THIS CIRCULAR DOCUMENT 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 you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Goldjoy Group Limited, you should at once hand this circular accompanying with the form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1282)

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF LAIHUA TAISHENG LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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

Lego Corporate Finance Limited
力高企業融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 19 of this circular. A letter from the Independent Board Committee is set out on page 20 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 40 of this circular. A notice convening the EGM to be held on Wednesday, 27 December 2017 at 11:00 a.m. at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No.89 Queensway, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

8 December 2017

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

"Acquisition"	the acquisition of the Sale Interest by the Purchaser from the Vendor in accordance with the terms of the Agreement;
"Agreement"	the agreement dated 4 August 2017 (as amended by the Supplemental Agreement) entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Interest;
"associate"	has the meanings ascribed to it under the Listing Rules;
"Company"	China Goldjoy Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1282);
"Completion"	completion of the Acquisition;
"connected person"	has the meanings ascribed to it under the Listing Rules;
"controlling shareholder"	has the meanings ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"EGM"	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder;
"Enlarged Group"	the Group and the Target Company;
"Foresea Life"	前海人壽保險股份有限公司 (Foresea Life Insurance Co., Ltd.*), a joint stock company established in the PRC with limited liability;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive directors established for the purpose of advising the Independent Shareholders on the Agreement and the transactions contemplated thereunder;

"Independent Financial Adviser" or "Lego"	Lego Corporate Finance Limited, a licensed corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Agreement and the transactions contemplated thereunder;
"Independent Shareholders"	the Shareholders excluding Mr. Yao and his associates;
"Latest Practicable Date"	7 December 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Yao"	Mr. Yao Jianhui (姚建輝), the chairman of the board of the Company and an executive Director;
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
"Project"	the property development project in the name of "世紀城" (Century Plaza*), which is located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC (江西省贛州市章江新區) with a total gross area of 128,461.2 sqm;
"Purchaser"	Shenzhen Bao Kai Assets Holdings Limited* (深圳寶開實業有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;
"Relevant Shareholders"	Mr. Yao, Tinmark and Foresea Life, who are together interested in 15,035,863,600 Shares (representing approximately 65.34% of the total number of Shares in issue) as at the date of this circular;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale Interest"	100% of the equity interest in the Target Company;
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
"Shareholder(s)"	the shareholder(s) of the Company;
"sqm"	square meter;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Supplemental Agreement"	the supplemental agreement dated 6 September 2017 entered into between the Purchaser and the Vendor;
"Target Company"	Laihua TaiSheng Limited (萊華泰盛有限公司), a company established in the PRC with limited liability;
"Tinmark"	Tinmark Development Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company which is wholly-owned by Mr. Yao;
"Vendor"	Lai Hua Properties and Investment Limited (萊華商置有限公司), a company established in the PRC with limited liability;
"Vendor's Indebtedness"	the indebtedness in the total amount of RMB1,336,000,000 due by the Vendor to the Target Company as at the Latest Practicable Date; and
"%"	per cent.

Note: For the purpose of illustration only, RMB is translated to HK$ at the illustrative rate of RMB1.00 = HK$1.117.

中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1282)

Executive Directors:
Mr. Yao Jianhui
(Chairman and Chief Executive Officer)
Mr. Li Minbin
Mr. Zhang Chi

Non-Executive Director:
Mr. Huang Wei

Independent Non-Executive Directors:
Mr. Wong Chun Bong
Professor Lee Kwok On, Matthew
Mr. Lee Kwan Hung

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

Head office and principal place of Business in Hong Kong:
Units 1908 to 1909, 19/F,
Tower 2, Lippo Centre,
No. 89 Queensway,
Hong Kong

8 December 2017

To the Shareholders

Dear Sir/Madams,

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF LAIHUA TAISHENG LIMITED

Reference is made to the announcements of the Company dated 4 August 2017, 31 August 2017, 6 September 2017, 8 September 2017, 22 September 2017, 30 October 2017 and 30 November 2017 in respect of the Acquisition.

The purpose of this circular is to provide, among other things, (i) further details of the Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; (iv) financial information of the Group and the Target Company; and (v) the property valuation report.

THE ACQUISITION

The Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor with respect to the Acquisition.

The principal terms of the Agreement are set out below.

Assets to be acquired:

The Sale Interest represents 100% of the equity interest in the Target Company. The Target Company holds the Project.

Consideration:

The consideration for the Acquisition is RMB1,720,000,000 (equivalent to approximately HK$1,921,240,000). It was determined by the parties after arm's length negotiations with reference to, among other factors:

(1) the unaudited net asset value of the Target Company as of 30 June 2017;

(2) an approximate amount of RMB56 million representing appreciation of properties attributable to the Target Company based on the preliminary valuation of the properties held by the Target Company as of 30 June 2017, after considering estimated construction costs payable and developer's profits;

(3) the prevailing property market conditions in the PRC;

(4) future tax liabilities to the Target Company estimated to be RMB32 million which will be payable upon the sale of properties by the Target Company; and

(5) the benefits to the Group following Completion.

As at the Latest Practicable Date, an amount of RMB100,000,000 has been paid by the Purchaser to the Vendor in accordance with the terms of the Acquisition. Such amount is refundable in accordance with the Agreement if the parties fail to proceed with the Acquisition.

On 6 September 2017, the Purchaser and the Vendor entered into the Supplemental Agreement to amend the payment terms of the consideration for the Acquisition as follows:

(i) the Vendor's Indebtedness will be deducted from the consideration of the Acquisition payable by the Purchaser at Completion; and

(ii) the balance of the consideration of the Acquisition in the amount of RMB284,000,000 will be payable in the following manner:

(a) an amount of RMB19,200,000 within 10 Business Days (as defined in the Agreement) after the date of the Shareholders approving the transactions contemplated under the Agreement at the EGM (or if no EGM will be convened, the date upon which the registration and notarization procedure in respect of the transfer of the Sale Interest is completed);

(b) an amount of RMB38,400,000 within 10 Business Days (as defined in the Agreement) after the date of completion of registration of the transfer of the Sale Interest by the local Administration for Industry and Commerce of the PRC;

(c) an amount of RMB57,600,000, within 60 calendar days after the date of Completion; and

(d) an amount of RMB168,800,000 within 180 calendar days after the date of Completion.

The board of the Company considers that such net-off arrangement is in the interest of the Company and the Shareholders as a whole given there will not be any outstanding indebtedness owing by the Vendor to the Target Company after Completion. The deferred payment of larger amounts of the remaining balance of the consideration amount for the Acquisition after the date of Completion and completion of the relevant procedures in respect of the transfer of Sale Interest is to the benefit of the Company. In view of the foregoing factors, the Directors (including the independent non-executive Directors) are of the view that the Supplemental Agreement and the transactions contemplated thereunder are entered into on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole.

The Group intends to fund the balance of the consideration of the Acquisition by its internal financial resources through realisation of its securities investments. On 6 September 2017, Tinmark executed an undertaking (the "**Tinmark Undertaking**") to provide financial assistance to the Group on an unsecured basis in the maximum amount of HK$500,000,000 at an interest rate of 5% per annum for a term of 12 months if the Group experiences a shortfall in funding the Acquisition and the Project. On 7 September 2017, an unsecured standby loan facility agreement (the "**Yao Standby Facility Agreement**") was also executed between the Company and Mr. Yao pursuant to which Mr. Yao agreed to make available to the Company an unsecured loan facility in the maximum amount of HK$500,000,000 at an interest rate of 5% per annum with no specific maturity date.

Conditions precedent:

Completion will be conditional upon the satisfaction of the following conditions:

(a) the Purchaser having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, operations and financial position of the Target Company by the Purchaser;

(b) the Purchaser and/or the Company having obtained all necessary approvals in respect of the Acquisition from the Shareholders and/or the Stock Exchange in accordance with the Listing Rules and other applicable laws;

(c) since the date of the Agreement, there have been no events or circumstances which have a material adverse effect on the business, financial, operation or assets of the Target Company; and

(d) all declarations, warranties and undertakings made by the Vendor remaining true, accurate and not misleading in material respect.

The Purchaser is entitled to waive all of the foregoing conditions (save for condition (b)). Despite condition (b) has been fulfilled with the approval from the Relevant Shareholders, Independent Shareholders' approval for the Acquisition will be sought by the Company at the EGM before proceeding to Completion. The Company has no present intention to waive any of the other conditions precedent.

Completion:

Completion shall take place on the third (3rd) Business Day (as defined in the Agreement) after the fulfilment or waiver of the above conditions precedent, or such other date as agreed in writing between the Vendor and the Purchaser. If any of the above conditions precedent (save for condition (b)) cannot be fulfilled or waived as to condition (b) on or before 31 December 2017, the Agreement shall lapse without any obligations and liabilities for each party. The parties expect to complete the Acquisition before the end of December 2017.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its results will be consolidated with the accounts of the Group.

Reasons for the Acquisition

The Company has adopted property development and investments as one of the principal business activities of the Group in 2017. The Group has been active in identifying suitable opportunities in property investment and development to broaden the source of income and offer better returns to the Shareholders. In June 2016, the Group acquired 深圳邦凱新能源有限公司 (Shenzhen B&K New Energy Co., Ltd.*) ("**Shenzhen B&K**") and a portion of the land held by Shenzhen B&K has been earmarked for the development of a science and technology industrial park. At the end of 2016, the Group acquired several properties in Hong Kong. Several of these properties are held for investment purpose. Certain members of the board of the Company have the relevant experience in property investment, development and management. With their experience, the Group is well positioned to invest and develop in the property markets in the PRC and Hong Kong.

The Target Company holds the Project and has a management team experienced in property development and management. Ganzhou City has experienced a rapid economic growth in recent years with local government policy support. There is a high demand in residential, hotel and commercial units in its real estate market. The board of the Company considers that the Acquisition is a good investment opportunity with great development potential in view of its physical location, local policy support, demand in properties in Ganzhou City and the outlook of the property market and economic development in Ganzhou City in general. The board of the Company believes that the Group will benefit from the sale and leasing of the properties in the Project and the anticipated growth in the value of the Project.

Based on the factors as disclosed above, the Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) consider that the terms of the Agreement and the Acquisition are fair and reasonable, normal commercial terms and in the interests of the Company and the Shareholders as a whole.

FINANCIAL INFORMATION ON THE TARGET COMPANY

The Project

The Target Company is principally engaged in real estate property sale and development, and holds the Project in the PRC.

The Project is located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC covering a site area of 128,461.2 sqm, of which the gross floor area is 635,339.62 sqm. The Target Company anticipates to hold the land construction area of 40,983.03 sqm for commercial use, 23,261.87 sqm for hotel use, 41,164.71 sqm for parking space of commercial office and the remaining part of the land under the Project will be for sale or leased out.

Details of the Project as of 30 June 2017 are set out as follows:

(A)

Two land parcels (Lot No.)	Intended use of each part of the Project	For sale/For rental/ Self-occupation	Status of construction	Expected completion of construction work schedule	Expected delivery schedule	Area subject to pledge m^2	Gross Floor area m^2	Sold Area m^2	Selling Price *RMB'000*	Pre-sold Area m^2	Contract Sum *RMB'000*	Unsold area m^2	Area to be sold/pre-sold by September 2018 m^2	Market Value *RMB'000*	Total construction costs *RMB'000*	Total construction costs paid *RMB'000*	Outstanding construction costs *(Note 1)* *RMB'000*
H25	Residential (standard)	For sale	Completed construction	Completed	Will be delivered by end of December 2017 *(Note 3)*	—	97,745	97,666	619,836		—	79	79	700,000	445,960	336,183	109,777
	Residential (non-standard)	For sale	Completed construction	Completed	Will be delivered by end of December 2017 *(Note 4)*	—	15,292	14,917	101,073	375	2,804	—	0	0	123,164	92,846	30,318
	1539 Car park spaces	For sale	Completed construction	Completed	Will be delivered in 2017 to 2020 *(Note 5)*	—	50,679			11,756	44,867	38,923	38,923	141,800	223,503	165,092	58,411
	Retail	For sale	Completed construction/not yet for sale	Completed	Will be sold out and delivered in 2017 to 2018	—	12,713			—	—	12,713	12,713	148,700	59,672	40,181	19,491
	Kindergarten	For sale	Completed construction	Completed	Will be delivered by end of December 2017 *(Note 6)*	—	2,979			2,979	21,905	—	0	0	13,102	9,800	3,301
	Sub-Total					—	179,408	112,583	720,909	15,110	69,576	51,715	51,715	990,500	865,401	644,103	221,298
H26	Residential (standard)	For sale	Under construction	Not later than January 2018	The unsold properties will be sold out and delivered by end of 2018 *(Note 7)*	124,289	136,807			115,449	791,663	21,358	21,091	175,100	701,583	437,136	264,447
	Residential (non-standard)	For sale	Under construction	Not later than January 2018	The unsold properties will be sold out and delivered by end of 2018 *(Note 8)*	66,465	66,465			47,034	313,892	19,431	19,431	161,300	358,828	212,375	146,453
	Office	For sale	Under construction	In December 2020	Will be sold out and delivered by end of 2020 *(Note 9)*	—	36,587			—	—	36,587	0		262,749	66,639	196,110
	2006 Car park spaces	For sale	Under construction	In May 2018	Will be sold out in 2018 and delivered in batches by end of 2020 *(Note 10)*	—	99,424			—	—	99,424	99,424	240,700	417,681	280,629	137,052
	Retail	For sale	Under construction	In January 2018	Will be sold out in 2018 and delivered by end of 2019 *(Note 11)*	10,026	11,239			—	—	11,239	11,239	131,500	49,997	31,827	18,170
	819 Car park spaces for commercial use	For rental *(Note 2)*	Under construction	In January 2019	— *(Note 12)*	—	41,165			—	—	41,165	0		172,933	116,189	56,744
	Shopping mall	For rental *(Note 2)*	Under construction	In October 2018	— *(Note 13)*	37,023	40,983			—	—	40,983	0		311,701	137,891	173,810
	Hotel	For rental *(Note 2)*	Under construction	In December 2020	— *(Note 14)*	—	23,262			—	—	23,262	0		184,341	53,993	130,348
	Sub-Total					237,803	455,932	—	—	162,483	1,105,555	293,449	151,185	708,600	2,459,813	1,336,680	1,123,133
	Total:					**237,803**	**635,340**	**112,583**	**720,909**	**177,593**	**1,175,131**	**345,164**	**202,900**	**1,699,100**	**3,325,214**	**1,980,782**	**1,344,431**

Note 1: The Company intends to settle the outstanding construction costs for the Project by (i) using the proceeds from the sales and pre-sales of the properties of the Project in the amount of RMB999,800,000 (approximately HK$1,116,765,000) will be received by September 2018; (ii) bank borrowings; and (iii) internal financial resources through realization of its securities investments. The Company may also seek the financial assistance from Tinmark pursuant to the Tinmark Undertaking and/or the financial assistance from Mr. Yao pursuant to the Yao Standby Facility Agreement, if required.

Note 2: As at the Latest Practicable Date, no contracts or agreements have been made with any lessee, any operator of the shopping mall or connected person of the Company given the relevant properties are still under construction; and the Company has no detailed plan on the operation and leasing of the shopping mall and the hotel portion of the Project. Neither the Vendor nor the Company has identified any potential operator or the tenant of the shopping mall and the hotel. The Company will make further announcement if required under the Listing Rules (as appropriate) when any agreement is entered into with any connected person of the Company in respect of the lease and operation of such properties.

To the best knowledge of the Company based on the information available to it, the descriptions found in the public domain about that (i)"Baoneng Global" (寶能環球匯) was named for its shopping mall in the land parcel lot no. H26; (ii) one of the tenant of the shopping mall was "Baoneng Theatre" (寶能影院); and (iii) the hotel in the lot no. H26 was developed into a hotel called LaiHua Hotel (萊華酒店) were not factual and were part of the marketing strategies of the Baoneng group at the time before the Vendor's acquisition of the Target Company in December 2014. No official names have yet been given to the shopping mall and the hotel, given they are still under construction, and no actual agreements have been entered into between the parties and no public filings or registrations have been made by the Target Company in respect of the use of any official names. The shopping mall and the hotel will be named officially after Completion.

Note 3: Properties for residential (standard) of 97,666 m^2 comprising 944 units were sold and delivered in 2016, of which the legal titles of properties with a total gross floor area of 85,970.92 m^2 have been transferred to new purchasers as of 31 October 2017. The properties with legal title being transferred were excluded in the valuation.

Note 4: Properties for residential (non-standard) of (i) 14,917 m^2 comprising 88 units were sold and delivered in 2016, of which the legal title of properties with a total gross floor area of 12,784.93 m^2 have been transferred to new purchasers as of 31 October 2017. The properties with legal titles being transferred was excluded in the valuation; and (ii) 375 m^2 comprising 2 units were pre-sold and are expected to be delivered in December 2017. The said area was included in valuation.

Note 5: Properties for car park spaces of 11,756 m^2 comprising 357 units were pre-sold and are expected to be delivered in December 2017.

Note 6: Properties for kindergarten of 2,979 m^2 were pre-sold and are expected to be delivered in December 2017.

Note 7: Properties for residential (standard) of 115,449 m^2 comprising 1,124 units were pre-sold and are expected to be delivered in December 2017. The pre-sales permit for Residential (standard) has been obtained except for Block 20 which is planned to be obtained in December 2017.

Note 8: Properties for residential (non-standard) of 47,034 m^2 comprising 279 units were pre-sold and are expected to be delivered in December 2017.

Note 9: The pre-sales permit is planned to be obtained in 2019.

Note 10: Sales Permit is planned to be obtained in May 2018.

Note 11: Pre-sales permit has been obtained for some retail units; and sales permit for remaining portion is planned to be obtained in January 2018.

Note 12: The Building Ownership Certificate is planned to be obtained in December 2018.

Note 13: The Building Ownership Certificate is planned to be obtained in December 2018.

Note 14: The Building Ownership Certificate is planned to be obtained in July 2020.

(B) The transfer of legal title can only be processed after a notice for the acceptance of completion of construction work is filed. As the buildings in west zone was completed at the end of 2016, the transfer of relevant legal titles is in the progress and estimated to be completed by the end of 2017.

(C) Construction work in lot no. H25 was all completed in December 2016. The amount of revenue and costs recognized from sale of the above properties amounted to approximately RMB720,909,000 and RMB604,041,000, respectively, for the year ended 31 December 2016 and for the six months ended 30 June 2017. Revenue from sale of properties is recognised when the risk and rewards of the properties are transferred to the purchasers, which occurs when legally binding unconditional sales contracts were entered, the construction of the relevant properties has been completed, the properties have been delivered to the purchasers pursuant to the sale contracts and collectability of related receivables is reasonably assured even though the legal title has not been transferred to the purchasers.

(D) The total contract sum/receivables in respect of the above pre-sales amount to RMB1,175,131,000, which are expected to be recognized in 2017. The total construction costs incurred were estimated to be approximately RMB803,342,000 as at 30 June 2017. The construction work of the above properties in lot no. 25 was all completed in December 2016; the construction work of the above properties in lot no. 26 is expected to be completed in December 2017.

(E) As at 30 June 2017, certain areas under development were pledged as collateral for the Target Company's borrowings, details of the pledge can be found in page 8 of this circular and in Note 13 of the accountant's report on the Target Company on page II-28 of this circular.

(F) The construction works for lot numbers H25 and H26 are mostly in one contract in respect of the Project. There are outstanding construction costs given the construction work for H26 has not been completed. The Target Company pays in accordance with the payment schedule of such contract, for which the outstanding construction costs have not become due yet.

(G) A breakdown of the outstanding construction costs for the Project is set out as follow:

Two land parcels (Lot No.)	Intended use of each part of the Project	Development cost *RMB'000*	Infrastructure cost *RMB'000*	Operating cost *RMB'000*	Total *RMB'000*
H25	Residential (standard and non-standard)	766	135,145	4,184	140,095
	1539 Car park spaces	309	56,227	1,875	58,411
	Retail	333	18,687	471	19,491
	Kindergarten	18	3,173	110	3,301
	Sub-Total	1,426	213,232	6,640	221,298
H26	Residential (standard and non-standard)	1,296	402,080	7,524	410,900
	Office	233	157,355	38,522	196,110
	2006 Car park spaces	632	132,739	3,680	137,051
	Retail	229	17,525	416	18,170
	819 Car park spaces for commercial use	262	54,958	1,524	56,744
	Shopping mall	2,064	170,229	1,517	173,810
	Hotel	5,409	100,446	24,493	130,348
	Sub-Total	10,125	1,035,332	77,676	1,123,133
	Total	11,551	1,248,564	84,316	1,344,431

(H) The estimated outstanding construction cost of HK$724,200,000 (equivalent to RMB648,300,000) is expected to be settled by October 2018. The remaining balance is expected to be settled after twelve months thereafter subject to the completion status of the remaining properties under construction.

Financial information

According to the financial statements of the Target Company which are prepared on a basis consistent with the Hong Kong Financial Reporting Standards, its audited financial results for the two years ended 31 December 2015 and 2016 and the period from 1 January 2017 to 30 June 2017 are as follows:

	For the year ended 31 December		**For the six months ended 30 June**
	2015	**2016**	**2017**
	(Audited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Net (loss)/profit before income tax	(17,070)	89,410	(4,413)
Net (loss)/profit after income tax	(13,123)	65,438	(3,413)
Net assets	1,631,448	1,696,886	1,693,473

Note: The increase in the amount due from Lai Hua Properties and Investment Limited, ("**Lai Hua**"), the immediate holding Company of the Target Company, was mainly attributed to the increase in funds transferred for centralised usage at Lai Hua group level.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in the trading and provision of services with respect to automation related equipment, financial services, manufacturing of a range of high-technology and new energy products, property investment and development and securities investment.

The Vendor

The Vendor is principally engaged in investment holding.

As at the Latest Practicable Date, the Vendor is indirectly wholly-owned by Mr. Zhang Zhenchun (張振純) ("**Mr. Zhang**"), Mr. Zhang is a Hong Kong permanent resident aged 46 who is an experienced investor. He has engaged in real estate investment business for more than 10 years. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor completed its acquisition of the Target Company at a consideration of approximately RMB1,650,000,000 in December 2014 without any financial assistance from any connected person of the Company and its associates and the ultimate controlling shareholder of the Target Company before the acquisition was Mr. Yao Zhenhua (姚振華), the elder brother of Mr. Yao; and (ii) at the time when the Vendor acquired the Target Company in December 2014, Mr. Zhang was the ultimate beneficial owner of the Vendor.

As compared with the Baoneng group, the Target Company was less established in the market. At the time of the Vendor's acquisition of the Target Company in December 2014, the Vendor and Baoneng Real Estate Stock Company Limited ("**Baoneng**") verbally agreed that Baoneng or its affiliates would provide a corporate guarantee upon request by the bank(s) for supporting future financing of the Target Company. To secure the bank borrowing of HK$446,800,000 (equivalent to RMB400,000,000) of the Target Company for financing the development of properties, Baoneng Holding (China) Company Limited (寶能控股(中國)有限公司) ("**Baoneng Holdings (China)**") and Shenzhen Baoneng Investment Group Company Limited (深圳市寶能投資集團有限公司) (together the "**Baoneng Entities**"), executed a corporate guarantee in favour of the lending bank to the Target Company in September 2016 (the "**Corporate Guarantee**"). Mr. Yao Zhenhua (姚振華) is the ultimate controlling shareholder of each of the Boaneng Entities. The Vendor and Mr Zhang in turn provided an indemnity in favour of the Baoneng Entities for their provision of the Corporate Guarantee to minimize the exposure of the Baoneng Entities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the past relationships between Mr. Zhang and the Baoneng group are set out below:

(i) Mr. Zhang, through his wholly-owned entities, acquired a few project companies specializing in property development during the period from 2000 to 2016;

(ii) Mr. Zhang, through his wholly-owned entities, entered into contracts with the Baoneng group to act as a contractor for a few property development projects during the period from 1998 to 2007;

(iii) Shenzhen Yuejing Investment Company Limited ("**Shenzhen Yuejing**"), a company wholly-owned by Mr. Zhang, has entered into a business relationship with an independent third party named Shenzhen Chuanghang Enterprise Management Company Limited (深圳創航企業管理有限公司) ("**Shenzhen Chuanghang**") and Baoneng Holdings (China), in which Shenzhen Yuejing had a receivable in the amount of RMB401,200,000 from Shenzhen Chuanghang which was settled in May 2016 and Shenzhen Yuejing had a payable in the amount of RMB382,500,000 to Baoneng Holdings (China) which was settled in July 2015;

(iv) the provision of the Corporate Guarantee by the Baoneng Entities to the Target Company, which has been fully discharged and released with effect from 8 November 2017; and

(v) the provision of the indemnity by the Vendor and the Mr. Zhang in favour of the Baoneng Entities for their provision of the Corporate Guarantee, which has been fully discharged and released with effect from 8 November 2017.

Save as aforesaid disclosed, there was no other agreement, arrangement, understanding or undertaking (whether formal or informal, express or implied) between the Vendor (and its ultimate beneficial owner) and the Company and/or its connected persons (including Mr. Yao and Mr. Yao Zhenhua (姚振華)); Baoneng Holdings (China) does not have any other relationship with Shenzhen Yuejing and Shenzhen Chuanghang; and Mr. Yao Zhenhua (姚

振華) ceased to have any interest in/relationship with the Vendor and the Target Company since completion of the acquisition of the Target Company by the Vendor in December 2014. Mr. Yao agreed to stay on as a legal representative of the Target Company after completion of the acquisition so as not to disrupt the application for the construction permit for the Project. He resigned as a legal representative of the Target Company in February 2016 after the issue of the construction permit for the Project. As at the Latest Practicable Date, there is no other relationship between the Target Company, the Vendor (and its ultimate beneficial owners) and the Company and its connected persons (including Mr. Yao and Mr. Yao Zhenhua (姚振華)); and the Vendor and its ultimate beneficial owner are independent third parties and not connected with the Company and its connected person. Accordingly, the Acquisition would not constitute a connected transaction under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries,

(i) Mr. Zheng Ling Yi (鄭淩翼先生) ("**Mr. Zheng**") was the chairman and legal representative of the Vendor from 16 December 2015 to 31 May 2016, the legal representative of the Target Company from 1 February 2016 to 31 May 2016 and rejoined Baoneng Holding (China) as the deputy general manager since 1 June 2016. There was no overlap in respect of his services at Baoneng Holding (China) and the Vendor/the Target Company;

(ii) Mr. Tao Wei Ping (陶偉平先生) ("**Mr. Tao**") was the vice president of the financial planning centre of Baoneng Real Estate Stock Company Limited (寶能地產股份有限公司) ("**Baoneng Real Estate**") until July 2014, the deputy director of the Target Company since July 2014, the legal representative of the Vendor since June 2016 and the legal representative of the Target Company since August 2016. There was no overlap in respect of his services at Baoneng Real Estate and the Vendor/the Target Company; and.

(iii) after the resignation of Mr. Yao as the legal representative of the Target Company in February 2016, each of Mr. Zheng and Mr. Tao stayed on in his position with the Target Company to ensure smooth transition and operation of the Target Company.

Save as disclosed above, each of Mr. Zheng and Mr. Tao did not, and does not, hold any other position in any other connected persons of the Company.

Mr. Zhang intended to exit his investment in the Target Company. In or about February 2017, Mr Zhang informed a third party of his intention to sell his interest in the Target Company and that Mr Zhang had been seeking potential purchasers. The third party is a businessman in the PRC without any relationship with the Company and its connected persons (including the Baoneng group and its associates). The third party has been in contact with Mr. Li Minbin for a few years since their first acquaintance in a business occasion. The third party contacted Mr. Li Minbin, who is an executive Director and a member of the investment committee of the Company, to gauge the Group's interest as a potential purchaser. Mr Li was made aware of the opportunity in March 2017 and reported it to the investment committee of the Company comprising Mr. Yao, Mr. Shao Zuosheng and himself.

On 5 May 2017, the investment committee of the Company approved the proposed Acquisition plan. After the in-principle approval, the Group initiated the negotiation with Mr Zhang on the Acquisition.

LISTING RULES IMPLICATIONS

Although there is no connected relationship between the vendor, Mr. Zhang, the Company and the connected persons of the Company, given the past business relationships between the Vendor, Mr. Zhang and Baoneng Group as disclosed above, the Company considers the Acquisition as a connected transaction for good corporate governance under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios in respect of the Acquisition exceed 25% and all of them are less than 100%, the Acquisition constitutes a major and connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As at the Latest Practicable Date, the total number of Shares in issue is 23,012,666,100 and the Relevant Shareholders control an aggregate of 15,035,863,600 shares of the Company, representing approximately 65.34% interest in the Company. Written shareholders' approval in lieu of a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Agreement was obtained by the Company for the purpose of Rule 14.44 of the Listing Rules.

The details of the shareholding of the Relevant Shareholders in the Company are as follows:

	Total number of Shares beneficially held	**Approximate percentage of shareholding**
Mr. Yao	44,468,000	0.19
Tinmark *(Note 1)*	10,771,835,600	46.81
Foresea Life *(Note 2)*	4,219,560,000	18.34
Total	15,035,863,600	65.34

Notes:

1. Tinmark is wholly and beneficially owned by Mr. Yao.

2. Mr. Yao Zhenhua (姚振華) is the actual controller of 深圳市鉅盛華股份有限公司 (Shenzhen Jushenhua Company Limited*), a joint stock company established in the PRC with limited liability. 深圳市鉅盛華股份有限公司 (Shenzhen Jushenhua Company Limited*) in turn holds a 51% interest in Foresea Life. Mr. Yao Zhenhua (姚振華) is the elder brother of Mr. Yao.

Despite the fact that written shareholders' approval has been obtained by the Company, the Company will seek Independent Shareholders' approval for the Agreement and the transactions contemplated thereunder by convening the EGM before proceeding to Completion.

The Company considers the Acquisition as a connected transaction for good corporate governance under Chapter 14A of the Listing Rules. Nonetheless, none of the Directors had a material interest in the Acquisition on the date of passing the board resolutions for approving the Acquisition and therefore no Director abstained from voting on the relevant resolutions for approving the Acquisition. The Independent Board Committee, comprising all independent non-executive Directors, has been established to provide recommendations to the Independent Shareholders on the terms of the Agreement.

FINANCIAL EFFECT OF THE ACQUISITION ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE ENLARGED GROUP

Upon Completion, the Target Company will become a wholly owned subsidiary of the Group and thus the assets, liabilities and financial results of the Target Company and its subsidiaries will be consolidated into those of the Group.

Assets and liabilities

As illustrated in the unaudited pro forma financial information as set out in Appendix III to this circular, had the Completion taken place on 30 June 2017, the total assets of the Enlarged Group would increase from HK$7,585 million to approximately HK$10,215.5 million on a pro forma basis, and the total liabilities of the Enlarged Group would increase from HK$2,328 million to approximately HK$4,960.5 million on a pro forma basis.

Earnings

As set out in the Accountant's Report on the Target Group included as Part A of Appendix II to this circular, the turnover and net loss attributable to owner of the Target Company were approximately RMB3.1 million and RMB3.4 million for the period ended 30 June 2017, respectively.

The attention of the Shareholders is drawn to the unaudited pro forma financial information of the Enlarged Group set out in Appendix III to this circular.

THE EGM

The EGM will be held at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong on Wednesday, 27 December 2017 at 11:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, Mr. Yao and his associates hold together, directly or indirectly, approximately 65.34% of the entire issued share capital of the Company. Mr. Yao and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Agreement and the transactions contemplated thereunder. Save for Mr. Yao and his associates, no Shareholder has any material interest in the Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder at the EGM.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you so wish.

RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 20 of this circular and the letter from the Independent Financial Adviser set out on pages 21 to 40 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Agreement and the transactions contemplated thereunder and the principal factors considered by it in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Independent Financial Adviser, is of the opinion that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
China Goldjoy Group Limited
Chan Sai Yan
Company Secretary

中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1282)

8 December 2017

To the Independent Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF LAIHUA TAISHENG LIMITED

We refer to the circular of the Company dated 8 December 2017 (the "**Circular**") of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and whether entering into of the Acquisition is in the interests of the Company and its Shareholders as a whole. Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise us and you in this respect.

We have considered the various details of the Acquisition, in particular, the reasons for the Acquisition and the effect thereof. We have also reviewed the advice given by the Independent Financial Adviser on the terms of the Agreement and the transactions contemplated thereunder as set out in their letter reproduced on pages 21 to 40 of the Circular.

Having considered the information set out in the letter from the Board and taking into account the advice from the Independent Financial Adviser, we consider that although the Acquisition is not conducted in the ordinary and usual course of business of the Company, the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
Mr. Wong Chun Bong
Professor Lee Kwok On, Matthew
Mr. Lee Kwan Hung
Independent Board Committee

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Acquisition, which has been prepared for the purpose of inclusion in this circular.

Lego Corporate Finance Limited
力高企業融資有限公司

8 December 2017

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF LAIHUA TAISHENG LIMITED

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 Acquisition, details of which are set out in the Letter from the Board (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 8 December 2017 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 4 August 2017, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser is conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Interest at the Consideration of RMB1,720,000,000 (equivalent to approximately HK$1,921,240,000). On 6 September 2017, the parties to the Agreement entered into the Supplemental Agreement to amend the settlement method of the Consideration.

Given the past relationships between the Vendor, Mr. Zhang and the Baoneng group as set out in the paragraph headed "Information on the Parties", the Company considers that the Acquisition as a connected transaction of the Company for good corporate governance under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Mr. Yao and his associates hold together, directly or indirectly, approximately 65.34% of the entire issued share capital of the Company. Mr. Yao and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Agreement and the transactions contemplated thereunder. Save for Mr. Yao and his associates, no Shareholder has any material interest in the

Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Mr. Lee Kwan Hung, has been established to advise the Independent Shareholders as to whether the terms of the Agreement is on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the terms of the Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the management of the Group, for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the EGM and the Shareholders will be notified of any material changes to such information and representations as soon as possible in accordance with Rule 13.80 of the Listing Rules until the EGM. We have also assumed that all such statements of belief, opinions and intentions of the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and/or the advisers of the Group. We have also sought and received confirmation from the management of the Group that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or the Subscriber or any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Acquisition, we have considered the following principal factors and reasons:

1. Background of the Group, the Purchaser and the Vendor

The Company and the Group

The Company is incorporated in the Cayman Islands as an exempted company with limited liability, and the Shares have been listed on the Stock Exchange since 15 December 2010.

As at the Latest Practicable Date, the Group is principally engaged in the trading and provision of services with respect to automation related equipment, financial services, manufacturing of a range of high technology and new energy products, property investment and development and securities investment.

The Purchaser

The Purchaser, Shenzhen Bao Kai Assets Holdings Limited* (深圳寶開實業有限公司), is a company established in the PRC and an indirect wholly-owned subsidiary of the Company.

The Vendor

The Vendor is principally engaged in investment holding.

As at the Latest Practicable Date, the Vendor is indirectly wholly-owned by Mr. Zhang. Mr. Zhang is an experienced investor and has engaged in real estate investment business for more than 10 years. As set out in the Letter from the Board, (i) the Vendor completed its acquisition of the Target Company at a consideration of approximately RMB1,650,000,000 in December 2014 without any financial assistance from any connected person of the Company and its associates and the ultimate controlling shareholder of the Target Company before the acquisition was Mr. Yao Zhenhua (姚振

華), the elder brother of Mr. Yao; and (ii) at the time when the Vendor acquired the Target Company in December 2014, Mr. Zhang was the ultimate beneficial owner of the Vendor. Details of the relationship of Mr. Yao Zhenhua with the Vendor and the Target Company are set out under the paragraph headed "Information of the Parties" in the Letter from the Board.

2. Financial information of the Group

The following table summarises the key financial information of the Group for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017 as extracted from the annual report of the Company for the years ended 31 December 2015 (the "**2015 Annual Report**") and 2016 (the "**2016 Annual Report**") and interim report of the Company for the six months ended 30 June 2017 (the "**2017 Interim Report**"):

	For the six months ended 30 June		For the year ended 31 December		
	2017	2016	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue	337,561	328,465	995,560	711,849	741,056
Segment revenue					
— Automation	275,064	264,124	553,680	344,479	404,350
— Financial Services	65,035	1,199	84,953	—	—
— Manufacturing	15,753	21,698	58,080	161,633	336,706
— Property Investment and Development	9,171	—	—	—	—
— Securities Investment	(27,462)	41,444	294,847	205,737	—
Gross profit/(loss)	79,958	93,152	473,438	264,936	(250,784)
Gross profit/(loss) margin	23.7%	28.4%	47.6%	37.2%	(33.8)%
Fair value gain on investment properties	66,979	—	462,734	—	—
Profit/(loss) attributable to owners of the Company	89,860	14,851	466,593	181,687	(583,152)

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)	2015 HK$'000 (Audited)	2014 HK$'000 (Audited)
Property, plant and equipment	401,348	387,223	1,051	81,547
Investment properties	1,704,532	1,509,524	—	—
Loans and advances	938,024	987,605	—	—
Available-for-sale financial assets	1,406,865	986,777	287,129	187,262
Financial assets at fair value through profit or loss	781,898	748,901	343,905	1,162
Client trust bank balances	408,427	50,485	—	—
Cash and cash equivalents	1,134,156	1,535,633	3,251,561	239,792
Total assets	7,585,006	7,005,740	4,332,000	877,279
Total liabilities	2,327,664	1,856,378	181,995	386,121
Net assets	5,257,342	5,149,362	4,150,005	491,158
Net assets attributable to the owners of the Company	4,795,204	4,702,597	4,150,005	491,158

For the years ended 31 December 2014 and 2015

The revenue of the Group decreased from approximately HK$741.1 million for the year ended 31 December 2014 to approximately HK$711.8 million for the year ended 31 December 2015, representing a decrease of approximately 4.0% as compared to the prior year. As stated in the 2015 Annual Report, such decrease was mainly attributable to (1) decrease in revenue from manufacturing segment due to the weak demand for electronic manufacturing services which results in the Group transformation and elimination of the low-margin and low-value added electronic manufacturing business in 2015; (2) decrease in revenue from automation segment due to fierce competition in the industry; and partially offset by (3) increase in revenue from securities investment segment as a new segment to broaden the source of income stream. As a result, gross profit for the year ended 31 December 2015 amounted to approximately HK$264.9 million as compared with a gross loss of approximately HK$250.8 million in the corresponding period in 2014. In addition, the gross profit margin for the year ended 31 December 2015 was approximately 37.2% as compared to a gross loss margin of approximately 33.8% for the corresponding period in 2014. The improvement in gross profit and gross profit margin were mainly due to the increase in gain in the Group's investment in listed securities and the absence of any impairment loss on the fixed assets of the Group.

As at 31 December 2015, total assets of the Group amounted to approximately HK$4,332.0 million, of which cash and cash equivalents amounted to approximately HK$3,251.6 million, representing approximately 75.1% of the total assets of the Group. As at 31 December 2015, total liabilities of the Group amounted to approximately HK$182.0 million, of which liabilities classified as held for sale and trade, bills, accruals and other payables amounted to approximately HK$60.6 million and HK$70.6 million, respectively and represented approximately 33.3% and 38.8% of the total liabilities of the Group, respectively.

For the years ended 31 December 2015 and 2016

Revenue of the Group increased from approximately HK$711.8 million for the year ended 31 December 2015 to approximately HK$995.6 million for the year ended 31 December 2016, representing an increase of approximately 39.9% as compared to the prior year. As stated in the 2016 Annual Report, such increase was mainly attributable to the increase in revenue in (1) existing automation segment; (2) securities investment segment; (3) financial service segment; and partially offset by (4) decrease in revenue from manufacturing segment due to the Group's elimination of the low-margin and low-value added electronic manufacturing business since 2015. As a result, gross profit for the year ended 31 December 2016 improved to approximately HK$473.4 million as compared to approximately HK$264.9 million in the corresponding period in 2015, representing an increase of approximately 78.7%. In addition, the gross profit margin for the year ended 31 December 2015 improved to approximately 47.6% from approximately 37.2% for the corresponding period in 2015. The improvement in gross profit and gross profit margin were mainly due to the better performance of the automation and securities investment segments, as well as contribution of the newly added financial services business.

Profit attributable to owners of the Company increased from approximately HK$181.7 million for the year ended 31 December 2015 to approximately HK$466.6 million for the year ended 31 December 2016, representing a growth of approximately 156.8% as compared to the prior year. As stated in the 2016 Annual Report, the increase was mainly due to (1) a significant appreciation in value of the land and properties held by the Company of approximately HK$462.7 million; (2) an increase in gain from the Group's financial assets through profit or loss; (3) an increase in profits generated by the automation segment; (4) the profits generated by the financial services segment; and (5) an increase in interest income; which was offset by (a) a decrease in the net licensing fee to BIO-key Hong Kong Limited of certain intellectual property rights in relation to the biometric fingerprint privacy protection platform FingerQ and related devices, and (b) an increase in administration expenses at the head office of the Company.

As at 31 December 2016, total assets of the Group amounted to approximately HK$7,005.7 million, of which investment properties, loans and advances, available-for-sale financial assets, and financial assets at fair value through profit or loss amounted to approximately HK$1,509.5 million, HK$987.6 million, HK$986.8 million and HK$748.9 million, representing approximately 21.5%, 14.1%, 14.1% and 10.7%

of the total assets of the Group, respectively. Meanwhile, cash and cash equivalents amounted to approximately HK$1,535.6 million, representing approximately 21.9% of the total assets of the Group. As at 31 December 2016, total liabilities of the Group amounted to approximately HK$1,856.4 million, of which trade, bills, accruals and other payables and bank borrowings amounted to approximately HK$590.1 million and HK$779.6 million, respectively and represented approximately 31.8% and 42.0% of the total liabilities of the Group, respectively.

For the six months ended 30 June 2016 and 2017

Revenue of the Group slightly increased from approximately HK$328.5 million for the six months ended 30 June 2016 to approximately HK$337.6 million for the six months ended 30 June 2017, representing an increase of approximately 2.8% as compared to the corresponding period in prior year. As stated in the 2017 Interim Report, the increase in revenue was mainly driven by the newly added financial services segment and partially offset by the decrease in revenue from the securities investment segment. The automation segment continued to be the major revenue source of the Group for the six months ended 30 June 2017, accounting for 81.5% of the total revenue. The Group completed transforming its business by eliminating the low-margin and low value-adding electronic manufacturing business, and introduced the LED lighting business only in the second quarter of 2016. Thus, the revenue contribution from the manufacturing segment remained small. However, gross profit for the six months ended 30 June 2017 decreased to approximately HK$80.0 million as compared to approximately HK$93.2 million in the corresponding period in 2016, representing a decrease of approximately 14.2%. In addition, the gross profit margin for the six months ended 30 June 2017 decreased to approximately 23.7% from approximately 28.4% for the corresponding period in 2016. As stated in the 2017 Interim Report, the decline in gross profit and gross profit margin was mainly due to the decrease in fair value of securities investment and offset by the increase in gross profit and margin from the financial services segment.

Profit attributable to owners of the Company increased from approximately HK$14.9 million for the six months ended 30 June 2016 to approximately HK$89.9 million for the six months ended 30 June 2017, representing a growth of 503.4% as compared to the prior year. As stated in the 2017 Interim Report, the improvement was mainly due to (1) an increase in fair value gain of the investment properties of approximately HK$67.0 million; (2) an increase in dividend income from investments; (3) the gain in the disposal of an associated entity amounted to approximately HK$25.0 million; (4) an increase in profit generated by the financial services segment; and (5) reduced loss incurred by the manufacturing segment, and partially offset by the decrease in profit generated by the securities investment segment and increase in the net finance costs.

As at 30 June 2017, total assets of the Group amounted to approximately HK$7,585.0 million, of which investment properties, available-for-sale financial assets, loans and advances, and financial assets at fair value through profit or loss amounted to approximately HK$1,704.5 million, HK$1,406.9 million, HK$938.0 million and

HK$781.9 million, representing approximately 22.5%, 18.5%, 12.4% and 10.3% of the total assets of the Group, respectively. Meanwhile, cash and cash equivalents amounted to approximately HK$1,134.2 million, representing approximately 15.0% of the total assets of the Group. As at 30 June 2017, total liabilities of the Group amounted to approximately HK$2,327.7 million, of which trade, bills, accruals and other payables and borrowings amounted to approximately HK$1,157.6 million and HK$913.2 million, respectively and represented approximately 49.7% and 39.2% of the total liabilities of the Group, respectively.

3. Information on the Target Company

The Target Company is principally engaged in real estate property sale and development, and holds the Project in the PRC.

3.1 The Project

The Project is located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC covering a site area of 128,461.2 sqm, of which the gross floor area is 635,339.62 sqm. The Target Company anticipates to hold the land construction area of 40,983.03 sqm for commercial use, 23,261.87 sqm for hotel use, 41,164.71 sqm for parking space of commercial office and the remaining part of the land under the Project will be for sale or leased out.

Set out below is the property portfolio of the Project as extracted from the Letter from the Board:

Intended Use		For sale/ For rental	Status of construction	Expected completion of construction work schedule	Gross Floor Area ("GFA") (sq.m.)
Land parcel (Lot no. H25)					
1.	Residential (standard)	Held for sale	Completed construction	Completed	97,745
2.	Residential (non-standard)	Held for sale	Completed construction	Completed	15,292
3.	1539 Car park spaces	Held for sale	Completed construction	Completed	50,679
4.	Retail	Held for sale	Completed construction/not yet for sale	Completed	12,713
5.	Kindergarten	Held for sale	Completed construction	Completed	2,979

Intended Use		For sale/ For rental	Status of construction	Expected completion of construction work schedule	Gross Floor Area ("GFA") (sq.m.)
Land parcel (Lot no. H26)					
1.	Residential (standard)	Held for sale	Under construction	Not later than January 2018	136,807
2.	Residential (non-standard)	Held for sale	Under construction	Not later than January 2018	66,465
3.	Office	Held for sale	Under construction	In December 2020	36,587
4.	2006 Car park spaces	Held for sale	Under construction	In May 2018	99,424
5.	Retail	Held for sale	Under construction	In January 2018	11,239
6.	819 Car park spaces for commercial use	Held for rental *(Note)*	Under construction	In January 2019	41,165
7.	Shopping mall	Held for rental *(Note)*	Under construction	In October 2018	40,983
8.	Hotel	Held for rental *(Note)*	Under construction	In December 2020	23,262
Total					**635,340**

Note:

As at the Latest Practicable Date, no contracts or agreements have been made with any lessee, any operator of the shopping mall or connected person of the Company given the relevant properties are still under construction; and the Company has no detailed plan on the operation and leasing of the shopping mall and the hotel portion of the Project. Neither the Vendor nor the Company has identified any potential operator or the tenant of the shopping mall and the hotel.

As set out in the Letter from the Board, construction work in lot no. H25 was all completed in December 2016. The amount of revenue and costs recognised from sale of the above properties amounted to approximately RMB720,909,000 and RMB604,041,000, respectively, for the year ended 31 December 2016 and for the six months ended 30 June 2017. Revenue from sale of properties is recognised when the risk and rewards of the properties are transferred to the purchasers, which occurs when legally binding unconditional sales contracts were entered, the construction of the relevant properties has been completed, the properties have been delivered to the purchasers pursuant to the sale contracts and collectability of related receivables is reasonably assured even though the legal title has not been transferred to the purchasers.

3.2 Financial information of the Target Company

The financial information of the Target Company is contained in the accountant's report on the Target Company as set out in Appendix II to the Circular (the "**Accountant's Report**"). Set out below is a summary of the consolidated financial information of the Target Company for the three years ended 31 December 2016 and the six months ended 30 June 2017 as extracted from the Accountant's Report, which was prepared in accordance with the financial reporting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants:

	For the six months ended 30 June		For the year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue	3,090	—	717,819	—	—
Gross profit	1,180	—	115,688	—	—
(Loss)/profit before taxation	(4,413)	(15,366)	89,410	(17,070)	(4,252)
(Loss)/profit attributable to owners of the Target Company	(3,413)	(12,811)	65,438	(13,123)	(3,338)

	As at 30 June	As at 31 December		
	2017	**2016**	**2015**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)
Properties under development	1,556,898	1,271,211	1,681,368	1,182,582
Completed properties held for sale	296,277	296,277	—	—
Deposits and other receivables and other prepayments	218,589	257,133	873,644	784,216
Amount due from immediate holding company	1,335,970	360,890	125,600	209,000
Restricted cash	38,711	32,892	12,182	100,131
Cash and cash equivalents	94,232	130,599	125,837	12,521
Advance proceeds received from customers	1,208,762	1,104,315	793,417	35,808
Borrowings (current and non-current portions)	400,000	476,000	480,000	844,000

As disclosed in the Accountant's Report, revenue of the Target Company for the year ended 31 December 2016 and six months ended 30 June 2017 were derived from the sales of properties.

According to the Accountant's Report, (i) the total assets of the Target Company as at 30 June 2017 amounted to approximately RMB3,632.7 million, which mainly comprised properties under development of approximately RMB1,556.9 million, amount due from immediate holding company of approximately RMB1,336.0 million and completed properties held for sale of approximately RMB296.3 million; and (ii) the total liabilities of the Target Company as at 30 June 2017 amounted to approximately RMB1,939.2 million, which mainly comprised advance proceeds received from customers of approximately RMB1,208.8 million and borrowings of approximately RMB400.0 million.

4. Outlook of the real estate market in Jiangxi Province

We noted that the economy of the PRC has expanded rapidly in the past years. According to National Bureau of Statistics of PRC (中華人民共和國統計局), the gross domestic products ("**GDP**") of PRC increased from approximately RMB48.9 trillion in 2011 to approximately RMB74.4 trillion in 2016, representing a compound annual growth rate ("**CAGR**") of approximately 8.8%. According to Statistic Bureau of Jiangxi (江西統計局), the GDP of Jiangxi Province increased from approximately RMB1,170 billion in 2011 to approximately RMB1,836 billion in 2016, representing a CAGR of approximately 9.4%.

In addition, the real estate investment and the sale revenue of commercial properties in the PRC continued to expand in recent years. According to National Bureau of Statistics of PRC (中華人民共和國統計局), the total real estate investment and sale revenue of commercial properties of the PRC increased from approximately RMB6.2 trillion and RMB5.9 trillion in 2011 to approximately RMB10.3 trillion and RMB11.8 trillion in 2016, respectively, representing a CAGR of approximately 10.7% and 14.9%, respectively. During the same period of review, the total real estate investment and sale revenue of commercial properties of Jiangxi Province recorded a CAGR of approximately 15.4% and 21.7%, respectively and reached approximately RMB177.0 billion and RMB267.8 billion, respectively, according to Statistic Bureau of Jiangxi (江西統計局).

We noted that GDP growth, real estate investment and sale revenue of commercial properties in Jiangxi Province has been increasing at a rate higher than the national level from 2011 to 2016. In addition, we also noted that the real estate market in Jiangxi Province has the following key drivers:

- urbanisation in Jiangxi Province is increasing steadily, resulting in persistent demand for residential property; and

- disposable income of urban household in Jiangxi Province recorded a CAGR of approximately 10.4% from 2011 to 2016. Growth of disposable income and purchasing power of urban residents is expected to drive purchase of residential property.

Based on the foregoing, we consider that the growth in the economy and real estate market in the PRC, and especially Jiangxi Province which outpaced the growth in the PRC, are expected to present favourable business opportunities for the Enlarged Group.

5. Reasons for and benefits of the Acquisition

We have discussed with the management of the Group in respect of the reasons for the Acquisition. As disclosed in the Letter from the Board, the Acquisition is considered to be in the interests of the Company and the Independent Shareholders as a whole due to the following reasons:

(i) The Group is well positioned to invest and develop in the property market in the PRC

The Company has adopted property development and investments as one of the principal business activities of the Group in 2017. The Group has been active in identifying suitable opportunities in property investment and development to broaden the source of income and offer better returns to the Shareholders. In June 2016, the Group acquired 深圳邦凱新能源有限公司 (Shenzhen B&K New Energy Co., Ltd.*) ("**Shenzhen B&K**") and a portion of the land held by Shenzhen B&K has been earmarked for the development of a science and technology industrial park. At the end of 2016, the Group acquired several properties in Hong Kong. Several of these properties are held for investment purpose. Certain members of the board of the Company have the relevant experience in property investment, development and management. With their experience, the Group is well positioned to invest and develop in the property markets in the PRC and Hong Kong.

(ii) The Target Company is already generating income and profit

Despite the Target Company incurred net loss after income tax of approximately RMB3.4 million for the six months ended 30 June 2017, the Target Company generated net profit after income tax of approximately RMB65.4 million for the year ended 31 December 2016. As set out under the paragraph headed "3. Information on the Target Company" of this letter, the Project includes a property project, comprising residential, retail, office, shopping mall and hotel. As at the Latest Practicable Date, the gross floor area of the Project was approximately 635,339.62 sq.m. according to Property Valuation Report. Based on the abovementioned financial performance of the Target Company, it is expected that the Acquisition would help bring in additional source of income to the Enlarged Group and improve its profitability. In addition, the Group will also achieve diversification, whereupon its revenue and income can be diversified in addition to its automation and securities investment segments.

(iii) The Group will be benefited from the experienced management team of the Target Company and strong real estate market in Ganzhou City

The Target Company holds the Project and has a management team experienced in property development and management. Ganzhou City has experienced a rapid economic growth in recent years with local government policy support. There is a high demand in residential, hotel and commercial units in its real estate market. The board of the Company considers that the Acquisition is a good investment opportunity with great development potential in view of its physical location, local policy support, demand in properties in Ganzhou City and the outlook of the property market and economic development in Ganzhou City in general.

Leveraging on the reasons above, coupled with the potential drivers of the real estate market in Jiangxi Province as illustrated under the paragraph headed "4. Outlook of the real estate market in Jiangxi Province" in this letter and our review on the financial information on the Group and the Target Company as discussed under the paragraph headed "2. Financial Information of the Group" and the paragraph headed "3.2 Financial Information of the Target Company" in this letter, we concur with the Company that the Group will benefit from the sale and leasing of the properties in the Project and the anticipated growth in the value of the Project.

6. The Valuation

6.1 Valuation methodologies

The Project was valued by D&P China (HK) Limited ("**D&P**"), an independent property valuer appointed by the Company. The property valuation report is contained in Appendix V to the Circular (the "**Property Valuation Report**"). We have conducted an interview with D&P regarding its experience in valuing similar real property interests in the PRC, and its independence. Based on our interview with D&P, we understand that D&P is an established independent property valuer with a large number of completed assignments acting for listed companies with property interests in, among others, the PRC. We also understand that the valuer-in-charge of the D&P's valuation team has approximately 20 years' post-qualification experience in the valuation of properties in the PRC and the relevant valuation team members have valuation experience ranging from approximately 5 years to 20 years.

We have also reviewed the terms of engagement letter of D&P and noted that the purpose of which is to prepare a property valuation report and provide the Company with the opinion of value on the properties of the Target Company. The engagement letter also contains standard valuation scopes that are typical of property valuation carried out by independent property valuers. There is no limitation of the scope of work which might have an adverse impact on the degree of assurance given by D&P in the Property Valuation Report. We also understand from D&P that it has carried out on-site inspections and made relevant enquiries and obtained further information for the purpose of the valuation for the market value of the properties of the Target Company as at 31 October 2017 (the "**Valuation**") and no irregularities were noted during the course of the Valuation.

6.2 Valuation methodologies

We noted from the Property Valuation Report that in performing the Valuation, D&P has assumed that the Project will be developed and completed in accordance with the development plan provided by the Company and adopted the following valuation methodologies:

(a) Except for the hotel portion of the Project, D&P has adopted the direct comparison method where comparison based on prices realised on actual sales or market price information of comparable properties is made (the "**Direct Comparison Approach**"). Comparable properties of similar size, character, building age, floor level and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property interest in order to arrive at a market value;

(b) For the hotel portion of the Project, D&P has adopted the current land value and the construction costs of the building (the "**Cost Approach**"). D&P has taken into account the accrued construction cost and professional fees relevant to the stage of construction as of the valuation date and the remainder of the cost and fees expected to be incurred for completing the development.

Based on the above, we have discussed with D&P on the rationale of adopting the different valuation methodologies for valuing the hotel portion of the Project and other portions of the Project. According to D&P, the Direct Comparison Approach is the most appropriate valuation method for assessing the market values of the Project other than the hotel portion as these lands and properties are for residential, office and commercial purpose as well as car parking spaces with readily available market price information. As for the hotel portion of the Project, D&P adopts the Cost Approach having considered the land value and the respective construction costs and fees expected for the building portion as the hotel portion was expected to be completed in 2020 and no market comparable can be collected in the locality nor any income can be projected so far.

After considering the reasons for D&P's choice of adopting the various valuation methodologies for valuing the Project, we are of the opinion that, the valuation methodologies used are reasonable and acceptable in establishing the market values of the properties attributable to the Target Company as at 31 October 2017.

6.3 Valuation bases and assumptions

In arriving at the appraised value for the Project other than the hotel portion which include residential, office, commercial properties and car parks using the Direct Comparison Approach, D&P starts the process by collecting and analysing the recent transactions in the properties and market comparables located in the vicinity of the subject properties. The collected comparables were then adjusted to reflect the difference between the comparables and the subject properties in terms of, among others, building age, location, size and quality. D&P confirmed that they had assessed the reasonableness of the expected construction costs and other expenses to be incurred for the hotel portion of the Project against the relevant budgets provided by the management of the Target Company as well as D&P's internal database of historical construction expenses and readily available market data of similar project development projects.

We noted that D&P has made various assumptions for the Valuation, including (a) the owner sells the properties under the Project on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreement or any similar arrangement which would serve to affect the value of the property interests; (b) no allowance has been in the valuations for any charges, mortgages or amounts owing on the Project valued nor for any expenses or taxation which may be incurred in effecting a sale; (c) unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value; (d) the owner of the Project have free and uninterrupted rights to use, lease or mortgage the property interests; (e) the Project is freely disposable and transferable; (f) the Project is developed in accordance with the development proposals or building plans provided to D&P; (g) all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted and unless otherwise stated, all buildings and structures erected on the land parcels are held by the owner or permitted to be occupied by the owner; (h) all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificates; and (i) the utilisation of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificate. Details of the assumptions made by D&P for the Valuation are set out in the Appendix V to the Circular. We have discussed with the Company and D&P and reviewed on the key assumptions made and nothing has come to our attention that would lead us to doubt the fairness and reasonableness of the principal bases and assumptions adopted in the Property Valuation Report.

After taken into account the above, we consider that the bases and assumptions adopted by D&P for the valuation methodologies as discussed above are reasonable and in line with market practice.

7. Principal terms of the Agreement

7.1 The Agreement

On 4 August 2017, the Purchaser, a wholly-owned subsidiary of the Company, entered into the agreement with the Vendor, pursuant to which the Purchaser is conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Interest at the Consideration of RMB1,720,000,000 (equivalent to approximately HK$1,921,240,000). On 6 September 2017, the parties to the agreement entered into the Supplemental Agreement to amend the settlement method of the Consideration.

Upon Completion, the Target Company and its subsidiaries will become subsidiaries of the Company and their results, assets and liabilities will be consolidated into the consolidated financial statements of the Company.

7.2 Conditions precedent

Completion is conditional upon the satisfaction or waiver (as the case may be) of, among other things, the following conditions:

(a) the Purchaser having been satisfied with the result of such enquiries, investigations and due diligence reviews of the business, operations and financial position of the Target Company by the Purchaser;

(b) the Purchaser and/or the Company having obtained all necessary approvals in respect of the Acquisition from the Shareholders and/or the Stock Exchange in accordance with the Listing Rules and other applicable laws;

(c) since the date of the Agreement, there have been no events or circumstances which have a material adverse effect on the business, financial, operation or assets of the Target Company; and

(d) all declarations, warranties and undertakings made by the Vendor remaining true, accurate and not misleading in material respect.

The Purchaser is entitled to waive all of the foregoing conditions (save for condition (b)). Despite condition (b) has been fulfilled with the approval from the Relevant Shareholders, Independent Shareholders' approval for the Acquisition will be sought by the Company at the EGM before proceeding to Completion. The Company has no present intention to waive any of the other conditions precedent. If any of the above conditions precedent (save for condition (b)) cannot be fulfilled or waived as to condition (b) on or before 31 December 2017, the Agreement shall lapse without any obligations and liabilities for each party. The parties expect to complete the Acquisition before the end of November 2017.

Completion shall take place on the third (3rd) Business Day (as defined in the Agreement) after the fulfilment or waiver of the above conditions precedent, or such other date as agreed in writing between the Vendor and the Purchaser.

7.3 Consideration

As set out in the Letter from the Board, the Consideration of RMB1,720,000,000 (equivalent to approximately HK$1,921,240,000) was determined by the parties to the Agreement after arm's length negotiations with reference to, among other factors:

(a) the unaudited net asset value of the Target Company as of 30 June 2017 of approximately RMB1,693 million as set out in Appendix II to the Circular;

(b) plus: an approximate amount of RMB56 million representing appreciation of properties attributable to the Target Company based on the preliminary valuation of the properties held by the Target Company as of 30 June 2017, after considering estimated construction costs payable and developer's profits;

(c) less: future tax liabilities to the Target Company estimated to be RMB32 million which will be payable upon the sale of properties by the Target Company;

(d) the prevailing property market conditions in the PRC; and

(e) the benefits to the Group following Completion.

Based on the above determination basis of the Consideration, we noted that the Consideration can effectively be considered as being determined with reference to the adjusted net asset value of the Target Company as at 30 June 2017 ("**Adjusted NAV**") prepared in accordance with the accounting principles generally accepted in the PRC after taking into consideration (i) the appreciation of the Project based on the valuation of the properties held by the Target Company; (ii) estimated amount of relevant value added tax, land appreciation tax and income tax that will be payable upon the sale of the properties under the Project; (iii) the estimated construction costs and developer's profits that are expected to be incurred for the Project after 30 June 2017.

In assessing the fairness and reasonableness of the Consideration, we have reassessed the Adjusted NAV based on audited consolidated net asset value of the Target Company as at 30 June 2017 which was prepared in accordance with as extracted from the Accountant's Report with the adjustments set out below:

	RMB million
Audited consolidated net asset value of the Target Company as at 30 June 2017 *(Note 1)*	1,693
Add: the appreciation of the Project based on the valuation of the properties held by the Target Company as of 31 October 2017 *(Note 2)*	107
Less: estimated amount of value added tax, land appreciation tax and income tax that will be payable upon the sale of properties by the Target Company	(32)
Adjusted NAV (reassessed)	1,768

Notes:

1. The audited consolidated net asset value of the Target Company as at 30 June 2017 is extracted from the Accountant's Report.

2. The appreciation of the Project based on the valuation of the properties held by the Target Company as of 31 October 2017 represents the valuation surplus as of 31 October 2017 after taken into consideration of the estimated construction costs payable and developer's profit as disclosed under the paragraph headed "Property Interests and Property Valuation" as set out in Appendix I to the Circular.

The Company, when negotiating the Consideration, has taken into account the relevant estimated effect of future taxes attributable to the sale of properties by the Target Company, including value added tax, land appreciation tax and income tax that will be payable upon the sale of properties by the Target Company. Based on our discussion with the management of the Company, the future tax effect is estimated based on prevailing government tax policies and current valuations of the Project. The actual amount of tax payable may differ from the estimates for reason of, *inter alia*, changes in government tax policies (including tax rates) and the actual selling prices of the properties under the Project. In view of the above understanding above, we are of the view that the basis of calculation of the future tax effect is reasonable.

The Company has also taken into consideration the estimated construction costs payable and developer's profits that are expected to be incurred for the properties under the Project after 30 June 2017 in order to determine the Consideration. We have discussed with the management of the Company regarding the estimation of these construction costs and developer's profits and were advised that the amounts were mainly estimated based on, among others, latest progress and construction schedule of the Project which were still under development at the time negotiating the Consideration and the development and construction contracts entered into by the Target Company in respect of the properties under the Project. We have also discussed with D&P regarding such estimated construction costs payable and developer's profits and D&P confirmed that they had assessed the reasonableness of the outstanding construction costs and other expenses to be incurred for the relevant property development projects against the relevant budgets provided by the management of the Target Company as well as D&P's internal database of historical construction expenses of similar project development projects.

In view of (i) the Consideration represented a close approximate to the reassessed Adjusted NAV, which we consider to be a commonly adopted approach in assessing the fairness of the Consideration for property investment and development companies; and (ii) valuation methodologies and the bases and assumptions adopted by D&P in establishing the market values of the properties under the Project are reasonable and acceptable, we consider that the basis of determining the Consideration is fair and reasonable. Shareholders however should note that the estimated tax liabilities embedded in the calculation of the reassessed Adjusted NAV may differ from the actual tax payable because of the changes in the final selling prices of the properties by the Target Company and/or changes in the government tax policies.

7.4 Payment of the Consideration

As stated in the Letter from the Board, the Consideration of RMB1,720,000,000 (equivalent to approximately HK$1,921,240,000) is to be satisfied in the following manner:

(i) the Vendor's Indebtedness will be deducted from the consideration of the Acquisition payable by the Purchaser at Completion; and

(ii) the balance of the consideration of the Acquisition in the amount of RMB284,000,000 will be payable in the following manner:

(a) an amount of RMB19,200,000 within 10 Business Days (as defined in the Agreement) after the date of the Shareholders approving the transactions contemplated under the Agreement at the EGM (or if no EGM will be convened, the date upon which the registration and notarization procedure in respect of the transfer of the Sale Interest is completed);

(b) an amount of RMB38,400,000 within 10 Business Days (as defined in the Agreement) after the date of completion of registration of the transfer of the Sale Interest by the local Administration for Industry and Commerce of the PRC;

(c) an amount of RMB57,600,000, within 60 calendar days after the date of Completion; and

(d) an amount of RMB168,800,000 within 180 calendar days after the date of Completion.

As disclosed in the Letter from the Board, as at the Latest Practicable Date, an amount of RMB100,000,000 has been paid by the Purchaser to the Vendor in accordance with the terms of the Acquisition. Such amount is refundable in accordance with the Agreement if the parties fail to proceed with the Acquisition.

Given that (1) there will not be any outstanding indebtedness owing by the Vendor to the Target Company after Completion under the net-off arrangement; and (2) the deposits of RMB100,000,000 paid by the Purchase is refundable if the parties fail to proceed with the Acquisition, we are of the view that the Group's interest is safeguarded.

8. Financial effects of the Acquisition

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company and as such, the assets, liabilities and financial results of the Target Company and its subsidiaries will be consolidated into the consolidated financial statements of the

Company. The unaudited pro-forma financial information of the Enlarged Group (the "**Pro Forma Financial Information**") as if the Acquisition had been completed 30 June 2017 is included in Appendix III to the Circular.

8.1 Assets and Liabilities

Based on the Pro Forma Financial Information as set out in Appendix III to the Circular, the unaudited pro forma consolidated total assets of the Group as at 30 June 2017 would increase from approximately HK$7,585.0 million to approximately HK$10,215.5 million in the Enlarged Group and the unaudited pro forma consolidated total liabilities of the Group would increase from approximately HK$2,327.7 million to approximately HK$4,960.5 million, assuming the completion of the Acquisition had taken place on 30 June 2017.

8.2 Earnings

Based on the Accountant's Report, the Target Company recorded revenue of approximately RMB3.1 million and approximately RMB717.8 million for the six months ended 30 June 2017 and year ended 31 December 2016, respectively. The Directors believe that the Acquisition would enhance the Group's income stream upon the completion of the construction of the Project.

In view of the possible financial effects of the Acquisition to the Group as mentioned above, we are of the opinion that the Acquisition will likely to enhance the Group's income stream as well as the net asset base of the Group.

RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that although the Acquisition is not conducted in the ordinary and usual course of business of the Company, the terms of the Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Gary Mui
Chief Executive Officer

Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 18 years of experience in the finance and investment banking industry.

1. FINANCIAL SUMMARY

The audited consolidated financial statements of the Group prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the three financial years ended 31 December 2016 together with the relevant notes thereto can be found from pages 39 to 116 of the annual report of the Company for the year ended 31 December 2014, pages 43 to 120 of the annual report of the Company for the year ended 31 December 2015, and pages 59 to 148 of the annual report of the Company for the year ended 31 December 2016, respectively. The management discussion and analysis of the Company for the years ended 31 December 2014, 2015 and 2016 are disclosed in the published annual report of the Company for the relevant years.

Each of the said audited consolidated financial statements of the Group for the three financial years ended 31 December 2016 is incorporated by reference to this circular and forms part of this circular. The said annual reports of the Company are available on the Company's website at http://www.hk1282.com and the website of the Stock Exchange at http://www.hkexnews.hk/

Please also see below the links to the annual reports of the Company:

Annual Report 2016:

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0406/LTN201704061409.pdf

Annual Report 2015:

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0330/LTN201603301071.pdf

Annual Report 2014:

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0331/LTN20150331869.pdf

2. INDEBTEDNESS STATEMENT

Statement of Indebtedness and contingent liabilities

Indebtedness

As at the close of business on 31 October 2017, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had the following indebtedness:

	Notes	**As at 31 October 2017** *HKD'000*
The Group		
Overdraft — secured	(1)	37,505
Bank borrowings — secured	(2)	1,170,688
Bank borrowings — unsecured	(3)	125,998
Corporate bonds	(4)	26,000
		1,360,191
The Target Company		
Bank borrowings — secured	(5)	355,206
Amount due to a fellow subsidiary	(6)	278,848
		634,054
The Enlarged Group — Total		1,994,245

Notes:

(1) Bank overdrafts of HK$37,505,000 were secured by certain security pledged by the customer to the Group as margin loan collateral.

(2) Bank borrowings of HK$324,791,000 were secured by certain properties held by the Group. Bank borrowings of HK$442,909,000 were secured certain listed securities pledged by the customers to the Group as margin loan collateral. A bank borrowing of HK$400,000,000 was secured by an available — for sale financial assets. A bank borrowing of HK$2,988,000 was secured by a fixed asset held by the Group.

(3) On 31 October 2017, the Group had unsecured import loans due to a bank and an unsecured revolving loan due to a bank in Hong Kong with outstanding amounts of approximately HK$75,998,000 and HK$50,000,000 respectively.

(4) The balances were unsecured, bearing an interest rate of 5%, and will mature in 2020.

(5) A bank borrowing amounting to HK$355,206,000 (equivalent to RMB318,000,000) of the Target Company was secured by the completed properties held for sale in Western Zone held by the Target Company, the completed properties held for sale held by Laihua Taifeng Company Limited ("**Taifeng**"), a fellow subsidiary of the Target Company and the Corporate

Guarantee executed by the Baoneng Entities. Mr. Zhang is the ultimate beneficial owner of Taifeng and the Target Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as aforesaid disclosed, there is no relationship between Mr. Zhang/Taifeng and Mr. Yao and Mr. Yao Zhenhua. Mr. Yao Zhenhua is the ultimate shareholder of Baoneng Holding (China) and Shenzhen Baoneng Investment.

(6) Amount due to Laihua Taifeng Company Limited of approximately HK$278,848,000 (equivalent to RMB249,640,000) was unsecured and interest-free.

Contingent liabilities or guarantees

As at 31 October 2017, the Group has no material contingent liabilities or guarantees.

The Target Company has arranged bank financing for certain purchasers of the Target Company's property units and provided guarantees to secure obligations of such purchasers for repayments. As at 31 October 2017, guarantees amounting to HK$912,526,417 (equivalent to RMB816,943,972) are given to banks with respect to loans procured by purchasers of the Target Company's properties. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

Save as aforesaid or as otherwise disclosed herein, as at the close of business on 31 October 2017, the Enlarged Group had no other: (i) debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured; (ii) borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt; (iii) mortgages and charges; and (iv) contingent liabilities or guarantees.

The Directors confirm that there has been no material change in indebtedness since 31 October 2017.

3. WORKING CAPITAL SUFFICIENCY STATEMENT

Taking into account (i) the Acquisition, (ii) the present available financial resources including cash and cash equivalents, (iii) the expected internally generated funds from operations; (iv) the available banking facilities, and (v) the Tinmark Undertaking and the unsecured standby loan of HK$500 million under the Yao Standby Facility Agreement, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements for 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there had been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Group was made up, to and including the Latest Practicable Date.

FOREIGN EXCHANGE

As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside of Hong Kong.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

With the business transformation completed, the Group will at full strength pursue the strategy of diversifying its business and developing value-added businesses. It will actively seek suitable investment opportunities that can benefit the long-term development of the Group.

To capture the enormous growth potential in the financial services market in the Greater China region will be committed to expanding the number of high-end customers, enriching and optimizing business portfolio, enhancing sales and trading capacity, and providing customers with more comprehensive financial services under the premise of controlling risk and focusing on compliance.

The Group has an experienced management team, and actively develops assets management and wealth management business in Hong Kong and Mainland China. The Group will put more efforts in the operation of issued fund products, enhancing the investment and R&D capabilities of financial products, continue to diversify its products portfolio and expand local and overseas cooperation opportunities. In view of the fact that it has become a qualified foreign institutional investor, the Group plans to set up its first equity investment fund in Shenzhen in the second half of 2017 which will invest in intelligent manufacturing, biomedicine and other emerging industries for providing overseas investors with channel to participate in equity investment in Mainland China.

For the different needs of clients, the Group's wealth management arm plans to further enhance its service quality, and product development and risk management ability. It will provide extensive training to both frontline and back office staff, introduce MPF, insurance service and immigration consulting service to fulfil clients' needs. It will also recruit more senior compliance personnel to enhance its internal risk surveillance and monitoring system to ensure the Group can meet the standards prescribed by regulatory authorities in Hong Kong.

The Group will also put more resources in financing services business of institutional clients. As the management sees potential of the bond market to better serve its corporate and government clients in Mainland China and Hong Kong, the Group had built a team of professionals in the debt capital market to develop such related services. The Group is committed to building a competitive investment banking team and will cater closely for customers' needs to provide services in equity & debt financing and Mergers & Acquisitions transactions.

Regarding the automation segment, in order to better serve customers and broaden profitability, the Group's wholly-owned subsidiary Gallant Tech Limited ("**Gallant Tech**") also actively explored the new business direction of combining the leasing industry and financial market, and providing the financial leasing services of high-end manufacturing and large-scale equipment through its Shenzhen Gallant Tech Finance Leasing Co., Limited, to continue speeding up developing the equipment finance leasing business to diversity its revenue stream. In addition, Gallant Tech will monitor investment opportunities in smart manufacturing and smart production system, with the aim of enhancing its competitiveness in the industry.

Since 2016, the Group has been directing efforts into establishing the new energy including but not limited to the LED lighting business. Apart from the LED lights installation works at the private sector that the Group is currently engaging in, it has been actively seeking opportunities upon the LED lighting projects at the public sector of Mainland China. Boasting leading-edge research and development and manufacturing capabilities, the Group plans to expand this business to overseas market and is studying the feasibility of setting up a factory in India.

With the implementation of a diversified development strategy in recent years, the Group has been looking for property investment opportunities in major cities and regions with development potential, so as to seize the business opportunities in the booming real estate market. At present, with the properties of Shenzhen B&K Science and Technology City Phase I in operating leasing and Phase II of construction in progress, the entire science and technology industrial park on the land owned by Shenzhen B&K is expected to be completed by end of 2018.

Based on the macroeconomic figures of the first half of 2017, the economy of China and the world continued to grow, the Group is positive about the capital market in the rest of the year and will continue to look for investment opportunities in financial services, properties investment and development, the high-end manufacturing industry, as well as new energy and new technologies so as to generate optimum returns for Shareholders.

Following the acquisition of a number of properties since 2016, the Group is optimistic about the real estate market prospects in Hong Kong and Mainland China and the Board sees appropriate that the Company adopts property investment and development as one of its principal business activities.

6. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP AFTER THE ACQUISITION

The board of the Company believes that the Enlarged Group will benefit from the sale and leasing of the properties and the anticipated growth in the value of the Project. The unaudited consolidated pro forma financial information of the Enlarged Group illustrating the financial impact of the Acquisition on the assets and liabilities of the Enlarged Group is set out in the section headed "Financial Effect of The Acquisition on the Earnings and Assets and Liabilities of the Enlarged Group" in Letter from the Board of this circular. The pro forma financial information of the Enlarged Group has been prepared for illustrative purpose only, based on the judgments and assumptions of the Directors, and, due to its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at the date of completion of the Acquisition or any future date. The board of the Company is of the view that the Acquisition will contribute positively to the Enlarged Group by bringing in additional source of income from such investment, whilst the Enlarged Group will be able to leverage on the existing expertise in the Target Company for handling property development and management in the PRC. The Group will continue to seek investment and development opportunities in the property markets in the PRC and Hong Kong.

7. PROPERTY INTERESTS AND PROPERTY VALUATION

D& P China (HK) Limited, an independent property valuer and consultant, has valued the property interest of Target Company as of 31 October 2017. Texts of its letter, summary of valuation and valuation certificate issued by D& P China (HK) Limited are included in Appendix V to this Circular.

The table below sets forth the reconciliation of the net book value of our Target Company's property interest as of 30 June, 2017 with the valuation of such interests as of 31 October 2017 as stated in Appendix V to this Circular.

	(RMB in thousands)
Net book value of property interest of Target Company as of 30 June 2017	
— Properties under development	1,556,898
— Completed properties held for sale	296,277
Add: Properties delivered but legal title not yet transferred as at 31 October 2017 (unaudited)	85,140
Add: Estimated costs to be incurred (unaudited) *Note a*	899,000
Add: Estimated developer's profit and cost of disposal (unaudited)	367,000
Valuation surplus as of 31 October 2017 (unaudited)	107,185
Valuation as if completed as of 31 October 2017 (unaudited) as per Appendix V to this Circular	3,311,500
Less: Estimated completion status (unaudited)	(514,500)
Valuation as of 31 October 2017 as per Appendix V to this Circular	2,797,000

Note a: The estimated costs to be incurred is calculated as: outstanding construction cost of RMB1,344,431,000 as at 30 June 2017 less accrued construction costs of RMB134,730,000 and prepaid construction cost of RMB310,000,000.

The following is the text of a report set out on pages II-1 to II-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA GOLDJOY GROUP LIMITED

Introduction

We report on the historical financial information of Laihua TaiSheng Limited (the "**Target Company**") set out on pages II-4 to II-37, which comprises the statements of financial position as at 31 December 2014, 2015 and 2016 and 30 June 2017, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years/periods then ended (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-37 forms an integral part of this report, which has been prepared for inclusion in the circular of China Goldjoy Group Limited (the "**Company**") dated circular date (the "**Circular**") in connection with the proposed acquisition of 100% of equity interest in the Target Company by Shenzhen Bao Kai Assets Holdings Limited, an indirect wholly-owned subsidiary of the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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The financial statements of the Target Company for the Track Record Period ("**Underlying Financial Statements**"), on which the Historical Financial Information is based, were prepared by the directors of the Company based on the management accounts of the Target Company for the Track Record Period. The directors of the Target Company are responsible for the preparation of the management accounts of the Target Company that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Target Company as at 31 December 2014, 2015 and 2016 and 30 June 2017 and of its financial performance and its cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of comprehensive income, changes in equity and cash flows for the six months ended 30 June 2016 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements have been made.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
8 December 2017

I. FINANCIAL INFORMATION OF THE TARGET COMPANY

The following is the financial information of the Target Company prepared by the directors of China Goldjoy Group Limited ("**the Company**") as at 31 December 2014, 2015 and 2016 and 30 June 2017 and for each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017 (the "**Financial Information**"), presented on the basis set out in Note 2.1 of Section II below.

Statements of comprehensive income

		Year ended 31 December			Six months ended 30 June	
		2014	**2015**	**2016**	**2016**	**2017**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	5	—	—	717,819	—	3,090
Cost of sales	6	—	—	(602,131)	—	(1,910)
Gross profit		—	—	115,688	—	1,180
Other income/(loss), net		2	156	247	47	(201)
Selling and marketing expenses	6	(1,643)	(15,057)	(22,844)	(13,625)	(3,699)
General and administrative expenses	6	(2,785)	(3,836)	(4,569)	(2,252)	(2,018)
Operating (loss)/profit		(4,426)	(18,737)	88,522	(15,830)	(4,738)
Finance income	8	174	1,667	888	464	325
Finance costs	8	—	—	—	—	—
Finance income — net		174	1,667	888	464	325
(Loss)/profit before income tax		(4,252)	(17,070)	89,410	(15,366)	(4,413)
Income tax credit/ (expense)	9	914	3,947	(23,972)	2,555	1,000
(Loss)/profit and total comprehensive (loss)/ income attributable to owner of the Target Company for the years/periods		(3,338)	(13,123)	65,438	(12,811)	(3,413)

Statements of financial position

	Note	As at 31 December 2014 RMB'000	As at 31 December 2015 RMB'000	As at 31 December 2016 RMB'000	As at 30 June 2017 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,436	1,439	1,323	1,214
Deferred income tax asset	12	1,438	5,385	—	1,000
		2,874	6,824	1,323	2,214
Current assets					
Properties under development	13	1,182,582	1,681,368	1,271,211	1,556,898
Completed properties held for sale	14	—	—	296,277	296,277
Deposits and other receivables and prepayments	15	784,216	873,644	257,133	218,589
Amount due from intermediate holding company	16	—	—	975,290	—
Amount due from immediate holding company	16	209,000	125,600	360,890	1,335,970
Amounts due from fellow subsidiaries	16	188,938	85,194	—	—
Amounts due from related companies	16	69,474	—	—	—
Prepaid taxes		—	40,310	83,410	89,779
Restricted cash	17	100,131	12,182	32,892	38,711
Cash and cash equivalents	17	12,521	125,837	130,599	94,232
		2,546,862	2,944,135	3,407,702	3,630,456
Total assets		2,549,736	2,950,959	3,409,025	3,632,670
EQUITY AND LIABILITIES					
Equity attributable to owner of the Target					
Paid in capital	18	1,650,000	1,650,000	1,650,000	1,650,000
Statutory reserve	19	—	—	4,689	4,689
(Accumulated losses)/retained earnings		(5,429)	(18,552)	42,197	38,784
Total equity		1,644,571	1,631,448	1,696,886	1,693,473
LIABILITIES					
Non-current liability					
Borrowings	20	10,000	80,000	400,000	400,000
Current liabilities					
Trade and other payables	21	22,757	46,094	110,744	143,057
Advance proceeds received from customers	22	35,808	793,417	1,104,315	1,208,762
Amounts due to fellow subsidiaries	16	2,600	—	21,080	187,378
Borrowings	20	834,000	400,000	76,000	—
		895,165	1,239,511	1,312,139	1,539,197
Total liabilities		905,165	1,319,511	1,712,139	1,939,197
Total equity and liabilities		2,549,736	2,950,959	3,409,025	3,632,670

Statements of changes in equity

	Attributable to owner of the Target Company			
	Paid in capital	(Accumulated losses)/ retained earnings	Statutory reserve *(Note 19)*	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014	1,650,000	(2,091)	—	1,647,909
Loss and total comprehensive loss for the year	—	(3,338)	—	(3,338)
Balance at 31 December 2014	1,650,000	(5,429)	—	1,644,571
Balance at 1 January 2015	1,650,000	(5,429)	—	1,644,571
Loss and total comprehensive loss for the year	—	(13,123)	—	(13,123)
Balance at 31 December 2015	1,650,000	(18,552)	—	1,631,448
Balance at 1 January 2016	1,650,000	(18,552)	—	1,631,448
Profit and total comprehensive income for the year	—	65,438	—	65,438
Transfer to statutory reserve	—	(4,689)	4,689	—
	—	60,749	4,689	65,438
Balance at 31 December 2016	1,650,000	42,197	4,689	1,696,886
Balance at 1 January 2017	1,650,000	42,197	4,689	1,696,886
Loss and total comprehensive loss for the period	—	(3,413)	—	(3,413)
Balance at 30 June 2017	1,650,000	38,784	4,689	1,693,473
(Unaudited) Balance at 1 January 2016	1,650,000	(18,552)	—	1,631,448
Loss and total comprehensive loss for the period	—	(12,811)	—	(12,811)
Balance at 30 June 2016	1,650,000	(31,363)	—	1,618,637

Statements of cash flows

	Note	Year ended 31 December 2014 RMB'000	2015 RMB'000	2016 RMB'000	Six months ended 30 June 2016 RMB'000 (Unaudited)	2017 RMB'000
Cash flows from operating activities						
Cash (used in)/generated from operations	23	(823,834)	595,001	81,567	117,406	(104,626)
Income tax paid		—	(40,310)	(61,687)	(34,285)	(6,369)
Interest paid		(24,233)	(76,238)	(32,984)	(21,671)	(15,992)
Net cash (used in)/generated from operating activities		(848,067)	478,453	(13,104)	61,450	(126,987)
Cash flows from investing activities						
Payment for purchases of property, plant and equipment		(1,060)	(204)	(102)	(102)	(3)
Interest received		174	1,667	888	464	325
Net cash (used in)/generated from investing activities		(886)	1,463	786	362	322
Cash flows from financing activities						
Amounts due to follow subsidiaries		2,600	(2,600)	21,080	—	166,298
Amounts due to related companies		(10,850)	—	—	—	—
Draw down of borrowings		844,000	150,000	400,000	—	—
Repayment of borrowings		—	(514,000)	(404,000)	(102,000)	(76,000)
Net cash generated from/(used in) financing activities		835,750	(366,600)	17,080	(102,000)	90,298
Net (decrease)/increase in cash and cash equivalents		(13,203)	113,316	4,762	(40,188)	(36,367)
Cash and cash equivalents at the beginning of years/periods		25,724	12,521	125,837	125,837	130,599
Cash and cash equivalents at the end of years/periods	17	12,521	125,837	130,599	85,649	94,232

II. NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE TARGET COMPANY

On 4 August 2017, a wholly-owned subsidiary of the Company, entered into an Agreement with the Vendor with respect to the transaction to acquire 100% equity interest of the Target Company.

The Target Company is principally engaged in the development of real estate projects in the People's Republic of China (the "**PRC**").

The Target Company is a limited liability company incorporated in the PRC on 8 June 2011. The address of its registered office is 301, Baoheng City Marketing Center, Ganjiengyuan Avenue Zhanggong District, Ganzhou City, Jiangxi Province and the PRC.

The Financial Information is presented in thousands of units of Renminbi ("**RMB**"), unless otherwise stated.

2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during the Track Record Periods, unless otherwise stated.

2.1 Basis of presentation and preparation

The Financial Information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Financial Information have been prepared in accordance with the HKFRSs under the historical cost convention.

The preparation of Financial Information in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 below.

(a) The following new standards, amendments and interpretations to standards have been published and are mandatory for the Target Company's accounting periods beginning after 1 January 2018 or later periods, but the Target Company has not early adopted them:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual improvements project (amendments)	Annual improvements 2014–2016 cycle	1 January 2018
HKFRS 2 (amendments)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (amendments)	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 15 (amendments)	Clarifications to HKFRS 15	1 January 2018
HKFRS 40	Transfers of investment property (amendments)	1 January 2018
HK (IFRIC) — Interpretation 22	Foreign currency transaction and advance consideration	1 January 2018
HKFRS 16	Leases	1 January 2019
HK (IFRIC) — Interpretation 23	Uncertainty over income tax treatments	1 January 2019

The Target Company has already commenced an assessment of the impact of these new HKFRSs and set out below are those that are expected to have impact on the Target Company's accounting policies:

HKFRS 9 "Financial instrument" addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in other comprehensive income, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The directors of the Target Company are still in the process of the performing assessment on the impact of the forthcoming standard. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principal is that a Company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Target Company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligation are identified. The directors of the Target Company are in the process of the performing assessment on the impact of the forthcoming standard. The new standard is not expected to apply until the financial year of 2018.

HKFRS 16 will result in almost all leases being recognised on the statements of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.3 Functional and presentation currency

Items included in the Financial Information of the Target Company are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Financial Information is presented in RMB, which is the Target Company's functional and presentation currency.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statements of comprehensive income during the Track Record Periods in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Useful lives
Furniture and fixtures	5 years
Computer equipment	5 years
Motor vehicles	10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the relevant assets and is recognised within "other income/(loss), net" in the statements of comprehensive income.

2.5 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial assets

(i) Classification

The Target Company classifies its financial assets as loans and receivables. The classification depends on the purposes for which the financial assets were acquired. The directors of the Target Company determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of each reporting period, in which case they are classified as non-current assets. The Target Company's loans and receivables comprise 'deposits and other receivables', 'amount due from intermediate holding company', 'amount due from immediate holding company', 'amounts due from fellow subsidiaries', 'amounts due from related parties', 'restricted cash' and 'cash and cash equivalents' in the statements of financial position (Notes 2.10 and 2.11).

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Target Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Target Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.7 Impairment of financial assets

Assets carried at amortised cost

The Target Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in statements of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Target Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statements of comprehensive income.

2.8 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion based on prevailing marketing conditions.

Development cost of property primarily comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.9 Completed properties held for sale

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.12 Paid in capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the statements of comprehensive income in the period in which they are incurred.

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.

2.15 Borrowing costs

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Target Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

(i) Pension obligations

A defined contribution plan is a pension plan under which the Target Company pays fixed contributions into a separate entity. The Target Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Target Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Target Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Employee leave entitlements

Employee entitlements to annual leave are reorganised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.18 Provisions

Provisions are recognised when the Target Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Target Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Target Company and that when specific criteria have been met for each of the Target Company's activities as described below.

(i) Sales of properties

Revenue from sale of properties is recognised when the risk and rewards of the properties are transferred to the purchasers, which occurs when legally binding unconditional sales contracts were entered, the construction of the relevant properties has been completed, the properties have been delivered to the purchasers pursuant to the sale contracts and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statements of financial position as advance proceeds received from customers under current liabilities.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the statements of comprehensive income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the statements of comprehensive income as an integral part of the aggregate net lease payments receivable.

(iii) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Target Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.20 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts or payments made under operating leases (net of any incentives paid to lessee or received from the lessor) are recognised as income or expense in the statements of comprehensive income on a straight-line basis over the periods of the lease.

2.21 Financial guarantee

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Target Company for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

Risk management is carried out under the policies approved by the directors of the Target Company (the "**Directors**"). The Directors provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Target Company's functional currency.

All of the Target Company's transactions were denominated in its functional currency. There are no significant financial assets and financial liabilities denominated in currencies other than the functional currency for the period. The Target Company is therefore not exposed to significant foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Target Company has been exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank borrowings which carry prevailing market interest rates. Borrowings issued at fixed rates expose the Target Company to fair value interest-rate risk.

The Target Company's interest rate risk arises from interest bearing bank deposits, bank and other borrowings. Bank deposits and bank borrowings issued at variable rates expose the Target Company to cash flow interest-rate risk. The Target Company currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

If interest rate on these borrowings had been 1% higher/lower with all other variables held constant, pre-tax loss for the year ended 31 December 2014 would be RMB500,000 higher/lower, pre-tax loss for the year ended 31 December 2015 would be RMB1,600,000 higher/lower, pre-tax profit for the year ended 31 December 2016 would be RMB760,000 lower/higher and pre-tax losses for the six months ended 30 June 2016 and 2017 would be approximately RMB700,000 and RMBNil higher/lower respectively. All of the interest expenses would be capitalised as a result of such interest expenses directly attributable to the property construction.

(b) Credit risk

The Target Company's credit risk arises from cash, deposits and other receivables, amount due from intermediate holding company, amount due from immediate holding company, amounts due from fellow subsidiaries and amounts due from related companies. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Target Company requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Target Company's senior management after assessing the credit history of those customers. The Target Company has set out policies to ensure follow-up action is taken to recover overdue debts and the Target Company reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Target Company specifically analyses the recoverability of such receivables, including the debtors' financial conditions and any other known information.

The directors of the Target Company believe that there is no material credit risk inherent in the Target Company's outstanding balance of other receivables.

Management considers the credit risk for amount due from intermediate holding company, amount due from immediate holding company, amounts due from fellow subsidiaries and amounts due from related companies as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017 to be minimal after taking into account of the financial position of the entities, the repayment history and other action. Management has performed an assessment over the recoverability of the balances and does not expect any further impairment losses to be necessary.

(c) Liquidity risk

The management of the Target Company aims to maintain sufficient cash and cash equivalents, which is generated from the operating cash flows to manage the liquidity risk.

The table below analyses the Target Company's non-derivative financial liabilities and borrowings with a repayable on demand clause into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date based on agreed scheduled repayments. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2014					
Trade and other payables	19,938	—	—	—	19,938
Amounts due to fellow subsidiaries	2,600	—	—	—	2,600
Borrowings including interest payable	874,938	43,557	10,220	—	928,715
	897,476	43,557	10,220	—	951,253
At 31 December 2015					
Trade and other payables	44,475	—	—	—	44,475
Borrowings including interest payable	338,964	89,145	81,435	—	509,544
	383,439	89,145	81,435	—	554,019
At 31 December 2016					
Trade and other payables	109,725	—	—	—	109,725
Amounts due to fellow subsidiaries	21,080	—	—	—	21,080
Borrowings including interest payable	—	105,935	28,500	419,364	553,799
	130,805	105,935	28,500	419,364	684,604
At 30 June 2017					
Trade and other payables	142,266	—	—	—	142,266
Amounts due to fellow subsidiaries	187,378	—	—	—	187,378
Borrowings including interest payable	—	28,500	28,500	405,310	462,310
	329,644	28,500	28,500	405,310	791,954

When the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. The expected cash flows with reference to the schedule of repayments set out in the loan agreements are as follows:

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2014					
Borrowings including interest payable	—	399,531	529,184	—	928,715
At 31 December 2015					
Borrowings including interest payable	—	428,109	81,435	—	509,544
At 31 December 2016					
Borrowings including interest payable	—	105,935	28,500	419,364	553,799
At 30 June 2017					
Borrowings including interest payable	—	28,500	28,500	405,310	462,310

The tables above excludes the amount of guarantees given to banks for mortgage facilities granted to certain purchasers of the Target Company's properties as the directors consider the likelihood of default in payments by the purchasers is minimal. As at 31 December 2014, 2015, 2016 and 30 June 2017, the maximum exposure for these guarantees are approximately RMBNil, RMB431,464,000, RMB1,114,019,000 and RMB1,129,424,000. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

(d) Capital risk management

The Target Company's objectives when managing capital are to safeguard the Target Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders through the optimisation of the debt and equity balance.

The Target Company monitors capital on the basis of the total shareholder's equity as shown in the statements of financial position. In order to maintain or adjust the capital structure, the Target Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or assets sold to reduce debt. The Target Company's strategy is to maintain a solid capital base to support the operations and development of its business in the long-term.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision for impairment of properties under development and completed properties held for sale

The Target Company assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates.

(b) Revenue recognition on properties sold

When the inflow of economic benefits associated with the property sales transaction is assessed to be probable and significant risks and rewards of ownership of properties are transferred to purchasers, the Target Company recognised revenue in respect of the properties sold.

Management made judgement on whether the economic benefits associated with the property sales transaction will flow to the Target Company. Likelihood of inflow of economic benefits to the Target Company is demonstrated by the purchaser's commitment to pay, which in turn is supported by substantial investment that gives the purchaser a stake in the property sufficient that the risk of loss through default motivates the purchaser to honour the obligation to the Target Company. Inflow of economic benefits associated with the property sales transaction is also assessed by considering location of the property and the prevailing market price of similar properties.

Management has also made judgement on when significant risks and rewards of ownership of properties are transferred to purchasers. Risk and rewards of ownership of properties are transferred to purchasers upon which the construction of relevant properties has been completed and upon which the beneficial interest in the properties has been passed to the purchasers.

The judgement on the likelihood of inflow of economic benefits associated with the property sales transaction and the transfer of risks and rewards of ownership of properties would affect the Target Company's profit for the year and the carrying value of completed properties held for sale.

(c) Land appreciation tax

The Target Company is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Target Company has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Target Company recognises these land appreciation taxes based on management's best estimates according to the understanding of the tax rules, by using a single best estimate of the most likely outcome approach. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(d) Income tax and deferred income tax

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Target Company recognises tax liabilities for anticipated tax audit issues based on a single best estimate of the most likely outcome approach. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made. Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 REVENUE AND SEGMENT INFORMATION

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sale of properties	—	—	717,819	—	2,926
Rental income	—	—	—	—	164
	—	—	717,819	—	3,090

The chief operating decision-maker has been identified as the Board of Directors. Management determines the operating segments based on the Target Company's internal reports, which are then submitted to the Board of Directors for performance assessment and resources allocation. The Board of Directors assesses the performance of the operating segment based on a measure of profit before income tax. The Target Company has identified one operating segment — property development. Accordingly, segment disclosures are not presented. No geographical segment analysis is presented as all of the assets and operation of the Target Company is located in the PRC, which is considered as one geographical location in an economic environment with similar risk and returns.

For the years ended 31 December 2014, 2015 and 2016 and six months ended 30 June 2016 and 2017, there was no transaction with a single external customer that amounted to 10% or more of the Target Company's revenue.

6 EXPENSES BY NATURE

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of properties sold — including construction cost, land cost and capitalised interests	—	—	567,238	—	1,883
Business taxes and other levies on sales of properties *(Note (a))*	—	—	34,893	—	27
Employee benefit expenses *(Note 7)*	2,711	5,373	7,012	3,429	2,319
Advertising and promotion expenses	258	9,052	10,096	7,913	955
Depreciation *(Note 11)*	76	201	217	127	112
Auditor's remuneration	15	72	72	36	37
Legal and professional fee	127	12	30	—	—
Sales commission	—	1,380	6,786	2,468	1,366
Others	1,241	2,803	3,200	1,904	928
Total cost of sales, selling and marketing expenses and general and administrative expenses	4,428	18,893	629,544	15,877	7,627

Note:

(a) The Target Company was subject to business taxes of 5% on it's revenue from sales of properties before 1 May 2016. From then onwards, they are subject to value added tax and the applicable tax rates are 11% and 5%.

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Wages and salaries	1,782	3,730	4,796	2,266	1,761
Pension cost — defined contribution plans	478	704	617	315	256
Employees' benefits	451	939	1,599	848	302
	2,711	5,373	7,012	3,429	2,319

Note: **Pensions — Defined contribution plans**

The Target Company participates in defined contribution retirement plans. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount within the geographical area. The Target Company is required to make contributions of 20% of the previous year's average basic salaries within the geographical area where the employees are under employment. The Target Company has no obligations for the payment of pension benefits beyond the annual contributions as set out above. The contributions are charged to the statements of comprehensive income as they become payable.

No forfeited contribution is available to reduce the contribution payable in future year.

8 FINANCE INCOME — NET

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Finance income	(174)	(1,667)	(888)	(464)	(325)
Finance costs	27,052	75,038	32,385	20,052	15,764
Less: interest capitalised on qualifying assets	(27,052)	(75,038)	(32,385)	(20,052)	(15,764)
Finance income, net	(174)	(1,667)	(888)	(464)	(325)

9 INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current income tax					
— PRC corporate income tax	—	—	18,587	—	—
— PRC land appreciation tax	—	—	—	—	—
Deferred income tax *(Note 12)*	(914)	(3,947)	5,385	(2,555)	(1,000)
	(914)	(3,947)	23,972	(2,555)	(1,000)

The income tax on the Target Company's (loss)/profit before income tax arise using the enacted tax rate of the PRC as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss)/profit before income tax	(4,252)	(17,070)	89,410	(15,366)	(4,413)
Tax calculated at PRC corporate income tax rate of 25%	(1,063)	(4,268)	22,352	(3,842)	(1,103)
Income not subject to tax	(44)	(417)	(222)	(116)	(81)
Expenses not deductible for tax purposes	193	738	1,842	1,403	184
Income tax (credit)/ expense	(914)	(3,947)	23,972	(2,555)	(1,000)

PRC corporate income tax is provided at the rate of 25% for each of the years ended 31 December 2014, for the year ended 31 December 2015, for the year ended 2016 and the six months ended 30 June 2016 and 2017 of the (losses)/profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for PRC corporate income tax purpose. The PRC corporate income tax is taxed upon the advance proceeds are received from the purchasers of the Target Company's properties.

PRC land appreciation tax ("**LAT**") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the statements of comprehensive income as income tax. The Target Company has estimated the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

10 DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2016 and 2017.

11 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures *RMB'000*	Computer equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
At 1 January 2014				
Cost	61	—	398	459
Accumulated depreciation	(4)	—	(3)	(7)
Net book amount	57	—	395	452
Year ended 31 December 2014				
Opening net book amount	57	—	395	452
Additions	159	—	901	1,060
Depreciation	(16)	—	(60)	(76)
Closing net book amount	200	—	1,236	1,436
At 31 December 2014				
Cost	220	—	1,299	1,519
Accumulated depreciation	(20)	—	(63)	(83)
Net book amount	200	—	1,236	1,436
Year ended 31 December 2015				
Opening net book amount	200	—	1,236	1,436
Additions	68	136	—	204
Depreciation	(52)	(26)	(123)	(201)
Closing net book amount	216	110	1,113	1,439
At 31 December 2015				
Cost	288	136	1,299	1,723
Accumulated depreciation	(72)	(26)	(186)	(284)
Net book amount	216	110	1,113	1,439
Year ended 31 December 2016				
Opening net book amount	216	110	1,113	1,439
Additions	102	—	—	102
Disposal	(1)	—	—	(1)
Depreciation	(68)	(26)	(123)	(217)
Closing net book amount	249	84	990	1,323
At 31 December 2016				
Cost	389	136	1,299	1,824
Accumulated depreciation	(140)	(52)	(309)	(501)
Net book amount	249	84	990	1,323
Six months ended 30 June 2017				
Opening net book amount	249	84	990	1,323
Additions	3	—	—	3
Depreciation	(37)	(13)	(62)	(112)
Closing net book amount	215	71	928	1,214
At 30 June 2017				
Cost	392	136	1,299	1,827
Accumulated depreciation	(177)	(65)	(371)	(613)
Net book amount	215	71	928	1,214

12 DEFERRED INCOME TAX ASSET

The analysis of deferred income tax asset is as follows:

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax asset:				
— to be recovered after more than 12 months	1,438	—	—	—
— to be recovered within 12 months	—	5,385	—	1,000
	1,438	5,385	—	1,000

The movement in deferred income tax asset during the years/period is as follows:

	Tax losses
	RMB'000
At 1 January 2014	524
Credited to the statements of comprehensive income *(Note 9)*	914
At 31 December 2014 and 1 January 2015	1,438
Credited to the statements of comprehensive income *(Note 9)*	3,947
At 31 December 2015 and 1 January 2016	5,385
Debited to the statements of comprehensive income *(Note 9)*	(5,385)
At 31 December 2016 and 1 January 2017	—
Credited to the statements of comprehensive income *(Note 9)*	1,000
At 30 June 2017	1,000

13 PROPERTIES UNDER DEVELOPMENT

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within normal operating cycle included under current assets	1,182,582	1,681,368	1,271,211	1,556,898
Amount comprised				
Land use rights	650,591	650,591	434,815	435,379
Construction costs and capitalised expenditures	504,939	928,687	744,856	1,015,650
Interest capitalised	27,052	102,090	91,540	105,869
	1,182,582	1,681,368	1,271,211	1,556,898

The properties under development are all located in the PRC.

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development:				
Expected to be completed and available for sale after more than 12 months	1,182,582	572,207	—	—
Expected to be completed and available for sale within 12 months	—	1,109,161	1,271,211	1,556,898
	1,182,582	1,681,368	1,271,211	1,556,898

As at 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017, certain areas under development were pledged as collateral for the Target Company's borrowings (Note 20).

14 COMPLETED PROPERTIES HELD FOR SALE

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Completed properties held for sale comprised:				
Land use rights	—	—	79,929	79,929
Construction costs and capitalised expenditures	—	—	199,933	199,933
Interest capitalised	—	—	16,415	16,415
	—	—	296,277	296,277

The completed properties held for sale are all located in the PRC.

As at 31 December 2016, all completed properties held for sale were pledged as collateral for the Target Company's borrowings (Note 20).

15 DEPOSITS AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Utility and other deposits	793	960	951	971
Prepaid construction costs	501,538	754,866	81,840	75,523
Prepaid other taxes	—	42,087	44,819	48,182
Other receivables	281,885	75,731	129,523	93,913
	784,216	873,644	257,133	218,589

The carrying amounts of deposits and other receivables and prepayments approximate to their fair values.

16 AMOUNTS DUE FROM/TO INTERMEDIATE HOLDING COMPANY, IMMEDIATE HOLDING COMPANY, FELLOW SUBSIDIARIES AND RELATED COMPANIES

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from intermediate holding company	—	—	975,290	—
Amount due from immediate holding company	209,000	125,600	360,890	1,335,970
Amounts due from fellow subsidiaries	188,938	85,194	—	—
Amounts due from related companies	69,474	—	—	—
Amounts due to fellow subsidiaries	2,600	—	21,080	187,378

All amounts with intermediate holding company, immediate holding company, fellow subsidiaries and related companies are unsecured, interest free and repayable on demand.

Amounts due from/to intermediate holding company, immediate holding company, fellow subsidiaries and related companies are denominated in RMB and approximate to their fair values.

17 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted cash *(Note (a) and (b))*	100,131	12,182	32,892	38,711
Cash and cash equivalents	12,521	125,837	130,599	94,232
Cash and cash balances	112,652	138,019	163,491	132,943

Notes:

(a) As at 31 December 2014, 2015, 2016 and 30 June 2017, the Target Company's cash of RMBNil, RMB12,182,000, RMB32,892,000 and RMB38,711,000 respectively were deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Target Company's properties.

(b) As at 31 December 2014, the Target Company's cash of RMB100,131,000 represents the funds borrowed under specific borrowings that were subjected to restriction of use for the construction work.

(c) The above balances represent cash at bank and on hand as at 31 December 2014, 2015, 2016 and 30 June 2017 and all are denominated in RMB.

18 PAID IN CAPITAL

	Paid up share capital
	RMB'000
At 31 December 2013, 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017	1,650,000

19 STATUTORY RESERVE

In accordance with the relevant regulations and their articles of association, the Target Company incorporated in the PRC is required to allocate at least 10% of their after-tax profit according to PRC accounting standards and regulations to the general statutory reserve until such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective board of directors of the subsidiaries. These reserves can only be used for specific purposes and are not distributable or transferable in the form of loans, advances, or cash dividends.

20 BORROWINGS

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Bank borrowings — secured *(Note a)*	10,000	80,000	400,000	400,000
Current				
Bank borrowings — secured *(Note a)*	334,000	80,000	76,000	—
Other borrowing — secured *(Note b)*	500,000	320,000	—	—
	834,000	400,000	76,000	—
Total borrowings	844,000	480,000	476,000	400,000

Notes:

(a) Bank borrowings — secured

As at 31 December 2014, the Target Company had a bank borrowing of RMB294,000,000. The borrowing was repayable on demand with fixed interest rate of 10.44% per annum and was secured by the land use right of one parcel of land which represents the Western Zone of the Project located at Ganzhou. The borrowing was fully repaid during the year ended 31 December 2015.

As at 31 December 2014, 2015 and 2016, the Target Company had bank borrowings amounted to RMB50,000,000, RMB160,000,000, RMB76,000,000 with a repayment term of 3 years. These bank borrowings were secured by the land use right of one parcel of land which represents the Western Zone of the Project located at Ganzhou and corporate guarantee executed by the former immediate holding company of the Target Company and bear interest at prevailing rate as published by the People's Bank of China (capped at prevailing rate multiplied by 135%). These bank borrowings were fully repaid during the period ended 30 June 2017.

As at 31 December 2016 and 30 June 2017, the Target Company had a bank borrowing of RMB400,000,000 with fixed interest rate of 7.125% per annum and have a repayment term of 3 years. This bank borrowing was secured by the properties under development in Eastern Zone held by the Target Company (Note 13), the completed properties held for sale held by a fellow subsidiary of the Target Company and corporate guarantee executed by the related companies of the previous controlling shareholder of the Target Company.

(b) Other borrowing — secured

As at 31 December 2014 and 2015, the Target Company had a borrowing from a financial institution amounting to RMB500,000,000 and RMB320,000,000 respectively with fixed interest rate of 11.5% per annum and repayable in two years from 30 September 2014.

As at 31 December 2014 and 2015, this borrowing was secured by the land use right of one parcel of land which represents the Eastern Zone of the Project located at Ganzhou, properties under development in Eastern Zone held by the Target Company (Note 13 and 14) and corporate guarantee executed by the previous related companies of the Target Company. However, as there was a repayment on demand clause in the loan agreement, the outstanding amount of the other borrowing amounting to RMB500,000,000 and RMB320,000,000 was classified as current liabilities as at 31 December 2014, and 2015. The borrowing was fully repaid during the year ended 31 December 2016.

The carrying amounts of the Target Company's borrowing approximate their fair values and were denominated in RMB.

The Target Company's borrowings, after the consideration of repayable on demand clause, were repayable as follows:

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
On demand	794,000	320,000	—	—
Within 1 year	40,000	80,000	76,000	—
Between 2 and 5 years	10,000	80,000	400,000	400,000
	844,000	480,000	476,000	400,000

21 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	18,404	41,735	101,370	134,730
Other payables and accruals	4,353	4,359	9,374	8,327
	22,757	46,094	110,744	143,057

The ageing analysis of the trade payables of the Target Company based on invoice date is as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0–30 days	18,169	41,536	101,166	134,526
31–60 days	—	—	—	—
61–90 days	—	44	—	—
Over 91 days	235	155	204	204
	18,404	41,735	101,370	134,730

As at 31 December 2014, 2015 and 2016 and 30 June 2017, the carrying amounts of the trade and other payables approximate to their fair values.

22 ADVANCE PROCEEDS RECEIVED FROM CUSTOMERS

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance proceeds received from customers	35,808	793,417	1,104,315	1,208,762

The balances represent deposits and instalments received on properties sold to independent third parties after the issuance of pre-sale certificates by local government authorities.

23 CASH (USED IN)/GENERATED FROM OPERATIONS

Reconciliation of (loss)/profit before income tax to cash (used in)/generated from operations is set out as below:

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss)/profit before income tax	(4,252)	(17,070)	89,410	(15,366)	(4,413)
Adjustments for:					
— Depreciation *(Note 11)*	76	201	217	127	112
— Loss on disposal of property, plant and equipment	—	—	1	—	—
— Finance income *(Note 8)*	(174)	(1,667)	(888)	(464)	(325)
Operating profit before working capital change	(4,350)	(18,536)	88,740	(15,703)	(4,626)
— Properties under development and completed properties held for sale	(659,989)	(422,548)	146,864	(209,319)	(269,695)
— Deposits and other receivables and prepayments	(216,295)	(89,428)	616,511	7,865	38,544
— Amount due from intermediate holding company	—	—	(975,290)	—	—
— Amount due from immediate holding company	(209,000)	83,400	(235,290)	(271,900)	210
— Amounts due from fellow subsidiaries	(188,938)	103,744	85,194	59,928	—
— Amounts due from related companies	751,146	69,474	—	—	—
— Advanced proceeds received from customers	35,808	757,609	310,898	590,019	104,447
— Restricted cash	(100,131)	87,949	(20,710)	(9,681)	(5,819)
— Trade and other payables	(232,085)	23,337	64,650	(33,803)	32,313
Cash (used in)/generated from operations	(823,834)	595,001	81,567	117,406	(104,626)

24 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loan and receivables				
Deposits and other receivables (Excluding prepaid construction costs and prepaid other taxes)	282,678	76,691	130,474	94,884
Amount due from intermediate holding company	—	—	975,290	—
Amount due from immediate holding company	209,000	125,600	360,890	1,335,970
Amounts due from fellow subsidiaries	188,938	85,194	—	—
Amounts due from related companies	69,474	—	—	—
Restricted cash	100,131	12,182	32,892	38,711
Cash and cash equivalents	12,521	125,837	130,599	94,232
	862,742	425,504	1,630,145	1,563,797

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other financial liabilities at amortised cost				
Trade and other payables	22,757	46,094	110,744	143,057
Advance proceeds received from customers	35,808	793,417	1,104,315	1,208,762
Amounts due to fellow subsidiaries	2,600	—	21,080	187,378
Borrowings	844,000	480,000	476,000	400,000
	905,165	1,319,511	1,712,139	1,939,197

25 COMMITMENTS

(a) Commitments for property development expenditures

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Contracted but not provided for	1,970,714	1,471,588	1,039,378	1,212,775	735,218

Note:

The amount represented capital commitment for land use rights, construction contracts and agreed prepayment for proposed development contracts determined based on current estimated budgets.

(b) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Not later than one year	—	—	—	—	1,137
Later than one year and not later than five years	—	—	—	—	4,888
	—	—	—	—	6,025

26 RELATED PARTY TRANSACTIONS

The ultimate controlling party of the Target Company is Lai Hua Holding Limited.

During the years ended 31 December 2014, 2015 and 2016 and six months ended 30 June 2016 and 2017, key management compensation were the same as the directors' emoluments as disclosed in Note 28(a).

Other than those transactions disclosed elsewhere in the Financial Information, no other material transactions were carried out with related companies in the normal course of the Target Company's business.

27 FINANCIAL GUARANTEE

The Target Company has arranged bank financing for certain purchasers of the Target Company's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Target Company is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Target Company is entitled to retain the legal title and take over possession of the related properties. The Target Company's guarantee period starts from the dates of grant of the mortgages. As at 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017, the amount of outstanding guarantees for mortgages were approximately RMBNil, RMB431,464,000, RMB1,114,019,000 and RMB1,129,424,000.

The directors consider that the likelihood of default in payments by purchasers is minimal and as the Target Company is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts, the financial guarantees measured at fair value is immaterial.

28 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Directors' emoluments					
Fees	—	—	—	—	—
Other emoluments	283	—	440	225	466
	283	—	440	225	466

During the Track Record Periods, none of the directors of the Target Company (i) received or paid any remuneration in respect of accepting office; (ii) received or paid emoluments in respect of services in connection with the management of the affairs of the Target Company; and (iii) waived or has agreed to waive any emolument.

(b) Directors' termination benefits

During the Track Record Periods, no emoluments, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable.

(c) Consideration provided to third parties for making available directors' services

During the Track Record Periods, no consideration was provided to or receivables by third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

The information about loans, quasi-loans or other dealings entered into by the Target Company where applicable, in favour of the directors is as follows:

There was no loans, quasi-loans and other dealings in favour of the directors, their controlled bodies corporate and connected entities as at 31 December 2014, 2015, 2016 and 30 June 2017.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Target Company's business to which the Target Company was a party and in which a director of the Target Company has a material interest, whether directly or indirectly, subsisted at the end of 31 December 2014, 2015 and 2016 and 30 June 2017 or at any time during the years ended 31 December 2014, 2015 and 2016 and six months ended 30 June 2016 and 2017.

29 SUBSEQUENT EVENTS

As at the date on which the Financial Information is approved, there was no subsequent event that needs to be disclosed or adjusted by the Target Company.

II. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 June 2017 and up to the date of this report. No dividend or distribution has been declared or made by the Target Company in respect of any period subsequent to 30 June 2017.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") has been prepared on the basis of the notes set out below for the purpose of illustrating the effects of the proposed acquisition of Laihua Taisheng Limited by Shenzhen Bao Kai Assets Holdings Limited, a wholly-owned subsidiary of the Company (the "**Proposed Acquisition**") on the assets and liabilities of the Enlarged Group as if the Proposed Acquisition had been completed on 30 June 2017.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information contained in this Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Proposed Acquisition been completed as at 30 June 2017 or any future date.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP (CONTINUED)

Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2017

	Unaudited interim condensed consolidated statement of assets and liabilities of the Group as at 30 June 2017	Statement of assets and liabilities of the Target Company as at 30 June 2017	Statement of assets and liabilities of the Target Company as at 30 June 2017	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2017
	HK$'000	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 2*	*Note 3*	*Note 4*	
ASSETS						
Non-current assets						
Property, plant and equipment	401,348	1,214	1,356			402,704
Investment properties	1,704,532	—	—			1,704,532
Intangible assets	199,246	—	—	2,165		201,411
Investment in associates	5,300	—	—			5,300
Deferred income tax asset	—	1,000	1,117			1,117
Available-for-sale financial assets	1,406,865	—	—			1,406,865
Trade receivables	10,047	—	—			10,047
Prepayments	6,500	—	—			6,500
Total non-current assets	3,733,838	2,214	2,473			3,738,476
Current assets						
Properties under development	—	1,556,898	1,739,055	15,928		1,754,983
Completed properties held for sale	—	296,277	330,941	46,978		377,919
Inventories	48,524	—	—			48,524
Loans and advances	938,024	—	—			938,024
Trade receivables	240,381	—	—			240,381
Amount due from the then immediate holding company	—	1,335,970	1,492,278	(1,492,278)		—
Prepayments, deposits and other receivables	153,437	218,589	244,164			397,601
Current income tax recoverables	1,327	89,779	100,283			101,610
Held-to-maturity investment	60,000	—	—			60,000
Financial assets at fair value through profit or loss	781,898	—	—			781,898
Client trust bank balances	408,427	—	—			408,427
Restricted cash	—	38,711	43,240			43,240
Cash and cash equivalents	1,134,156	94,232	105,257			1,239,413
	3,766,174	3,630,456	4,055,218			6,392,020
Assets classified as held-for-sale	84,994	—	—			84,994
	3,851,168	3,630,456	4,055,218			6,477,014
Total assets	7,585,006	3,632,670	4,057,691			10,215,490

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP (CONTINUED)

Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2017 (Continued)

	Unaudited Interim condensed consolidated statement of assets and liabilities of the Group as at 30 June 2017	Statement of assets and liabilities of the Target Company as at 30 June 2017	Statement of assets and liabilities of the Target Company as at 30 June 2017	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2017
	HK$'000	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 2*	*Note 3*	*Note 4*	
LIABILITIES						
Non-current liabilities						
Other payables	257,159	—	—			257,159
Borrowings	21,172	400,000	446,800			467,972
Deferred income tax liabilities	200,751	—	—	35,440		236,191
Total non-current liabilities	479,082	400,000	446,800			961,322
Current liabilities						
Trade and bills payables	510,753	134,730	150,493			661,246
Accruals and other payables	389,684	8,327	9,301	428,962	2,346	830,293
Amount due to a then related company	—	187,378	209,301			209,301
Advance proceeds received from customers	—	1,208,762	1,350,187			1,350,187
Borrowings	892,042	—	—			892,042
Current income tax liabilities	39,076	—	—			39,076
	1,831,555	1,539,197	1,719,282			3,982,145
Liabilities classified as held-for-sale	17,027	—	—			17,027
	1,848,582	1,539,197	1,719,282			3,999,172
Total liabilities	2,327,664	1,939,197	2,166,082			4,960,494
Net assets	5,257,342	1,693,473	1,891,609			5,254,996

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP (CONTINUED)

Notes to the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2017

1. The amounts are derived from the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2017 as set out in its published announcement in relation to interim condensed consolidated financial information for the six months ended 30 June 2017.

2. The assets and liabilities of the Target Company in RMB are extracted from the statement of financial position of the Target Company as at 30 June 2017 as set out in Accountant's Report set out in Appendix II to this Circular. For the purpose of the unaudited pro forma financial information, RMB1 is translated to HK$1.117 (the exchange rate prevailing on 30 June 2017).

3. For the purpose of preparing the unaudited pro forma consolidated statement of financial position of the Enlarged Group, the Directors assumed that with the exception of properties under development, the pro forma fair value of identifiable assets and liabilities of the Target Group, are the same as their respective carrying amounts as at 30 June 2017.

   The Group has applied the acquisition method in accordance with HKFRS 3 "**Business Combinations**" to account for the Proposed Acquisition as if the Proposed Acquisition had been completed on 30 June 2017 and the calculation of pro forma goodwill is as follows:

	HK$'000
Consideration transferred (i)	1,921,240
Carrying amount of identifiable net assets acquired	(1,891,609)
Pro forma fair value adjustment to properties under development and for completed properties held for sale (ii)	(62,906)
Deferred tax liabilities arising from pro forma fair value of adjustment to properties under development and for completed properties held for sale (iii)	35,440
Pro forma goodwill (iv)	2,165

   (i) As stipulated in the formal sale and purchase agreement as mentioned in the Letter from the Board section of this circular and the Supplement Agreement dated on 6 September 2017, Shenzhen Bao Kai Assets Holdings Limited (the "**Purchaser**"), an indirectly wholly-owned subsidiary of the Company, will settle the consideration amounted to RMB1,720,000,000 to Lai Hua Properties and Investment Limited (the "**Vendor**") by deducting the Vendor's Indebtedness from the consideration. The remaining balance of RMB384,000,000 (approximately to HK$428,962,000) will be settled in the following manner:

      (a) an amount of RMB100,000,000 within 10 Business Days (as defined in the Agreement) after the date of the Agreement;

      (b) an amount of RMB19,200,000 within 10 Business Days (as defined in the Agreement) after the date of the Shareholders approving the transactions contemplated under the Agreement at the EGM (or if no EGM will be convened, the date upon which the registration and notarization procedure in respect of the transfer of the Sale Interest is completed);

(c) an amount of RMB38,400,000 within 10 Business Days (as defined in the Agreement) after the date of completion of registration of the transfer of the Sale Interest by the local Administration for Industry and Commerce of the PRC;

(d) an amount of RMB57,600,000, within 60 calendar days after the date of Completion; and

(e) an amount of RMB168,800,000 within 180 calendar days after the date of Completion.

(ii) The pro forma fair value adjustments to properties under development and completed properties held for sale was amounted to HK$62,906,000 calculated by comparing the fair value of properties under development and completed properties held for sale as if completed less future construction cost, estimated developer's profits and miscellaneous items of HK$2,132,902,000 with the net book value of such properties of HK$2,069,996,000. The pro forma fair values of the properties under development and completed properties held for sale are as 30 June 2017 and are based on the directors' estimation with reference to a valuation carried out by an independent qualified professional valuer. The properties under development and completed properties held for sale, which were valued under direct comparison method where comparison based on prices realised on actual sales or market price information of comparable properties is made range per unit. The accrued construction cost and professional fees relevant to the stage of construction as of the valuation date and the remainder of the cost and fees expected to be incurred for completing the development are also considered.

(iii) The deferred tax liabilities relating to the pro forma fair value of properties under development and completed properties held for sale amounted to approximately HK$35,440,000, which was calculated based on the estimated taxable profit at standard rate and land value appreciation amount realised from real property transactions at progressive rates. The effective tax rate is 56%.

(iv) The amounts of goodwill and fair value of the identifiable assets and liabilities of the Target Company on the Completion Date are subject to (i) the completion of the valuation of the fair value of the identifiable assets and liabilities of the Target Company on the Completion Date and (ii) the financial position of the Target Company on the Completion Date. Accordingly, the amounts of goodwill and fair value of the identifiable assets and liabilities of the Target Company may be materially different from the amounts used in the preparation of the unaudited pro forma financial information presented above.

For the purpose of the unaudited pro forma financial information, the Directors have assessed whether there is any impairment in respect of the goodwill expected to arise from the Acquisition following the principles set out in Hong Kong Accounting Standard 36 "Impairment of Assets".

Based on the Directors' assessment, the Directors consider that there is no impairment indicator on the goodwill with assumed values set out above.

4. The adjustment represents the estimated professional fees of approximately HK$2,346,000, relating to the Acquisition. The amounts included the costs of professional advisers for the Acquisition, which are assumed to be paid after the completion of the Acquisition.

5. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Enlarged Group subsequent to 30 June 2017.

(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CHINA GOLDJOY GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Goldjoy Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Group as at 30 June 2017, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-1 to III-5 of the Company's circular dated Circular Date, in connection with the proposed acquisition of Laihua Taisheng Limited by Shenzhen Bao Kai Assets Holdings Limited (the "**Transaction**"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-5.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2017 as if the Transaction had taken place at 30 June 2017. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's unaudited interim consolidated financial information for the six months ended 30 June 2017, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 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**").

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Our Independence and Quality Control

We have complied with the independence and other ethical requirement 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 behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA 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 4.29(7) of the Listing Rules, on the Unaudited 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 Unaudited 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 plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 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 Unaudited 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 Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction 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 Proposed Transaction at 30 June 2017 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 event or transaction, 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 judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction 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 by the directors of the Company 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 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 8 December 2017

BUSINESS OVERVIEW

The principal business of the Target Company is real estate property sale and development.

FINANCIAL OVERVIEW

Project Portfolio

As at 30 June 2017, approximately 10.45% of the total gross floor area (the "**GFA**") of the project representing the car parks, retail shops and kindergarten in Eastern Zone developed by the Target Company (the "**Project**") was completed but not handovered, and approximately 71.8% of the GFA is under construction. According to the plan, the pre-sales of the remaining residential units situated in Eastern Zone (Land parcels H26) of the Project will commence in the last quarter of 2017. The type of product of the Project includes residential units, hotel, a shopping mall, offices and car-parks.

Revenue

The Target Company did not record any revenue of the Project during the period from 1 January 2014 to 30 June 2016 because the Project was still under construction.

The Target Company recorded a total revenue of RMB717.8 million and RMB3.1 million for the year ended 31 December 2016 and for the six months ended 30 June 2017 respectively, which were mainly attributable to the sales of properties of the Project commenced during the latter half of 2016.

Cost of sales

Cost of sales comprised the costs incurred in relation to direct development activities for the properties delivered during the period, such as land use rights costs, construction costs, amortisation of the capitalised finance costs and business tax.

The Target Company did not recognise any cost of sales of the Project during the period from 1 January 2014 to 30 June 2016 because the Project was still under construction.

The Target Company recognised a total cost of sales of RMB602.1 million and RMB1.9 million for the year ended 31 December 2016 and for the six months ended 30 June 2017 respectively as the sales of properties of the Project commenced during the latter half of 2016 and continued until 2017.

Gross profit

During the year ended 31 December 2016 and for the six months ended 30 June 2017, the gross profit of the Target Company amounted to RMB115.7 million and RMB1.2 million, respectively.

Selling and marketing expenses

The selling and marketing expenses of the Target Company comprised primarily the advertisement and promotion costs, staff costs, travel expenses, office expenses and other expenses relating to pre-sales and marketing activities of the properties of the Project. The advertisement and promotion costs are expensed in the period when they took place.

The selling and marketing costs of the Target Company amounted to RMB1.6 million, RMB15.1 million, RMB22.8 million, RMB13.6 million and RMB3.7 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, respectively. The fluctuation in the selling and marketing costs were in line with the pre-sale activities.

General and administrative expenses

The general and administrative expenses of the Target Company during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017 mainly included administrative staff costs, office and travel expenses, consulting expenses, taxes and other general and administrative expenses.

The general and administrative expenses of the Target Company amounted to RMB2.8 million, RMB3.8 million, RMB4.6 million, RMB2.3 million and RMB2.0 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017 respectively. The fluctuation of the administrative expenses was in line with the movement in administrative staff headcount.

Finance income

The finance income of the Target Company mainly arising from the interest income generated from the bank deposits amounted to RMB0.2 million, RMB1.7 million, RMB0.9 million, RMB0.5 million and RMB0.3 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, respectively.

Finance costs

During the constriction period of the Project, all the finance costs were being capitalised. The finance costs capitalised of the Target Company during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017 were amounted to RMB27.1 million, RMB75.0 million, RMB32.4 million, RMB20.1 million and RMB15.8 million, respectively.

Income tax

The income tax (credit)/expense of the Target Company consists of the PRC corporate income tax based on the assessable profits generated by the Target Company and the PRC land appreciation tax. The income tax (credit)/expense for the years ended 31 December

2014, 2015, 2016 and six months ended 30 June 2016 and 30 June 2017 amounted to RMB(0.9) million, RMB(3.9) million, RMB24.0 million, RMB(2.6) million and RMB(1.0) million, respectively.

(Loss)/profit after income tax for the years/periods

The (loss)/profit after income tax of the Target Company amounted to RMB(3.3) million, RMB(13.1) million, RMB65.4 million, RMB(12.8) million and RMB(3.4) million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, respectively.

Headcount and policy of employee remuneration

As at 31 December 2014, 2015 and 2016 and 30 June 2017, the number of employees in the Target Company was approximately 70, 98, 91 and 82, respectively.

The Target Company adopts a remuneration policy with equal emphasis on the market-competitiveness of the remuneration and fairness among the employees. The Target Company reviews staff remuneration once a year, or as its management considers appropriate. Changes in remuneration are based on a range of factors including the Target Company's performance, the competitiveness of remuneration with the external market, and an individual employee's performance. The remuneration includes basic salary payments, bonus, contributions to social insurance scheme and necessary training.

The Target Company is required to make contribution to the social insurance contribution scheme, which includes the endowment insurance, medical insurance and unemployment insurance for the employees according to the relevant regulations in the PRC.

The staff costs of the Target Company for the years ended 31 December 2014, 2015, 2016 and for the six months ended 30 June 2017 were approximately RMB2.7 million, RMB5.4 million, RMB7.0 million and RMB2.3 million, respectively, details of which are set out in note 7 of the accountants' report of the Target Company as set out in Appendix II to this circular.

Borrowings and collateral

Majority of the borrowing of the Target Company amounted to RMB844.0 million, RMB480.0 million, RMB476.0 million and RMB400.0 million, as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively, were secured by the lands, properties under development for sale of the Target Company and corporate guarantees executed by the related companies of the Target Company, amounting to RMB1,182.6 million, RMB1,681.4 million, RMB1,271.2 million and RMB1,556.9 million, respectively.

Cash position

As at 31 December 2014, 2015, 2016 and 30 June 2017, the total balances of cash and cash equivalents of the Target Company amounting to RMB12.5 million, RMB125.8 million, RMB130.6 million and RMB94.2 million, respectively.

As at 31 December 2014, 2015, 2016 and 30 June 2017, the total balances of restricted cash and cash equivalents of the Target Company amounting at RMB100.1 million, RMB12.2 million, RMB32.9 million and RMB38.7 million, respectively. These balances will be used to support the daily operation and continuous development of the Project of the Target Company.

Foreign exchange risk

The Target Company operates mainly in the mainland China. All transactions are principally conducted in Renminbi and the assets and liabilities are all denominated in Renminbi. Therefore, it is not exposed to material foreign exchange risk.

Interest rate of borrowings

The table below sets out Target Company's exposure to interest rate risks, including the liabilities at carrying amounts (categorized by maturity dates).

	Floating rates			**Fixed rates**			
	Less than 1 year *(RMB million)*	**1 to 5 years** *(RMB million)*	**Sub-total** *(RMB million)*	**Less than 1 year** *(RMB million)*	**1 to 5 years** *(RMB million)*	**Sub-total** *(RMB million)*	**Total** *(RMB million)*
Borrowings							
At 31 December 2014	40	10	50	794	—	794	844
At 31 December 2015	80	80	160	320	—	320	480
At 31 December 2016	76	—	76	—	400	400	476
At 30 June 2017	—	—	—	—	400	400	400

The fluctuations in the interest rate between the financial years were mainly due to different sources of borrowings taken out, which were affected by factors such as profitability of the project, the market conditions, as well as the timing of the funds.

The Target Company did not use any interest rate swaps to hedge its exposure against interest rate risk during the years ended 31 December 2014, 2015, 2016 and six months ended 30 June 2017.

Gearing ratios

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and long-term borrowings) less restricted cash and cash and cash equivalent. Total capital is calculated as total equity plus net debt.

As at 31 December 2014, 2015, 2016 and 30 June 2017, the gearing ratios of the Target Company were 30.8%, 17.3%, 15.6%, and 13.7%, respectively. The Project developed by the Target Company was mainly financed by borrowings from banks. The fluctuations of the gearing ratio during the periods were due to the changes of financing structure in line with different stages of project development.

Capital commitments

As at 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, total capital commitments as contracted but not provided for amounting to RMB365.9 million, RMB369.2 million, RMB383.7 million and RMB439.2 million, respectively, mainly for the expenditure in the property development.

Contingent liabilities

As at 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, total contingent liabilities amounting to nil, RMB431.5 million, RMB1,114.0 million and RMB1,129.4 million, respectively, mainly arising from the financial guarantees on mortgage facilities.

Material acquisition and disposal

The Target Company did not have any material acquisition and disposal of subsidiaries and associated companies during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017.

Significant investments held and their performance

As at 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the Target Company did not hold any investment.

Business prospects

The Target Company has been engaged in property development in the mainland China. The completion of the Project would not have any significant impact to the daily operation and administration of the Target Company. The Target Company will continue to be operated and managed by the existing management team, and to develop the Project with a profitable outcome and positive cash flow.

Future plans for capital assets

Subsequent to Completion, the Target Company will continue to focus on property development in the mainland China.

Expected sources of funding

The Target Company finances its operating and capital expenditure mainly by internal resources such as operating cash flow and shareholders' equity, and to an extent by bank borrowings.

8 December 2017

China Goldjoy Group Limited
Unit 1908–9, Tower 2, Lippo Centre
No. 89 Queensway, Hong Kong

Dear Sirs,

In accordance with the instruction of China Goldjoy Group Limited (the "**Company**" or "**China Goldjoy**") to provide our opinion of the market value of a composite development in the People's Republic of China (the "**PRC**") (or hereafter referred as the "**Property**" or the "**property interests**") held by Laihua TaiSheng Limited (the "**Target Company**"). We confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for providing the market value of such property interests as of 31 October 2017 (referred to as the "**Valuation Date**").

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of property and the limiting conditions.

No third party shall have the right of reliance on this valuation report and neither receipt nor possession of this valuation report by any third party shall create any express or implied third-party beneficiary rights.

BASIS OF VALUATION

Our valuation is our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "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".

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

The Property are currently under development, we have assumed that it will be developed and completed in accordance with the development plan provided to us. In the course of our valuation, except for the hotel portion, we have adopted the direct comparison method where comparison based on prices realized on actual sales or market price information of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property interest in order to arrive at a Market Value.

For hotel portion, we have adopted the current land value and the construction costs of the building. We have taken into account the accrued construction cost and professional fees relevant to the stage of construction as of the valuation date and the remainder of the cost and fees expected to be incurred for completing the development.

We have relied on the construction status and expected completion date of each portion of the Property provided by the Target Company to assess the Market Value in existing state as at the valuation date and we did not find any material inconsistency from those of other similar developments.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to the Property. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

We have relied to a considerable extent on the information provided by the Company and the PRC legal opinion provided by the PRC legal adviser, Allbright Law Offices (Shenzhen), on the PRC Law regarding the Property located in the PRC.

All legal documents disclosed in this letter and valuation certificate are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificate.

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interests.

No allowance has been in our valuations for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that the owner of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

We have valued the property interests on the assumption that it is developed in accordance with the development proposals or building plans given to us. We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the land parcels are held by the owner or permitted to be occupied by the owner.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificates. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificate.

Other special assumptions of the Property, if any, have been stated in the footnotes of the valuation certificate.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupancy, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation certificate are based on information contained in the documents provided to us and are only approximations.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the land areas or building areas in respect of the property but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

Our Mr. Robert Hu has inspected the Property included in the attached valuation certificate on 6 July 2017. No structural survey has been made and we are therefore unable to report as to whether the Property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for the sites.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2) and (3) of Schedule 3 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Listing Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

We hereby certify that we have neither present nor prospective interest in the real Property or the value reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
D&P China (HK) Limited
Calvin K.C. Chan
CFA, MRICS, MHKIS, MCIREA, RPS (GP)
Director

Notes: Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 20 years' experience in valuation of properties in Hong Kong and the People's Republic of China. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with that takeovers and mergers.

Mr. Robert Hu, who is a Chinese Registered Real Estate Appraiser has over 20 years' experience in valuation of properties in the PRC.

SUMMARY OF VALUE

Property	Market Value in existing state as of 31 October 2017 *(RMB)*
A Composite Development known as "Century City", northern side of Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province, The PRC 中國江西省贛州市章江新區贛江源大道北側「世紀城」	2,797,000,000 (including RMB85,000,000 of sold units but legal titles not yet transferred and RMB1,320,000,000 of pre-sold units but legal titles not yet transferred)
Total:	2,797,000,000

VALUATION CERTIFICATE

<table>
<tr><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market Value in existing state as of 31 October 2017</th></tr>
<tr>
<td>A Composite Development known as “Century City”, northern side of Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province, The PRC

中國江西省贛州市章江新區贛江源大道北側「世紀城」</td>
<td>
The subject Property is a composite development known as “Century City” erected on two land parcels (Lot Nos. H25 and H26) with a total site area of about 128,461.2 square metres.

The Property is divided into two zones (East Zone on Land Lot No. H26 and West Zone on Land Lot No. H25).

As advised, the status of construction works of the development is tabulated below:
<table>
<tr><th>Zones</th><th>Building Portion</th><th>Date of Completion</th></tr>
<tr><td>West Zone</td><td>All Buildings</td><td>December 2016</td></tr>
<tr><td>East Zone</td><td>Standard Residential</td><td>January 2018</td></tr>
<tr><td></td><td>Non-standard Residential</td><td>January 2018</td></tr>
<tr><td></td><td>Office</td><td>December 2020</td></tr>
<tr><td></td><td>Car Park (2,006 units)</td><td>May 2018</td></tr>
<tr><td></td><td>Retail</td><td>January 2018</td></tr>
<tr><td></td><td>Commercial Car Park (819 units)</td><td>January 2019</td></tr>
<tr><td></td><td>Shopping Mall</td><td>October 2018</td></tr>
<tr><td></td><td>Hotel</td><td>December 2020</td></tr>
</table>
Upon completion, the total gross floor area of the Property is about 635,340 square metres (including basement), the salient details are tabulated below:
<table>
<tr><th>Land Lot</th><th>Categories</th><th>Gross Floor Area (sq.m.)</th></tr>
<tr><td>H25 (West Zone)</td><td>Standard Residential</td><td>97,744.90</td></tr>
<tr><td></td><td>Non-standard Residential</td><td>15,291.70</td></tr>
<tr><td></td><td>Carpark (1,539 units)</td><td>50,679.12</td></tr>
<tr><td></td><td>Retail</td><td>12,713.33</td></tr>
<tr><td></td><td>Kindergarten</td><td>2,978.57</td></tr>
<tr><td></td><td>Sub-total:</td><td>179,407.62</td></tr>
<tr><td>H26 (East Zone)</td><td>Standard Residential</td><td>136,807.16</td></tr>
<tr><td></td><td>Non-standard Residential</td><td>66,465.27</td></tr>
<tr><td></td><td>Office</td><td>36,586.89</td></tr>
<tr><td></td><td>Carpark (2,006 units)</td><td>99,424.29</td></tr>
<tr><td></td><td>Retail</td><td>11,238.78</td></tr>
<tr><td></td><td>Commercial Carpark (819 units)</td><td>41,164.71</td></tr>
<tr><td></td><td>Shopping Mall</td><td>40,983.03</td></tr>
<tr><td></td><td>Hotel</td><td>23,261.87</td></tr>
<tr><td></td><td>Sub-total:</td><td>455,932.00</td></tr>
<tr><td>Grand Total:</td><td></td><td>635,339.62</td></tr>
</table>
Portion of the Century City with gross floor area of 98,756 sq.m have been legally transferred to individual third party. The total gross floor area of Property being held by the Target Company as if completed as of the valuation date is about 536,584 sq.m.

The land use rights of the Property have been granted for terms expiring on 23 July 2052 for commercial use, 23 July 2082 for residential use, and 23 July 2062 for educational use.
</td>
<td>As advised and as per our site inspection, west zone of the Property was completed; and the east zone was under construction.

Retail portion with total gross floor area of about 2,702 square metres was leased. Total gross floor area of about 208,645 square metres were sold/pre-sold, of which the legal titles have not been transferred. The remaining portion was vacant.</td>
<td>RMB2,797,000,000

(including RMB85,000,000 of sold units but legal titles not yet transferred and RMB1,320,000,000 of pre-sold units but legal titles not yet transferred)</td>
</tr>
</table>

Notes:

1. Pursuant to a State-owned Land Use Rights Contract, No. 3607022012B00268, entered into between Ganzhou City Land Administrative Bureau (贛州市國土資源局) and Baoneng Taisheng Company Limited (宝能泰盛有限公司) ("**Baoneng Taisheng**") dated 24 July 2012, the land use rights of the Property (Lot Nos. H25 and H26) with a total site area of 132,291.9 sq.m. have been granted to the Baoneng Taisheng for terms of 40 years for commercial and hotel, 70 years for residential and 50 years for kindergarten uses at a consideration of RMB625,063,700.

2. Pursuant to a State-owned Land Use Certificate (國有土地使用證), Gan Shi Zhang Guo Yong (2013) Di No. 0179 issued by the People's Government of Ganzhou City (贛州市人民政府) dated 5 December 2013, the land use rights of the Land Lot No H25 with site area of 42,605.6 square metres of the Property is held by Baoneng Taisheng for terms expiring on expiring on 23 July 2052 for commercial use and 23 July 2082 for residential use.

3. Pursuant to a Real Estate Certificate (不動產權證書), Gan (2016) Gan Zhou Shi Bu Dong Chan Quan Di No. 0054531 issued by the Real Estate Registration Bureau of Ganzhou City (贛州市不動產登記局) dated 28 September 2016, the land use rights of the Land Lot No. H26 with site area of 85,855.6 square metres of the Property is held by the Target Company for term expiring on expiring on 23 July 2052 for other commercial use, 23 July 2082 for residential use, and 23 July 2062 for educational use.

4. Pursuant to two Construction Land Planning Permits (建設用地規劃許可證), Nos. 360701201300010 and 36071201300011 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) both dated 6 February 2013, the development planning of the land of the Property has been approved.

5. Pursuant to eight Construction Works Planning Permits (建築工程規劃許可證), Jian Zi Nos. Fang Wu Jian 360701201300105, 360701201300106, 360701201500045, 360701201400039, 360701201400037, 360701201400059, 360701201400038 and 360701201500035 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 26 December 2013, 17 June 2014, 24 June 2014, 24 October 2014, 3 July 2015 and 14 September 2015 respectively, the construction works of the Property have been approved.

6. Pursuant to six Construction Works Commencement Permits (建設工程施工許可證), Nos. Zong Ban Zheng 362101201401240101, Zong Ban Zheng 362101201401240201, Zong Ban Zheng 362101201411140101, Zong Ban Zheng 362101201409150101, Zong Ban Zheng 362101201409010101 and Zong Ban Zheng 362101201510190201 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 24 January 2014, 15 September 2014, 1 September 2014, 14 November 2014 and 19 October 2015 respectively, the construction works of the Property have been approved.

7. Pursuant to thirteen Forward Sell Licences For Commodity House (商品房預售許可證) and one Record Of Commodity Flat For Sale (現售備案), Nos. 2016–004, 2016–027, 2016–019, 2015–054, 2015–038, 2015–061, 2016–057, 2015–012, 2016–020, 2015–023, 2014–080, 2017–001, 2017–010 and 2017–082 issued by Ganzhou City Real Estate Management Bureau (贛州市房地產管理局), the presale of the residential, retails, car parking units and the kindergarten have been approved.

8. Pursuant to the Letter of Change of Company (公司變更通知書) issued by Ganzhou City Industrial and Commercial Administrative Bureau (贛州市工商行政管理局) dated 1 February 2016, the name of the Target Company was changed from Baoneng Taisheng Company Limited (寶能泰盛有限公司) to Laihua TaiSheng Limited (萊華泰盛有限公司).

9. Pursuant to the Business License No. 070020021972 issued by Ganzhou City Industrial and Commercial Administrative Bureau (贛州市工商行政管理局) dated 1 August 2016, the Target Company was incorporated on 8 June 2011. The business operation is valid till 8 June 2061.

10. Century City is a newly developing composite development located at the junction of Ganjiangyuan Avenue and Ruijin Road. It conforms with the neighboring environment, as it is surrounded by various commercial, hotels, residential developments and various public utilities such as schools, Ganzhou City Central Park and the People's Hospital of Ganzhou City. It can be easily accessible as it is also closed to the Ganzhou Train Station on its eastern side within 5 minutes driving distance.

11. As advised by the Target Company, the construction cost-paid related to the Property as of the valuation date is RMB2,141,337,698, while the outstanding construction cost is RMB1,183,876,141. The construction works of the development on West Zone have been completed in December 2016, while the construction works of East Zone is scheduled to be completed in between 2018 and 2020.

12. As advised by the Target Company, the retail units completed in West Zone with a total gross floor area of about 2,702 square metres were subject to 13 tenancies at a total aggregated monthly rent of about RMB147,000. As at the date of valuation, there are 13 tenancies, in which 12 tenancies are with lease terms already commenced and 1 tenancy is with lease term not yet commenced. The leases will be expired from 30 April 2019 to 31 May 2022.

13. As per information provided by the Target Company, the total gross floor area of the Property is about 635,340 square metres. The breakdown of the Property is tabulated below:

Portion of the Property	**Sold Area** *(sq.m)*	**Recognized Revenue** *(RMB)*	**Contract Sum** *(RMB)*	**Assessed Market Value** *(RMB)*
Sold Units with legal titles being transferred (excluded from Valuation)	98,756	636,000,000	NA	NA
Sold Units but legal titles not yet transferred (included in Valuation)	13,827	85,000,000	NA	NA
Pre-sold Units (included in Valuation)	194,818	NA	1,320,000,000	NA
Remaining Unsold Units	327,939	NA	NA	1,392,000,000
Total	635,340	721,000,000	1,320,000,000	1,392,000,000

14. The market value of the Property as if completed as of the valuation date according to the development plan as described above and which can be freely transferred in the market, would be RMB3,311,500,000. The market value in existing state is based on the percentage completion status between expected completion date and the overall 60-month construction period of the development. With reference to the completion schedule provided by the Target Company, buildings on west zone have been completed. For east zone, the remaining construction periods of each portion ranged from 2-month to 37-month. The percentage of completion ranged from 38% to 97%. With regards to the different percentage completion status, the weighted average completion in respect of entire development was 84.5%.

15. The PRC legal opinion states, *inter alias*, that:

   a) The change of ownership name of Land Lot No. H25 to the Target Company is still processing by the relevant government department. However, this procedure does not affect the land use rights of the Property held by the Target Company.

   b) The Target Company has the property ownership of Land Lot No. H26.

c) The Target Company possesses the proper title of the land use rights of the Property with all premium and costs fully settled and is entitled to develop, construct, transfer and lease out the Property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.

d) The construction works in West Zone has been completed and obtained the acceptance record for the completion (竣工驗收備案), while construction works in East Zone are still under construction process, no substantive legal impediments have been observed for obtaining the acceptance record for the completion.

e) Based on the thirteen Forward Sell Licences For Commodity House (商品房預售許可證) and one Record of Commodity House For Sale (現售備案), the Target Company has been approved to presale the corresponding units of the Property.

f) According to Ordinance Nos. 39–40 of Property Law in the PRC, the Target Company has the rights to lease out the completed retail space of the Property.

g) 324 units in East Zone are subject to mortgages, which have not been registered in Registration Centre of Ganzhou City. However, it does not affect the Target Company's ownership of these units of the Property.

h) The legal titles of 890 residential units in west zone have been transferred to purchasers. The legal titles of the remaining sold/pre-sold units of the Property have not been transferred.

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

In the valuation of the property as if completed except the hotel portion, we had made reference to various recent sales prices of residential, office and commercial premises as well as car parking spaces within the same district.

These comparable properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of development within the same district. The price range of residential premises range from RMB7,800 to RMB9,100 per square meter. The price range of office premises range from RMB7,400 to RMB11,500 per square meter. The price range of commercial premises of ground floor range from RMB16,000 to RMB30,000 per square meter. In respect of car parking spaces, the prices range from RMB120,000 to RMB220,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in building age, location, size, condition and other characters. In the course of our valuation, we have adopted average unit rate of RMB8,300 per sq.m. for residential portion. RMB8,500 for office portion, RMB15,000 for ground floor commercial portion and RMB120,000 per lot for the car parking space portion.

The hotel portion of the development was expected to be completed in 2020. As there was no market comparable could be collected in the locality nor any income stream could be projected so far, we have adopted the current land value and the construction costs of the building. The price range of current land value was from RMB4,603 to RMB5,260 per square metre while the respective construction costs and fees expected for building portion was approximately RMB7,000 per square metre.

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

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

a. Long position in the Shares

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Yao Jianhui *(Note)*	Interest in controlled corporation	10,821,835,600	48.86%
	Beneficial owner	15,852,000	0.07%

Note: Mr. Yao Jianhui holds 100% of Tinmark, which is the beneficial owner of 10,821,835,600 shares in the Company. Mr. Yao Jianhui also holds 15,852,000 shares in the Company. Mr. Yao is the sole director of Tinmark.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

b. Interests in assets

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

c. Interests in contracts

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

d. Interests in competing business

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

e. Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Tinmark Development Limited	Beneficial owner	10,771,835,600	46.81%
Summit Sail Limited	Securities interest in shares	6,300,000,000	27.38%
Bloom Right Limited	Securities interest in shares	1,900,000,000	8.26%
前海人壽保險股份有限公司	Beneficial owner	4,219,560,000	18.34%
Taiping Assets Management (HK) Company Limited *(Note 2)*	Investment Manager	4,219,560,000	18.34%

Note 1: Tinmark Development Limited is wholly-owned by Mr. Yao Jianhui.

Note 2: Taiping Assets Management (HK) Company Limited as the investment manager of these shares is also deemed to be interested in such Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

Save for Mr. Yao who is the sole director of Tinmark which holds approximately 46.81% interest in the Company as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares or 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.

4. MATERIAL LITIGATION

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

5. EXPERT'S QUALIFICATIONS AND CONSENT

a. The following is the qualification of the experts who have given opinions, letters or advice which are contained in this circular:

Name	**Qualification**
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong
D&P China (HK) Limited	Independent Qualified Property Valuer
Lego Corporate Finance Limited	Independent Financial Adviser

b. The above experts have given, and have not withdrawn, their respective written consent to the issue of this circular with the inclusion of the references to their name and/or their opinion in the form and context in which they are included.

c. As at the Latest Practicable Date, the above experts did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

d. As at the Latest Practicable Date, the above experts did not have any interest, direct or indirect, in any asset which has been, since 31 December 2016, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) have been entered into by members of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

(a) the subscription agreement dated 9 May 2015 entered into between, among others, Tinmark Development Limited, Foresea Life Insurance Co., Ltd. (前海人壽保險股份有限公司) and the Company in relation to the share subscription at an aggregate consideration of HK$3,350,158,138 at a subscription price of HK$0.18 per Share (the "**Share Subscription**");

(b) the securities purchase agreement dated 11 November 2015 entered into between Giant Leap International Limited ("**Giant Leap**"), an indirect wholly-owned subsidiary of the Company, and BIO-key International, Inc. ("**BIO-key**") whereby Giant Leap agreed to subscribe for and purchase, and BIO-key agreed to sell, issue and allot 30,000 shares of Series B-1 Convertible Preferred Stock at the aggregate consideration of US$3,000,000;

(c) the software license purchase agreement dated 11 November 2015 entered into between Shining Union Limited (耀光聯有限公司), WWTT Technology China Co., Ltd. (鶴山世達光電科技有限公司), and Golden Vast Macao Commercial Offshore Limited (金碩澳門離岸商業服務有限公司) (collectively, the "**Licensors**"), each a subsidiary of the Company and a member of the Group, and BIO-key Hong Kong Limited ("**BIO-key HK**") in relation to the grant of certain licences by the Licensors to BIO-key HK at a fee of US$12,000,000;

(d) the subscription agreement dated 12 January 2016 (the "**B&K Subscription Agreement**") entered into between Hong Kong Bao Yao Technology Limited ("**Hong Kong Bao Yao**"), an indirect wholly-owned subsidiary of the Company, and 深圳邦凱新能源股份有限公司 (Shenzhen B&K New Energy Co., Ltd.)* ("**B&K**") in relation to the subscription of 360,000,000 shares of RMB1.00 each to be issued by B&K at a subscription amount of RMB360,000,000;

(e) the subscription agreement dated 3 February 2016 entered into among Mr. Fu Ru Lin, Hong Kong Bao Xin Asset Management Limited (香港寶信資產管理有限公司) ("**Hong Kong Bao Xin**"), an indirect wholly-owned subsidiary of the Company, and 湛江集付通金融服務股份有限公司 (Zhanjiang Jifutong Financial Services

Joint Stock Company Limited*) ("**Zhanjiang Jifutong**") in relation to the subscription of 45,454,545 shares of RMB1.10 each to be issued by Zhanjiang Jifutong at a subscription amount of RMB50,000,000;

(f) the placing agreement dated 21 March 2016 entered into between the Company and Partners Capital Securities Limited (the "**Placing Agent**") in relation to the proposed placing of 585,416,800 new Shares to not less than six places at the placing price of HK$0.78 per new Share (the "**Proposed Placing**");

(g) the sale and purchase agreement dated 30 March 2016 entered into among Great Sphere Developments Limited ("**Great Sphere**"), a direct wholly-owned subsidiary of the Company, as purchaser, China Yinsheng Capital Group Limited ("**China Yinsheng**") as vendor, and the Company as the purchaser guarantor in relation to the acquisition of 70% interest in China Goldjoy Asset Management Limited (formerly known as China Yinsheng Asset Management Limited), China Goldjoy Securities Limited (formerly known as China Yinsheng Securities Limited), China Goldjoy Wealth Management Limited (formerly known as China Yinsheng Wealth Management Limited), China Goldjoy Bullion Limited (formerly known as KB Bullion Limited), China Goldjoy Credit Limited (formerly known as KB Credit Limited), China Goldjoy Investment Limited (formerly known as KB Investment Limited) at an initial aggregate consideration of HK$255,738,962 (subject to adjustment);

(h) the termination agreement dated 1 April 2016 entered into between the Company and the Placing Agent in relation to the termination of the Proposed Placing;

(i) the supplemental agreement dated 22 April 2016 entered into among Great Sphere, China Yinsheng and the Company in relation to the acquisition of 70% interest in China Goldjoy Credit Limited (formerly known as KB Credit Limited) at an initial consideration of HK$31,702,664.17 (subject to adjustment);

(j) the termination agreement dated 13 June 2016 entered into between Hong Kong Bao Yao and B&K in relation to the termination of the Subscription Agreement;

(k) the sale and purchase agreement dated 13 June 2016 entered into between Shenzhen Bao Man Investment Holding Limited ("**Shenzhen Bao Man**") and 深圳大華建設工程有限公司 (Shenzhen Dahua Construction Engineering Co., Ltd.*) in relation to the proposed acquisition of the entire equity interest in 深圳鴻勝節能科技有限公司 (Shenzhen Hongsheng Energy Saving Technology Co., Ltd.)* at a consideration of RMB380,000,000;

(l) the loan agreement dated 16 June 2016 entered into between KB Credit Limited, an indirect subsidiary of the Company, as lender and Amuse Peace Limited as borrower in relation to a loan with a principal amount of HK$300,000,000;

(m) the sale and purchase agreement dated 13 September 2016 (the "**Hefei Sale and Purchase Agreement**") entered into between Heshan World Fair Electronics Technology Limited (鶴山市世逸電子科技有限公司) as purchaser and He Fei

Baoneng Real Estate Development Co., Ltd.* (合肥市寶能房地產開發有限公司) as vendor in relation to the acquisition of residential units of Buildings No. 3 and No. 8 (excluding floors 1–2 which are intended for commercial use), Phase 2 of Baonengcheng, located at Binghu District, Hefei City, Anhui Province, the PRC at a total consideration of RMB315,054,000 (subject to adjustment);

(n) the placing agreement dated 14 September 2016 entered into between China Goldjoy Securities Limited (formerly known as China Yinsheng Securities Limited) and the Company in respect of the placing of up to 600,000,000 new Shares (the "**Placing Shares**") to not less than six places at the placing price of HK$0.687 per Placing Share;

(o) each of the provisional agreement dated 24 October 2016 and the formal agreement dated 8 November 2016 was entered into between Ultra Glory Investments Limited, an indirect wholly-owned subsidiary of the Company, as purchaser and Landscape Limited as vendor in relation to the acquisition of Office Units Nos. 1906 to 1909 on the 19th Floor of Tower 2 of Lippo Centre on No. 89 Queensway, Hong Kong at a consideration of HK$248,080,000;

(p) the share transfer agreement dated 8 December 2016 entered into between 深圳寶達金融服務有限公司 (Shenzhen Bao Da Financial Services Limited)* ("**Shenzhen Bao Da**"), an indirect wholly-owned subsidiary of the Company, and 深圳解新投資有限公司 (Shenzhen Jie Xin Investment Limited)* in relation to the acquisition of 99% equity interest in 深圳新凱科技有限公司 (Shenzhen Xin Kai Technology Limited)* ("**Shenzhen Xin Kai**") at a consideration of RMB223,920,000;

(q) the share transfer agreement dated 8 December 2016 entered into between Shenzhen Bao Da and 深圳訊安投資有限公司 (Shenzhen Xun An Investment Limited)* in relation to the acquisition of 1% equity interest in Shenzhen Xin Kai at a consideration of RMB2,261,800;

(r) the provisional sale and purchase agreement dated 16 November 2016 and the formal sale and purchase agreement dated 14 December 2016 entered into between Lucky Bless Limited (祐福有限公司) ("**Lucky Bless**") and Handmoon Investments Limited (恒滿投資有限公司), an indirect wholly-owned subsidiary of the Company, in relation to the transfer of the premises at Office 1903 on the Nineteenth Floor of Tower Two of Lippo Centre at a consideration of HK$48,880,000;

(s) the provisional sale and purchase agreement dated 16 November 2016 and the formal sale and purchase agreement dated 14 December 2016 entered into between Lucky Bless and Harvest Joy Investments Limited (豐欣投資有限公司), an indirect wholly-owned subsidiary of the Company, in relation to the transfer of the premises at Office 1905 on the Nineteenth Floor of Tower Two of Lippo Centre at a consideration of HK$40,080,000;

(t) the facility letter dated 13 January 2017 entered into between China Goldjoy Credit Limited ("**China Goldjoy Credit**"), a non-wholly owned subsidiary of the Company, and Handsome Global Investments Limited ("**Handsome Global**") in respect of a loan in the principal amount of HK$132,000,000;

(u) the facility letter dated 13 January 2017 entered into between China Goldjoy Credit and Handsome Global respect of a facility of up to HK$70,000,000;

(v) the facility letter dated 16 January 2017 entered into between China Goldjoy Credit and Power View Group Limited ("**Power View**") in respect of a loan in the principal amount of HK$83,000,000;

(w) the facility letter dated 16 January 2017 entered into between China Goldjoy Credit and Power View in respect of a facility of up to HK$117,000,000;

(x) the subscription agreement dated 10 February 2017 entered into between Perfect Zone Holdings Limited ("**Perfect Zone**") and Gallant Tech (i-manufacturing) Limited ("**Gallant Tech**"), an indirect wholly-owned subsidiary of the Company, in relation to the subscription of 1,066 new shares of Perfect Zone by Gallant Tech at an aggregate consideration of HK$32,000,000;

(y) the loan agreement dated 22 February 2017 entered into between China Goldjoy Credit and an independent third party in respect of a loan in the principal amount of HK$60,000,000;

(z) the termination agreement dated 21 March 2017 in respect of the Hefei Sale and Purchase Agreement;

(aa) the sale and purchase agreement dated 12 May 2017 entered into between Hong Kong Bao Xin and Joyful Rich Trading Limited (悅富貿易有限公司) in relation to the transfer of 45,454,545 shares of Zhanjiang Jifutong at a consideration of HK$59,250,000;

(bb) the provisional sale and purchase agreement dated 19 May 2017 and the formal sale and purchase agreement dated 8 June 2017 entered into between an individual and Jumbo Wisdom Investments Limited (巨智投資有限公司), an indirect wholly-owned subsidiary of the Company, in relation to the transfer of the entire issued share capital of Ace Grand Limited at a consideration of HK$65,000,000;

(cc) the sale and purchase agreement dated 28 June 2017 entered into between Hong Kong Bao Xin and Fangjia Construction Service Limited (方佳建築服務有限公司) in relation to the transfer of the entire issued share capital of Runroc Limited (潤鵬有限公司) at a consideration of HK$29,920,000;

(dd) the sale and purchase agreement dated 1 August 2017 entered into by and among Success Charm Holdings Limited (祥成控股有限公司), a direct wholly-owned subsidiary of the Company, Golden Florish International Limited (金盛國際有限

公司) and Gallant Tech in relation to the disposal of the entire issued share capital of Gallant Tech at a consideration of HK$945,595 and the assignment of shareholder's loan at a consideration of HK$32,054,405;

(ee) the subscription agreement dated 25 October 2017 entered into between, the Company and Virtue Dragon Holdings Limited ("**Virtue Dragon**") in relation to the subscription by Virtue Dragon for, the allotment and issue by the Company of 862,068,000 new Shares (the "**Virtue Dragon Subscription Shares**") at HK$0.58 per each Virtue Dragon Subscription Share;

(ff) the subscription agreement dated 3 December 2017 entered into between the Company and Shiny Palace Development Limited ("**Shiny Palace**") in relation to the subscription by Shiny Palace for, the allotment and issue by the Company of 1,190,476,000 new Shares (the "**Shiny Palace Subscription Shares**") at HK$0.66 per each Shiny Palace Subscription Share;

(gg) the subscription agreement dated 3 December 2017 entered into between the Company and Discovery Key Investments Limited ("**Discovery Key**") in relation to the subscription by Discovery Key for, the allotment and issue by the Company of 1,190,476,000 new Shares (the "**Discovery Key Subscription Shares**") at HK$0.66 per each Discovery Key Subscription Share;

(hh) the subscription agreement dated 3 December 2017 entered into between the Company and Champion Radiant Enterprises Limited ("**Champion Radiant**") in relation to the subscription by Champion Radiant for, the allotment and issue by the Company of 476,188,000 new Shares (the "**Champion Radiant Subscription Shares**") at HK$0.66 per each Champion Radiant Subscription Share; and

(ii) the Agreement.

7. MATERIAL ACQUISITION

Save for the Acquisition, no member of the Group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the Company's auditors' report or next published accounts.

8. GENERAL

a. The registered office of the Company is located at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

b. The principal place of business of the Company in Hong Kong is situated at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong.

c. The share registrar and transfer office of the Company is Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

d. The secretary of the Company is Mr. Chan Sai Yan ("**Mr. Chan**"). Mr. Chan holds a Bachelor degree in Accountancy from The Hong Kong Polytechnic University, a Master degree in Business Administration and a Master of Arts degree in Philosophy from the Chinese University of Hong Kong, as well as a Master of Social Science degree in Applied Psychology from the City University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountant, fellow member of each of the Association of Chartered Certified Accountants and The Taxation Institute of Hong Kong, and a Certified Tax Advisor (Hong Kong).

e. The registered office of the auditors of the Company in Hong Kong is PricewaterhouseCoopers at 22/F, Prince's Building, Central, Hong Kong.

f. This circular and the accompanying form of proxy are prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong, from the date of this circular, up to and including the date of the EGM:

a. the memorandum and articles of association of the Company;

b. the annual reports of the Company for each of the two years ended 31 December 2016;

c. the interim report of the Company for the half year ended 30 June 2017;

d. the accountant's report on the Target Company from PricewaterhouseCoopers as set out in the appendix II of this circular;

e. the audited financial statements of the Target Company for the year ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017;

f. the report from PricewaterhouseCoopers relating to the unaudited pro forma financial information of the Enlarged Group as set out in appendix III of this circular;

g. the consent letter issued by the experts referred to in the paragraph headed "Expert's Qualifications and Consent" in this appendix;

h. the material contracts as referred to in the paragraph headed "Material contracts" in this appendix;

i. the Agreement; and

j. this circular.

中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1282)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of China Goldjoy Group Limited (the "**Company**") will be held at 11:00 a.m. on Wednesday, 27 December 2017 at Units 1908 to 1909, 19/F, Tower 2, Lippo Centre, No.89 Queensway, Hong Kong for the following purpose of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. "**THAT**:

   (a) the sale and purchase agreement (the "**Agreement**") dated 4 August 2017 (as amended by the supplemental agreement dated 6 September 2017) entered into between Shenzhen Bao Kai Assets Holdings Limited* (深圳寶開實業有限公司) (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, and Lai Hua Properties and Investment Limited (萊華商置有限公司) (the "**Vendor**"), pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell 100% of the equity interest in Laihua TaiSheng Limited (萊華泰盛有限公司) for a total consideration of RMB1,720,000,000, and a copy of which having been produced to this meeting and marked "**A**" and initialed by the chairman of this meeting for the purpose of identification), and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and

(b) any one or more directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary and to sign and execute all such documents, and to take all such steps which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to the Agreement and completing the transactions contemplated thereby."

Yours faithfully,
For and on behalf of the Board
China Goldjoy Group Limited
Chan Sai Yan
Company Secretary

Hong Kong, 8 December 2017

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

Principal Place of Business in Hong Kong:
Units 1908 to 1909, 19/F, Tower 2
Lippo Centre, No. 89 Queensway
Hong Kong

Notes:

1. Every member of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy (if a member who is holder of two or more shares) to attend and vote for him/her on his/her behalf at the meeting.

2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.

3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof.