaces in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

6. Our valuation has been made on the following basis and analysis:

   a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit prices of these comparable properties range from RMB13,800 to RMB20,000 per sq.m. for residential units, RMB50,000 to RMB56,200 per sq.m. for commercial units on the first floor, RMB240,000 to RMB250,000 for multiple car parking spaces and RMB160,000 per space to RMB185,000 per space for single car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The Target Group has obtained the Land Use Rights Certificate of the property legally and has paid the land premium and relative administrative taxes and fees in respect of the property in full;

   b. As for selling using rights of underground car parking spaces mentioned in note. 5, the Target Group would not be subject to any punishment imposed by the government referring to the current legal regulation but would face the risk of returning the car parking spaces' revenue;

   c. The Target Group has obtained the property rights legally and validly and is entitled to dispose of the property rights. The Target Group does not involve in any legal dispute related to the property; and

   d. Pursuant to a Mortgage Contract entered into between Yingkou Coast Bank Co., Ltd. Zhexing Branch (營口沿海銀行股份有限公司振興支行) and Dalian Taiyuan, the property was subject to a mortgage for the loan with an amount of RMB700,000,000.

8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	N/A
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	No
g.	Building Ownership Certificates	No

9. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held and occupied	11,770,000*
Group II – held for sale	75,175,000
Group III – held or developed for investment	363,520,000
Grand-total:	**450,465,000***

* According to the content stated on the State-owned Land Use Rights Certificate, the car parking spaces of the project are for public parking use, which are not allowed to be rented or sold. However, as advised by the Target Group, Dalian Taiyuan has sold 21 car parking spaces and pre-sold 7 car parking spaces as at the valuation date. According to the legal opinion provided by the Company's PRC legal advisers, the Target Group would not be subject to any punishment imposed by the government referring to the current legal regulation, but would face the risk of returning the car parking spaces' revenue. As at the valuation date, the Target Group has not been prohibited or punished by relevant government authorities. In the valuation of the property, we have attributed no commercial value to the 185 car parking spaces (including the aforesaid 7 pre-sold car parking spaces). However, for reference purpose, we are of the opinion that the market value of them as at the valuation date would be RMB33,041,000 assuming all relevant title certificates have been obtained and they could be freely transferred and there is no legal impediment and onerous cost in obtaining the title certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation dates *RMB*
2.	Project Bao Hua Financial Centre under construction located at the south-eastern side of the junction of Titan Road and Zhongshan Road Shahekou District Dalian City Liaoning Province The PRC	The property, known as Project Bao Hua Financial Centre, comprises a parcel of land with a site area of approximately 10,857.10 sq.m. and a commercial and office development complex erected thereon which is currently under construction. The property is situated at Xinghai Bay Business Area, one of the central business districts of Dalian and is well-served by public facilities and various transportation means. The surrounding environment of the property mainly include high-end office buildings, commercial buildings, a convention center and a museum. The property is adjacent to Huizhan Center Metro Station along metro Line 1 and about 20 minutes' drive to Dalian International Airport.	The property is currently under construction.	1,564,000,000

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation dates *RMB*

The property is currently under construction and will be developed into a 51-storey commercial and office complex with a 2-storey basement for car parking and ancillary uses. Upon completion, the property will have a total planned gross floor area ("**GFA**") of approximately 146,270 sq.m. (including 1,192 car parking spaces), the details of which are set out as below:

Usage	Planned GFA *(sq.m.)*	Car parking spaces *(space)*
Aboveground:		
Commercial	30,751.76	
Office	84,636.56	
Car parking space	2,916.7	100
Ancillary	7,654.98	
Sub-total:	**125,960.00**	**100**
Underground:		
Commercial	1,026.00	
Car parking space	14,584.00	1,092
Ancillary	4,700.00	
Sub-total:	**20,310.00**	**1,092**
Total:	**146,270.00**	**1,192**

As advised by the Target Group, the construction work of the property is scheduled to be completed in 2018. The total construction cost of the property is estimated to be approximately RMB1,250,000,000, of which approximately RMB287,781,000 had been paid as at the valuation date.

The land use rights of the property have been granted for a term expiring on 30 September 2051 for commercial and financial uses.

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated on 23 July 2012 and a supplemental agreement dated 26 February 2013, the land use rights of 2 parcels of land (on which the property is located) with a total site area of approximately 10,857.1 sq.m. were contracted to be granted to Dalian Haitong Real Estate Development Co., Limited (大連海通房地產開發有限公司) ("**Dalian Haitong**", a wholly-owned subsidiary of the Target Company) for a term of 40 years for commercial and financial uses. The total land premium was RMB265,930,000. As advised by Dalian Haitong, the land premium has been fully paid.

2. Pursuant to a State-owned Land Use Rights Certificate – Da Guo Yong (2013) Di No. 03022, the land use rights of a parcel of land (same as the 2 parcels of land mentioned in note 1) with a site area of approximately 10,857.1 sq.m., on which the property is located, have been granted to Dalian Haitong for a term expiring on 30 September 2051 for commercial and financial uses.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 21020420160005 in favour of Dalian Haitong, the construction works of the property with a total GFA of approximately 146,270 sq.m. have been approved for construction.

4. Pursuant to 2 Construction Work Commencement Permits – Nos. 210201201605180201 and 210201201605180501 in favour of Dalian Haitong, permission by the relevant local authority was given to commence the construction of the property with a total GFA of approximately 146,270 sq.m.

5. According to the latest development plan of the property provided by Dalian Haitong, the market value of the property as if completed with a total GFA of approximately 146,270 sq.m. is estimated to be approximately RMB2,743,000,000 as at the valuation date.

6. Our valuation has been made on the following basis and analysis:

   a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property, the unit prices of these comparable properties range from RMB50,000 to RMB53,200 per sq.m. on the first floor for commercial units and RMB23,000 to RMB29,000 per sq.m. for office units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit price for the property as if completed;

   b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites range from about RMB6,200 to RMB8,000 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The Target Group has obtained the Land Use Rights Certificate of the property legally and has paid the land premium and relative administrative taxes and fees in respect of the property in full;

   b. The Target Group has obtained the property rights legally and validly and is entitled to dispose of the property rights. The Target Group does not involve in any legal dispute related to the property; and

   c. Pursuant to a Mortgage Contract entered into between Yingkou Coast Bank Co., Ltd. Shifu Branch (營口沿海銀行股份有限公司市府支行) and Dalian Haitong, the property was subject to a mortgage for the loan with an amount of RMB1,500,000,000.

8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	No
f.	Construction Work Completion and Inspection Certificate/Table	No
g.	Building Ownership Certificates	No

9. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held and occupied	–
Group II – held for sale	–
Group III – held or developed for investment	1,564,000,000
Grand-total:	**1,564,000,000**

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 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.

2. DISCLOSURE OF INTERESTS

Interest of Directors and Chief Executive in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares or underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in the Shares of the Company

Director	Number of Shares	Capacity	Approximate percentage of interests in the issued share capital of the Company as at the Latest Practicable Date
Mr. Meng	383,853,513 (L)	Beneficial owner	6.33%
	4,047,269,643 (L)	Interest in controlled corporation *(Note 1)*	66.71%
Mr. Wu	264,000 (L)	Beneficial owner	0.004%
	133,264,500 (L)	Interest in controlled corporation *(Note 2)*	2.20%
	65,121,441 (L)	Share options *(Note 3)*	1.07%
Mr. Guo	53,791,468 (L)	Share options *(Note 4)*	0.89%
Mr. Zheng Bailin	6,512,137 (L)	Share options *(Note 5)*	0.11%
Mr. Shen Ruolei	6,512,137 (L)	Share options *(Note 5)*	0.11%
Mr. Pun Chi Ping	6,512,137 (L)	Share options *(Note 5)*	0.11%

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

Notes:

1. 3,993,698,214 Shares are held by HIL. The entire issued share capital of HIL is beneficially owned by Huajun Real Estate (Gaoyou) Co., Ltd.* (華君置業(高郵)有限公司) which is wholly owned by Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司). Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司) was owned as to 97.0% by Mr. Meng and 3.0% by Ms. Bao, respectively. 53,571,429 Shares are held by Jian Xing, which is indirectly wholly-owned by Mr. Meng. Mr. Meng was deemed to be interested in all Shares held by HIL and Jian Xing by virtue of the SFO.

2. 133,264,500 Shares are beneficially owned by Forest Tree Limited, which in turn was wholly-owned owned by Mr. Wu, an executive Director. Mr. Wu was deemed to be interested in all 133,264,500 Shares held by Forest Tree Limited by virtue of the SFO.

3. Total of 65,121,441 share options have been granted to Mr. Wu. For further details of the said share options granted, please refer to the announcements dated 16 February 2015, 30 June 2015 and 7 February 2017 by the Company.

4. Total of 53,791,468 share options have been granted to Mr. Guo. For further details of the said share options granted, please refer to the announcements of the Company dated 16 February 2015, 30 June 2015 and 7 February 2017.

5. Total of 6,512,137 share options have been granted to each of Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping. For further details of the said share options granted, please refer to the announcements dated 30 June 2015 and 7 February 2017 by the Company.

Interests in shares in associated corporations

Associated corporation	Director	Amount of registered capital/ number of shares held in the associated corporation	Capacity	Approximate percentage interest in the capital of the associated corporation
Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司) *(Note 5)*	Mr. Meng	RMB100,000,000	Beneficial owner	97%
Jian Xing International Limited *(Note 6)*	Mr. Meng	1	Beneficial owner	100%

5. HIL, Huajun Real Estate (Gaoyou) Co., Ltd.* (華君置業(高郵)有限公司) are wholly-owned subsidiaries of Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司).

6. Jian Xing is wholly-owned by Jian Xing International Development Limited, which is in turn wholly-owned by Jian Xing International Limited.

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

3. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholders	Number of Shares	Capacity	Approximate percentage of interests in the issued share capital of the Company as at the Latest Practicable Date
Bao Le	4,431,123,156 (L)	Interest held by spouse *(Note (a))*	73.04%
HIL	3,993,698,214 (L)	Beneficial owner	65.83%
Huajun Real Estate (Gaoyou) Co., Ltd.* (華君置業(高郵)有限公司)	3,993,698,214 (L)	Interest of controlled corporation *(Note (a))*	65.83%
Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司)	3,993,698,214 (L)	Interest of controlled corporation *(Note (a))*	65.83%
Mr. Meng	383,853,513 (L)	Beneficial owner	6.33%
	4,047,269,643 (L)	Interest of controlled corporation *(Note (a))*	66.71%

Note:

(a) 3,993,698,214 Shares are held by HIL. The entire issued share capital of HIL is beneficially owned by Huajun Real Estate (Gaoyou) Co., Ltd.* (華君置業(高郵)有限公司) which is wholly owned by Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司). Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司) was owned as to 97.0% by Mr. Meng and 3.0% by Ms. Bao, respectively. 53,571,429 Shares are held by Jian Xing, which is indirectly wholly-owned by Mr. Meng. Mr. Meng was deemed to be interested in all Shares held by HIL by virtue of the SFO. Madam Bao Le, being a spouse of Mr. Meng, was also deemed to be interested in the Shares held by HIL, Jian Xing and Mr. Meng.

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

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

4. DIRECTORS' SERVICES CONTRACTS

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

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 March 2016, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and there is no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. EXPERTS AND CONSENTS

The qualifications of the experts who have given opinions and advice in this circular are as follows:

Names	Qualifications
ZHONGHUI ANDA CPA Limited ("**Zhonghui**")	Chartered Accountants Certified Public Accountants
INCU Corporate Finance Limited	a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition
Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**")	Independent valuer and consultant

As at the Latest Practicable Date, each of Zhonghui, INCU and JLL has no shareholding in any company in the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Enlarged Group and has no direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2016, being the date to which the latest published audited accounts of the Company were made up or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

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

9. MATERIAL CONTRACTS

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

(a) the sale and purchase agreement dated 26 March 2015 entered into between the Company and Hung Jia Holdings Limited, in relation to the disposal of 100% shareholding of Success Crest Investment Limited for a consideration of RMB90,000,000;

(b) the sale and purchase agreement dated 26 March 2015 entered into between New Island Holdings (B.V.I.) Limited, a wholly-owned subsidiary of the Company, and Folli Follie Group Holding Co., Ltd, in relation to the disposal of 100% shareholding of New Island Property (B.V.I.) Limited for a consideration of HK$142,800,000;

(c) the termination agreement dated 27 March 2015 entered into between Mr. Li Yonggang* (李永剛) as the vendor and B&H Properties Group Limited* (保華地產集團有限公司), an indirect wholly-owned subsidiary of the Company, as the purchaser in relation to the sale and purchase of 40% equity interest in Zhihua Logistics Technology Co., Ltd of Yingkou Economic Development Zone* (營口經濟技術開發區志華物流有限公司) for a consideration of RMB120,000,000;

(d) the supplemental agreement dated 31 March 2016 entered into between the Company, HIL and Mr. Wu for the purpose of supplementing and amending the subscription agreement in respect of the subscription of the convertible bonds of an aggregate principal amount of HK$500 million issued by the Company on 11 June 2015;

(e) capital increase agreement dated 27 April 2015 entered into between New Island Management Services Limited and Harbin Hezhong in respect of the subscription of additional registered capital of Shenzhen Huajun Financial Leasing Limited* (深圳市華君融資租賃有限公司) at a consideration of US$15 million, as a result of which Harbin Hezhong is interested in 30% equity interest in Shenzhen Huajun Financial Leasing Limited* (深圳市華君融資租賃有限公司);

(f) the sale and purchase agreement dated 26 May 2015 entered into between Huajun Industrial Equipment Group Limited* (華君工業裝備集團有限公司), an indirect wholly-owned subsidiary of the Company, as the purchaser, and Linhai Finance Bureau* (臨海市財政局) and Linhai Economic and Information Technology Bureau* (臨海市經濟和信息化局), together as the vendors, in relation to the entire equity interest of Zhejiang Linhai Machinery Company Limited* (浙江臨海機械有限公司) for a consideration of RMB192,150,000;

(g) the sale and purchase agreement dated 26 May 2015 entered into between Continuously Water Affairs (China) Limited* (源源水務（中國）有限公司), an indirect wholly-owned subsidiary of the Company, as the purchaser, and Yingkou Yin Ke Jian An Investment Co., Ltd.* (營口銀科建安投資有限公司), as the vendor, in relation to the 49% equity interest of Liaoning Yinzhu Chemtex Group Co. Ltd.* (遼寧銀珠化紡集團有限公司) for a consideration of RMB70,000,000;

(h) the conditional sale and purchase Agreement dated 12 June 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理（中國）有限公司), a wholly-owned subsidiary of the Company, as the purchaser and Zhang Yu* (張玉), as the vendor in relation to 60% equity interest in Dalian Bao Xing Da Industrial Co., Ltd.* (大連保興達實業有限公司) for a consideration of RMB60 million;

(i) the sale and purchase agreement dated 17 June 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理（中國）有限公司), a wholly-owned subsidiary of the Company, as the purchaser and Lijiang Tianan Forestry Development Co., Ltd.* (麗江天安林業開發有限公司), as the vendor, in relation to the entire equity interest of each of Heqing County Sengong Forestry Development Co., Ltd.* (鶴慶縣森工林業有限公司), Ninglang Boyu Forestry Development Co., Ltd.* (寧蒗博宇林業開發有限公司) and Yangbi Yunsen Forestry Development Co., Ltd.* (漾濞雲森林業有限公司) for a consideration of RMB160 million;

(j) an agreement dated 26 June 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理（中國）有限公司), a wholly-owned subsidiary of the Company, as the purchaser, Tianan Property Investment Strategic Planning (Shenzhen) Co. Ltd.* (天安地產投資策劃（深圳）有限公司) and Suzhou Tianan Import and Export Trading Co. Ltd.* (蘇州天安進出口貿易有限公司) in relation to the proposed establishment of a joint venture company;

(k) an agreement dated 16 July 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理（中國）有限公司), a wholly-owned subsidiary of the Company, as the purchaser and Mr. Zhou Luohong* (周羅洪), Mr. Xie Jianming* (謝建明) and Ms. Zhou Jing* (周靜), collectively as the vendor, in relation to the entire equity interest of Yingkou Xiang Feng Properties Company Limited* (營口翔峰置業有限公司) and development project named Xiang Feng Wealth Seaview* (翔峰財富海景) including the use rights of the state-owned lands for a consideration of RMB250 million;

(l) the agreement dated 25 August 2015 entered into between Zhang Ying* (張英) and Zhang Hao* (張浩), as the vendors, and Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), as the purchaser, in relation to the acquisition of Changzhou City Jintan Ruixin Optoelectronic Co., Ltd.* (常州市金壇瑞欣光電有限公司) and the shareholder' s loan at a consideration of RMB75,000,001;

(m) the agreement dated 25 August 2015 entered into between Kong De Song* (孔德松) and Shen Li Li * (沈莉莉), as the vendors, and Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), as the purchaser, in relation to the acquisition of Jiangsu Zhong Ke Zhong Ke Guo Neng Photovoltaic Technology Co., Ltd.* (江蘇中科國能光伏科技有限公司) at a consideration of RMB1.00;

(n) an equity transfer agreement dated 26 August 2015 entered into between Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), as the purchaser and Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司), as the vendor, in relation to the purchase of assets for a consideration of RMB33,412,572.70;

(o) the agreement dated 10 September 2015 entered into between Yu Jun* (于俊), as the vendor, and Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), as the purchaser, in relation to the acquisition of the entire equity interest in Jurong Guangxuan Optoelectronic Technology Co., Ltd.* (句容光軒光電科技有限公司) and the shareholder' s loan, which amounted to not less than approximately RMB142,900,000, due by Jurong Guangxuan Optoelectronic Technology Co., Ltd.* (句容光軒光電科技有限公司) to Yu Jun* (于俊) for a consideration of RMB212,900,000;

(p) the sale and purchase agreement dated 7 October 2015 entered into between Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司) as vendor, and B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), a wholly-owned subsidiary of the Company as purchaser in relation to the sale and purchase of 100% equity interest in Liaoning Bao Hua Properties Development Co., Ltd.* (遼寧保華房地產開發有限公司) for a consideration of RMB750,000,000;

(q) the assets transfer agreement dated 31 December 2015 entered into between Jurong Zhong Ke Guo Neng Photovoltaic Technology Limited* (句容中科國能光伏科技有限公司), an indirect wholly-owned subsidiary of the Company, as a transferee, and Jurong Guangxuan Optoelectronic Technology Ltd.* (句容光軒光電科技有限公司), as a transferor in relation to the acquisition in relation to the Target Asset for the non-current assets set out in the said assets transfer agreement for the consideration of RMB 292,900,000;

(r) the subscription agreement dated 18 January 2016 entered into between Huajun Power Company Limited (華君電力有限公司) and Baohuaxing Assets Management (Shenzhen) Co., Ltd.* (保華興資產管理(深圳)有限公司), both as subscribers, and Hareon Solar Technology Co., Ltd. (海潤光伏股份有限公司), as an issuer, in relation to the subscription by of 629,629,629 new ordinary shares of RMB1.00 each in the share capital of Hareon Solar Technology Co., Ltd. (海潤光伏股份有限公司) in the aggregate consideration of RMB1,700,000,000;

(s) the disposal agreement dated 18 January 2016 entered into between Huajun Power Company Limited (華君電力有限公司) and Baohuaxing Assets Management (Shenzhen) Co., Ltd.* (保華興資產管理(深圳)有限公司), both as vendors, and Hareon Solar Technology Co., Ltd. (海潤光伏股份有限公司), as a purchaser, in relation to the sale and purchase of the entire equity interest in Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司);

(t) the profit guarantee agreement dated 18 January 2016 entered into between Huajun Power Company Limited (華君電力有限公司) and Baohuaxing Assets Management (Shenzhen) Co., Ltd.* (保華興資產管理(深圳)有限公司), both as guarantors, and Hareon Solar Technology Co., Ltd. (海潤光伏股份有限公司) in relation to the entire equity interest in Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司) for the consideration to be determined in accordance with the valuation of the Disposal Interest as at 31 December 2015;

(u) the placing agreement dated 18 January 2016 entered into between the Company and Get Nice Securities Limited in respect of the subscription of up to 2,180,000,000 new Shares to be placed under the placing agreement at HK$0.75 each;

(v) the sale and purchase agreement dated 19 January 2016 entered into between, among others, B&H Properties Management (China) Limited (保華置業管理(中國)有限公司), as a vendor, and Zhou Hailin (周海林) and Zhou Guoqing (周國慶), as purchasers, in relation to the sale and purchase of the 80% equity interest in Yingkou Wanhe Industrial Company Limited* (營口萬合實業有限公司) in the aggregate consideration of RMB480 million;

(w) the conditional subscription agreement dated 20 January 2016 entered into between the Company and HIL in respect of the subscription of the convertible bonds of an aggregate principal amount of HK$$1,330,000,000;

(x) the supplemental agreement dated 9 March 2016 entered into between the Company and HIL for the purpose of supplementing and amending the subscription agreement in relation to the subscription of the convertible bonds in an aggregate principal amount of HK$1,330,000,000 to be issued by the Company;

(y) the sale and purchase agreement dated 21 March 2016 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), being a wholly-owned subsidiary of the Company, as purchaser, and Mr. Zhang (張旭飛) and Ms. Wang (王兆玲), as vendors in relation to the acquisition of 100% equity interests in and assignment of shareholders' loan of RMB240,000,000 of Yingkou Kunlun Real Estate Company Limited* (營口昆侖房地產有限公司) for a consideration of RMB250,000,000;

(z) the sale and purchase agreement dated 15 March 2016 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), being a wholly-owned subsidiary of the Company, as vendor, and Dalian Jia He Xiang Trading Co., Ltd.* (大連嘉和祥貿易有限公司), as purchaser in relation to the disposal of 60% of the equity interests in Dalian Bao Xing Da Industrial Co., Ltd.* (大連保興達實業有限公司) for a consideration of RMB80.0 million;

(aa) the subscription agreement dated 30 May 2016 entered into between the Company, as issuer, CCB International Overseas Limited, as subscriber, and Mr. Meng, as guarantor, in relation to the subscription of convertible bonds in an aggregate principal amount of HK$200 million;

(bb) the termination agreement dated 30 June 2016 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), being a wholly-owned subsidiary of the Company, as the purchaser and Lijiang Tianan Forestry Development Co., Ltd.* (麗江天安林業開發有限公司) as the vendor in relation to the sale and purchase of the entire equity interests in each of Heqing County Sengong Forestry Development Co., Ltd.* (鶴慶縣森工林業有限公司), Ninglang Boyu Forestry Development Co., Ltd.* (寧蒗博宇林業開發有限公司) and Yangbi Yunsen Forestry Development Co., Ltd.* (漾濞雲森林業有限公司) for an aggregate consideration of RMB160 million;

(cc) the subscription agreement dated 5 July 2016 entered into between the Company, as issuer, Central China International Investment Company Limited (中州國際投資有限公司), as subscriber, and Mr. Meng Guang Bao, as guarantor, in relation to the subscription of convertible bonds in an aggregate principal amount of HK$100 million;

(dd) the termination agreement dated 8 July 2016 entered into between the Company and Get Nice Securities Limited in relation to the subscription of Shares as mentioned in (z) above;

(ee) the placing agreement dated 8 July 2016 entered into between the Company and Get Nice Securities Limited in relation to the subscription of up to 397,900,000 Shares at HK$0.78 each;

(ff) the land use rights grant contract dated 17 August 2016 entered into between Shanghai Baohua Wanlong Real Estates Company Limited* (上海保華萬隆置業有限公司), an indirect wholly-owned subsidiary of the Company as purchaser and Shanghai Minhang District Land Bureau* (上海市閔行區規劃和土地管理局) as vendor in respect of the acquisition of the land use rights of the six pieces of land located at Minhang District, Shanghai, the PRC through the bidding process at the consideration of RMB2,305,000,000;

the placing agreement dated 17 August 2016 entered into between the Company and PC Securities Limited in relation to the issuance of HK$157,100,000 6% unlisted corporate bonds due 2019 by the Company and its respective the supplemental placing agreement dated 5 September 2016;

(gg) the guarantee agreement dated 19 October 2016 entered into between the Company, as the guarantor, in favour of Jiangsu branch office of China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司江蘇省分公司), being a branch office of China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司) (Stock Code: 1359), as the creditor, in relation to the guarantee for a debt of RMB383,361,362.49 (equivalent to approximately HK$446,615,987.30) owed by Jiangyin Hareon Solar Energy Electrical Power Co., Ltd.* (江陰海潤太陽能電力有限公司) and Hareon Solar Technology Co., Ltd.* (海潤光伏股份有限公司);

(hh) the counter indemnity dated 19 October 2016 entered into by Hareon Solar Technology Co., Ltd.* (海潤光伏股份有限公司) in favour of the Company for the liabilities and loss which may arise from the guarantee as mentioned in paragraph (oo) above; and

(ii) the Sale and Purchase Agreement dated 22 December 2016 entered into between the Vendor and the Purchaser in relation to the Acquisition for a consideration of RMB750,000,000.

10. GENERAL

(a) The company secretary of the Company is Mr. Chan Wing Hang, who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(c) The head office and principal place of business of the Company is situated at 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong.

(d) The Hong Kong share registrar of the Company is Union Registrars Limited, located at Suites 3301-04, 33/F., Two Chinachem Exchange Square 338 King's Road, North Point, Hong Kong.

(e) In the event of inconsistency, the English text shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong during normal business hours on any week day (except public holidays) for the period of 14 days from the Latest Practicable Date:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the three years ended 31 March 2014, 31 March 2015 and 31 March 2016;

(c) the Accountants' Reports of the Target Group A and Target Group B prepared by ZHONGHUI ANDA CPA Limited, the text of which is set out in Appendix II and Appendix III to this circular;

(d) the report on the unaudited pro forma financial information of the Enlarged Group prepared by ZHONGHUI ANDA CPA Limited, the text of which is set out in Appendix V to this circular;

(e) the valuation report on landed properties of the Target Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix VI to this circular;

(f) the material contracts referred to under the section headed "Material Contracts" in this appendix;

(g) the Sale and Purchase Agreement;

(h) a letter of recommendation dated 28 February 2017 from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 23 to 24 of this circular;

(i) a letter of advice from INCU Corporate Finance Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 25 to 47 of this circular;

(j) the written consent referred to in the paragraph headed "Experts and Consents" in this appendix;

(k) the circular of the Company dated 28 April 2016 and 31 October 2016; and

(l) this circular.

HUAJUN HOLDINGS LIMITED
華君控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 377)

NOTICE IS HEREBY GIVEN that a special general meeting of Huajun Holdings Limited (the "**Company**") will be held at 3:00 p.m. on Thursday, 16 March 2017 at the Conference Room, 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) a sale and purchase agreement dated 22 December 2016 (the "**Agreement**") (a copy of which has been produced at this Meeting and marked "A" and initialed by the chairman of this meeting for the purpose of identification) entered into between Go Platinum Holdings Limited, a direct wholly-owned subsidiary of the Company, as the purchaser, and Hua Tai Jun An International Limited (華泰君安國際有限公司), as the vendor, in relation to the acquisition of all issued share capital of Hua Tai Jun An International Development Limited (華泰君安國際發展有限公司) (the "**Target Company**") and the transactions contemplated thereunder or incidental to the Agreement be and are hereby approved, ratified and confirmed;

(b) save and except Mr. Meng Guang Bao, who is interested in the transactions contemplated under the Agreement, any one or more of the directors of the Company be and is hereby authorised to sign and execute such other documents or supplemental agreements or deeds for and on behalf of the Company and to implement and take all steps and to do all acts and things which in his/her opinion may be necessary or desirable to give effect and/or to complete or in connection with the transactions contemplated hereby (including, without limitation to, the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements amending the terms of the Agreement)."

By Order of the Board
Wu Jiwei
Chief Executive Officer and Executive Director

Hong Kong, 28 February 2017

* *For identification purpose only*

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company.

2. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the aforesaid meeting or any adjournment thereof should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

3. To be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority must be deposited with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

5. In the case of joint holders of shares, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, that one of such joint holders whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.

6. The voting on the proposed resolution at the SGM will be conducted by way of poll.

As at the date of this notice, the Board comprises Mr. Meng Guang Bao (Chairman), Mr. Wu Jiwei (Chief Executive Officer) and Mr. Guo Song (Deputy Chief Executive Officer) as executive Directors; and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as independent non-executive Directors.