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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 377)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
LIAONING BAO HUA PROPERTIES DEVELOPMENT CO., LTD.***

THE ACQUISITION

The Board is pleased to announce that on 7 October 2015 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire, the Target Equity Interest at the Consideration of RMB750 million, which is equivalent to HK\$915 million, HK\$315 million of which will be paid in cash and the remaining HK\$600 million will be settled by the allotment and issuance of the Consideration Shares at HK\$1.50 each.

The Consideration Shares comprising 400,000,000 new Shares represent approximately 10.22% of the existing issued share capital of the Company as of the date of this announcement and approximately 9.28% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Vendor is an associate (as defined under the Listing Rules) of Mr. Meng, who is the chairman and the executive Director of the Company and a substantial shareholder (as defined in the Listing Rules) of the Company, and hence a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Acquisition constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios for the Acquisition exceeds 25% and the Consideration exceeds HK\$10,000,000, the Acquisition constitutes non-exempt connected transactions for the Company and are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. The Vendor, HIL, Mr. Meng and their respective associates (as defined under the Listing Rules) are required to abstain from voting on the resolution(s) in respect of the Acquisition at the SGM.

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

The Company will seek approval for, among other things, the issuance of the Consideration Shares under the Specific Mandate from the Independent Shareholders at the SGM.

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

SGM

A SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Acquisition and the transactions contemplated thereunder and the grant of the Specific Mandate.

A circular containing, among other things, further information on the Acquisition, details of the Specific Mandate, the recommendation of the Independent Board Committee in respect of the Acquisition, the advice of the Independent Financial Adviser regarding the terms of the Sale and Purchase Agreement and other information as required under the Listing Rules together with a notice of the SGM and a form of proxy will be despatched to the Shareholders on or before 30 November 2015 as additional time is required for the preparation of the relevant information for inclusion in the circular.

Completion is subject to the fulfillment and/or waiver of certain conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE ACQUISITION

On 7 October 2015 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire, the Target Equity Interest at the Consideration of RMB750 million, which is equivalent to HK\$915 million, HK\$315 million of which will be paid in cash and the remaining HK\$600 million will be settled by the allotment and issuance of the Consideration Shares at HK\$1.50 each.

SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date : 7 October 2015

Parties : B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), an indirect wholly-owned subsidiary of the Company, as the Purchaser

Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司), a limited liability company established in the PRC, as the Vendor. The Vendor is an associate (as defined under the Listing Rules) of Mr. Meng, who is also the chairman and the executive Director of the Company and a substantial shareholder (as defined in the Listing Rules) of the Company. The Vendor is therefore a connected person of the Company under the Listing Rules.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to sell the Target Equity Interest, representing the entire equity interest of the Target Company. As at the date of this announcement, and as informed by the Vendor, the Target Group consists of various subsidiaries which participated in the development of property projects and project investments.

Pursuant to the Sale and Purchase Agreement, only the Target Group, that is, the Target Company and its subsidiaries upon Completion, namely Baohua Dalian, Baohua Yingkou, Royal Lakes Garden and certain properties developments operated by the Target Company and Baohua Yingkou as specified in the Sale and Purchase Agreement will be acquired by the Purchaser, while all other current subsidiaries of the Target Company will cease from being the subsidiaries of the Target Company prior to the Completion, which is one of the Conditions, details of which are set out in the paragraphs headed “Conditions Precedent” and “Reorganisation” of this announcement.

Upon Completion, the Target Group will become the indirectly wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial results of the Group.

Consideration

The Consideration for the Acquisition is RMB750 million, which is equivalent to HK\$915 million.

On Completion Date, the Company will make the payment of the Consideration to the Vendor or the nominee of the Vendor for the Target Equity Interest in the following manners:

- (a) HK\$315 million will be paid in cash; and
- (b) HK\$600 million will be settled by the allotment and issuance of the Consideration Shares at HK\$1.50 each.

The Consideration was determined by arm’s length negotiations between the Purchaser and the Vendor based on normal commercial terms with reference to (i) the registered capital of the Target Company; (ii) the net asset value of the Target Group of RMB21.32 million (equivalent to HK\$26.01 million) as at 31 August 2015; (iii) the preliminary valuation of the land and properties owned by the Target Group, which amounted to approximately RMB860 million (equivalent to approximately HK\$1,049.2 million)

as at 31 August 2015; and (iv) the original acquisition cost, as at the date of this announcement, of the Target Group incurred by the Vendor, which amounted to approximately RMB543.7 million (equivalent to HK\$663.3 million).

The Consideration Shares will be allotted and issued at the Issue Price of HK\$1.50 each under the Specific Mandate, which represents:

- (a) a premium of approximately 25% over the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on Last Trading Date; and
- (b) a premium of approximately 25.84% over the average closing price of HK\$1.192 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date.

The Issue Price was determined after arm's length negotiation between the Purchaser and the Vendor. The Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the Issue Price is fair and reasonable and on normal commercial terms.

The Consideration Shares to be allotted and issued represent approximately 10.22% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 9.28% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

Accordingly, the Board (excluding the independent non-executive Directors whose opinion will be subject to the advice of the Independent Financial Adviser) is of the view that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued, will rank pari passu in all respects with the existing Shares in issue.

The Specific Mandate

The Consideration Shares comprising 400,000,000 Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the SGM.

Conditions precedent

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

- (a) Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consideration Shares;
- (b) the passing of the resolution(s) by the Independent Shareholders to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM, including but not limited to, the allotment and issuance of Consideration

Shares to the Vendor or the nominee of the Vendor;

- (c) the Vendor is the legal and beneficial owner of the Target Equity Interest, which is not subject to any encumbrances and third parties' rights;
- (d) save and except the properties rental and purchase deposits (“**Deposits Received**”) received by the Target Group, all liabilities of the Target Group shall be borne by the Vendor and the Target Group does not owe any loan and/or liabilities to any other third parties;
- (e) the bank account of the Target Company has sufficient fund to repay the Deposits Received;
- (f) the Vendor and/or relevant owner has completed the transfer of the ownership of certain properties as set out in the Sale and Purchase Agreement to the Target Company and the Vendor and/or relevant owner shall bear all tax incurred due to the said transfer (including but not limited to the tax to be liable by the Purchaser and/or the Target Group, if any)
- (g) the acquisition of the entire Target Equity Interest shall be completed simultaneously in compliance with the applicable PRC laws and to the satisfaction of the Purchaser;
- (h) the Purchaser has been satisfied with the result of the due diligence review of the Target Group (including but not limited to the review on the indebtedness of the Target Group);
- (i) the Reorganisation has been completed to the satisfaction of the Purchaser;
- (j) the management of Target Group shall not have done any act which may have negative impact on the businesses, assets, properties, financial conditions, operations and future prospects of the Target Group on or prior to Completion; and all warranties shall be accurate and true in all respects as at the Completion Date;
- (k) the Vendor has obtained all necessary third party consents, approvals, authorisations, waivers, permission and certifications in relation to the transactions contemplated under the Sale and Purchase Agreement and other relevant matters; and
- (l) the representations, warranties and undertakings given by the Vendor (the “Warranties”) have remained true, accurate and not misleading in all material respects and there have been no breach of any of the Warranties in any respect by the Vendor.

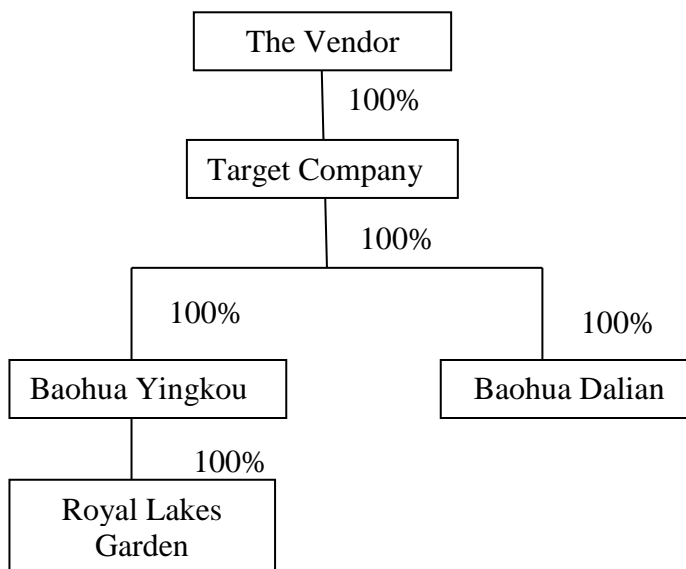
Save and except Conditions (a), (b), (c) and (d) all other Conditions are capable of being waived by the Purchaser at its discretion in writing to the Vendor. If any of the Conditions have not been fulfilled or waived (as the case may be) by the Conditions Fulfillment Date, the Sale and Purchase Agreement shall lapse and have no further effect. The Vendor shall refund all amounts (if any) previously received from the Purchaser without interest to the Purchaser forthwith. Upon the due receipt of the said payment by the Purchaser, none of the parties

shall make any claims against the other party pursuant to the terms and conditions of the Sale and Purchase Agreement.

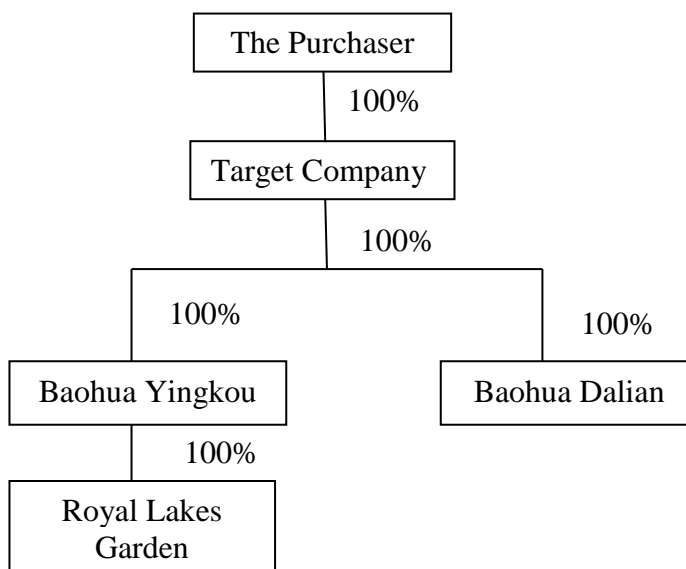
Reorganisation

Pursuant to the Sale and Purchase Agreement, being one of the Conditions, the Target Company and its subsidiaries will undergo the Reorganisation prior to Completion, under which all subsidiaries of Target Company, except Baohua Dalian, Baohua Yingkou, Royal Lakes Garden and certain properties developments operated by the Target Company and Baohua Yingkou as specified in the Sale and Purchase Agreement, will be transferred out of the Target Company.

The shareholding structure of the Target Group immediately prior to Completion is shown as in the simplified chart below:



The shareholding structure of the Target Group immediately after Completion is expected to be as set out in the simplified chart below:



Completion

Completion of the Acquisition, subject to all of the Conditions having been satisfied and/or waived (as the case may be), shall take place on the 40th Business Days immediately following the satisfaction and/or waiver (as the case may be) of all of the Conditions or such dates as agreed by the Vendor and the Purchaser.

Pursuant to the Sale and Purchase Agreement, within 30 days immediately after signing of the Sale and Purchase Agreement, the Vendor shall conduct and complete the registration in respect of the change of ownership of the Target Equity Interest to the Purchaser and the change of the legal representative, director(s), supervisor(s), business registration certificate, tax registration permit* (稅務登記証), Organization Code Certificate* (組織機構代碼證).

INFORMATION OF THE VENDOR AND THE TARGET GROUP

The Vendor is a limited liabilities company incorporated in the PRC and, as advised by the Vendor, is principally engaged, inter alia, in production of hydraulic products and couplers. As at the date of this announcement, the Vendor is directly owned as to 22.5% by an Independent Third Party and indirectly owned as to 77.5% by Mr. Meng.

The Target Company is a limited liabilities company incorporated in the PRC and is principally engaged, inter alia, in properties development business. As at the date of this announcement, the Target Company is directly wholly-owned by the Vendor, which is in turn owned as to 22.5% and 77.5% by an Independent Third Party and Mr. Meng respectively.

Baohua Dalian is a limited liabilities company incorporated in the PRC and is principally engaged in properties development and property management. As at the date of this announcement, Baohua Dalian is directly wholly-owned by the Target Company, which is in turn indirectly wholly-owned by the Vendor and indirectly owned as to 77.5% by Mr. Meng.

Baohua Yingkou is a limited liabilities company incorporated in the PRC and is principally engaged in properties development, renovation and trading of construction material. As at the date of this announcement, Baohua Yingkou is directly wholly-owned by the Target Company, which is in turn indirectly wholly-owned by the Vendor and owned as to 77.5% by Mr. Meng.

Royal Lakes Garden is a limited liabilities company incorporated in the PRC and is principally engaged in the provision of food service, commercial service and accommodation. Its registered capital is RMB10 million (equivalent to approximately HK\$12.2 million) which has not yet been paid. As at the date of this announcement, Royal Lakes Garden is directly wholly-owned by Baohua Yingkou, which is in turn indirectly wholly-owned by the Vendor and owned as to 77.5% by Mr. Meng.

FINANCIAL INFORMATION OF THE TARGET GROUP

As informed by the Vendor, the unaudited consolidated financial information of the Target Group prepared under generally accepted accounting principles in the PRC for the two years ended 31 December 2013 and 2014 and for the eight months ended 31 August 2015, summarized as follows (for illustration purposes only):

	For the year ended 31 December 2013 (RMB'000) (unaudited) (Note)	For the year ended 31 December 2014 (RMB' 000) (unaudited) (Note)	For the eight months ended 31 August 2015 (RMB' 000) (unaudited)
Net profit before taxation	3,237	625	13,173
Net profit after taxation	2,597	394	11,764
Net assets	9,166	9,560	21,324

Note :

Baohua Dalian was incorporated in the PRC on 15 January 2014. Royal Lakes Garden was incorporated in the PRC on 28 January 2015.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Company always has been looking for suitable investment opportunities to enrich the Company's investment portfolio and to enhance future earning capability of the Group. The Company is of the view that the Acquisition of the Target Group will strengthen the existing business segment in property investments and establishment in the Liaoning Province.

The Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the Acquisition is beneficial for the Group as it is a suitable investment opportunity to strengthen and develop the Group's existing property investments business and provide an opportunity to the Group to greater the return for the Shareholders.

In view of the above, the Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the Independent Financial Adviser), consider that the entering into of the Sale and Purchase Agreement is on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and the terms of which are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders of the Company as a whole.

Having considered the above, the Directors believe that entering into of the Sale and Purchase Agreement will provide a great opportunity to the Group to generate income, thus potentially greater return for the Shareholders.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 3,912,633,714 Shares in issue. The shareholding interests of the Company as at (i) the date of this announcement; and (ii) immediately after the Completion and issue of Consideration Shares, assuming the outstanding options granted by the Company have not been exercised:

	(i) the date of this announcement		(ii) immediately after the Completion and issue of Consideration Shares, assuming the outstanding options granted by the Company have not been exercised	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Substantial Shareholder:				
HIL (<i>Note 1</i>):	2,250,082,214	57.51%	2,250,082,214	52.17%
Vendor or its nominee (<i>Note 2</i>):			400,000,000	9.28%
Public Shareholders:	1,628,507,500	41.62%	1,628,507,500	37.76%
Mr. Meng	<u>34,044,000</u>	<u>0.87%</u>	<u>34,044,000</u>	<u>0.79%</u>
Total:	<u>3,912,633,714</u>	<u>100.00%</u>	<u>4,312,633,714</u>	<u>100.00%</u>

Notes:

- (1) The 2,250,082,214 Shares are beneficially owned by HIL, which is wholly-owned by Mr. Meng.
- (2) The 400,000,000 Shares will be beneficially owned by the Vendor or its nominee.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Vendor is an associate (as defined under the Listing Rules) of Mr. Meng, who is the chairman and the executive Director of the Company and a substantial shareholder (as defined in the Listing Rules) of the Company, and hence a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Acquisition constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

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

Mr. Meng and his associates (including HIL and the Vendor, being associates of Mr. Meng) shall abstain from voting at the SGM in respect of the resolutions approving the Acquisition and the issue of the Consideration Shares due to their interests. As at the date of this announcement, the Vendor does not own any Shares, HIL holds 2,250,082,214 Shares representing 57.51% of the issued share capital of the Company and Mr. Meng is also personally interested in (a) 26,386,371 underlying Shares arising from share options granted to him under the share option scheme of the Company; and (b) 34,044,000 Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as Mr. Meng and HIL, no Director or Shareholder has a material interest in the Sale and Purchase Agreement. Accordingly, apart from Mr. Meng, HIL and their respective associates, no other

Shareholder is required to abstain from voting at the SGM in respect of the resolutions relating to the Sale and Purchase Agreement.

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

The Company will seek approval for, among other things, the issuance of the Consideration Shares under the Specific Mandate from the Independent Shareholders at the SGM.

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

SGM

A SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Acquisition and the transactions contemplated thereunder and the grant of the Specific Mandate.

A circular containing, among other things, further information on the Acquisition, details of the Specific Mandate, the recommendation of the Independent Board Committee in respect of the Acquisition, the advice of the Independent Financial Adviser regarding the terms of the Sale and Purchase Agreement and other information as required under the Listing Rules together with a notice of the SGM and a form of proxy will be despatched to the Shareholders on or before 30 November 2015 as additional time is required for the preparation of the relevant information for inclusion in the circular.

Completion is subject to the fulfillment and/or waiver of certain conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Acquisition”	the acquisition in relation to the Target Equity Interest pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Baohua Dalian”	Bao Hua Properties (Dalian) Co., Ltd.* (保華地產(大連)有限公司), a limited liability company established in the PRC;
“Baohua Yingkou”	Bao Hua Properties (Yingkou) Real Estate Co., Ltd.* (保華地產(營口)置業有限公司), a limited liability company established in the PRC, which has a branch named Baohua Yingkou Branch
“Baohua Yingkou Branch”	Bao Hua Properties (Yingkou) Real Estate Co., Ltd. Bao Yu Quan Branch* (保華地產(營口)置業有限公司鮫魚圈分公司), a branch operated by Baohua Yingkou;

“Board”	the board of Directors;
“Business Days”	a day (other than a Saturday or a Sunday at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in the PRC are open for general banking business throughout their normal business hours;
“Company”	Huajun Holdings Limited (Stock Code: 377), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Completion Date”	the 40th Business Day immediately following the date that all of the Conditions having been satisfied or waived but not later than the Conditions Fulfillment Date;
“Condition(s)”	the condition(s) precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” of this announcement;
“Conditions Fulfillment Date”	30 June 2016 or such later date as the parties to the Sale and Purchase Agreement may agree in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Target Equity Interest, being RMB750 million (equivalent to HK\$915 million);
“Consideration Shares”	400,000,000 new Shares to be allotted and issued to the Vendor at HK\$1.50 per Share for the settlement of the Consideration; and “Consideration Share” means any one of them;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HIL”	Huajun International Limited, a company incorporated in the British Virgin Islands, a substantial shareholder of the Company, which was wholly-owned by Mr. Meng, as of the date of this announcement. Mr. Meng is the sole director of Huajun International Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, to be formed by the Company, comprising of all its independent non-executive Directors, established for the purpose of advising the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole;

“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
“Independent Third Party(ies)”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s);
“Independent Shareholders”	Shareholders, other than Mr. Meng and his associates (as defined under the Listing Rules and including HIL), independent of and who have no interest in the Acquisition and the transactions contemplated thereunder;
“Issue Price”	HK\$1.50, being the issue price per Consideration Share;
“Last Trading Date”	7 October 2015, being the last trading day immediately before the entering into the Sale and Purchase Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Meng”	Mr. Meng Guang Bao (孟廣寶), the chairman, an executive Director and a substantial shareholder of the Company, who indirectly own 77.5% equity interest of the Vendor;
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), a limited liabilities company incorporated the PRC, indirect wholly-owned subsidiary of the Company;
“Reorganisation”	reorganisation to be conducted prior to Completion, details of which are set out in the paragraph headed “Reorganisation” of this announcement;
“Royal Lakes Garden”	Yingkou Royal Lake Garden Health and Wellness Centre Co. Ltd* (營口禦水碧園健康養生中心有限公司), a limited liabilities company incorporated the PRC, indirect wholly-owned subsidiary of the Target Company, its registered capital is RMB10 million (equivalent to approximately HK\$12.2 million) which has not yet been paid;
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 7 October 2015, including its amendments or replacement, entered into between the Vendor and the Purchaser in relation to the Acquisition;

“SGM”	a special general meeting of the Company to be convened to consider and approve the Acquisition and the issue of the Consideration Shares under the Specific Mandate;
“Shareholders”	the holders of Shares of the Company;
“Shares”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Specific Mandate”	the specific mandate to be sought at the SGM to approve the issue and allotment of the Consideration Shares in accordance with the terms and conditions of the Sale and Purchase Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Liaoning Bao Hua Properties Development Co., Ltd.* (遼寧保華房地產開發有限公司), a limited liability company established in the PRC;
“Target Equity Interest”	the entire equity interest in the Target Company with paid up capital of RMB20 million (equivalent to approximately HK\$24.4 million);
“Target Group”	collectively the Target Company, Baohua Dalian, Royal Lakes Garden and Baohua Yingkou;
“Vendor”	Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司), a limited liability company established in the PRC, which is indirectly owned by Mr. Meng as to 77.5% and directly owned by an Independent Third Party as to 22.5%;
“%”	per cent;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC.

* *For identification purposes only*

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

Hong Kong, 7 October 2015

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.22. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

As at the date of this announcement, the Board comprises Mr. Meng Guang Bao (Chairman), Mr. Wu Jiwei (Chief Executive Officer) and Mr. Guo Song (Deputy Chief Executive Officer) as executive Directors; and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as independent non-executive Directors.

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