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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

	2017	2016	Change
	<i>RMB Million</i>	<i>RMB Million</i>	
Revenue	3,314.0	1,374.9	+141.0%
Profit before tax	134.5	26.2	+413.4%
Profit (loss) for the year	43.4	(24.5)	N/A
Total assets	<u>11,672.2</u>	<u>5,266.9</u>	<u>+121.6%</u>
Total equity	<u>3,525.8</u>	<u>2,975.3</u>	<u>+18.5%</u>

* *For identification purposes only*

ANNUAL RESULTS

The board of directors (the “**Board**”) of Huajun Holdings Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2017 together with the comparative figures for the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	<i>NOTES</i>	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Revenue	4	3,313,992	1,374,919
Cost of sales and services		(2,836,682)	(1,150,488)
Gross profit		477,310	224,431
Other gains and losses	6	(50,586)	11,597
Other income	7	10,239	19,148
Change in fair value of investment properties		196,271	–
Selling and distribution expenses		(84,620)	(43,751)
Administrative expenses		(309,559)	(187,778)
Finance costs	8	(110,535)	(216,119)
Impairment loss on goodwill		–	(232,670)
Share of profits from associates		6,028	3,178
Gains on disposal of subsidiaries		–	448,187
Profit before tax		134,548	26,223
Income tax expense	9	(91,147)	(50,712)
Profit (loss) for the year	10	43,401	(24,489)

	<i>NOTES</i>	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Other comprehensive income (expense) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations		(76,238)	(94,866)
Change in fair value of available-for-sale ("AFS") investments		8,151	(8,410)
Reclassification adjustment relating to AFS investment disposed of		2,170	–
Item that will not be reclassified to profit or loss:		(65,917)	(103,276)
Exchange differences on translation to presentation currency		79,996	112,504
Other comprehensive income for the year		14,079	9,228
Total comprehensive income (expense) for the year		57,480	(15,261)
Profit for the year attributable:			
Shareholders of the Company		22,717	27,090
Non-controlling interests		20,684	(51,579)
Profit (loss) for the year		43,401	(24,489)
Total comprehensive income (expense) attributable to:			
Shareholders of the Company		35,941	36,000
Non-controlling interests		21,539	(51,261)
		57,480	(15,261)
		<i>RMB</i>	<i>RMB</i>
Earnings per share	<i>12</i>		
Basic		0.0038	0.0073
Diluted		0.0038	0.0073

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	At	At	At
	31 March	31 March	1 April
	2017	2016	2015
<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)	(Restated)
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	1,048,945	1,058,091	198,151
Prepaid lease payments	199,505	202,853	13,583
Investment properties	4,706,173	73,578	515,920
Goodwill	63,084	63,084	–
Club membership	1,868	1,743	1,674
Finance lease receivables	60,472	51,546	369,994
Loan receivables	–	168,738	43,359
Deferred tax assets	5,148	4,976	1,866
Deposits for purchases of machineries and an investment property	42,906	5,287	8,773
Deposits for acquisitions	500,000	80,000	–
Available-for-sale investments	232,236	340,457	–
Interests in associates	120,959	91,178	–
	<u>6,981,296</u>	<u>2,141,531</u>	<u>1,153,320</u>
CURRENT ASSETS			
Properties held for sale	1,120,494	711,947	–
Prepaid lease payments	4,832	4,832	–
Inventories	391,766	224,119	85,002
Finance lease receivables	210,888	201,454	33,006
Trade and other receivables	938,462	590,762	145,769
Loan receivables and interest receivables	888,831	792,366	57,040
Tax recoverable	329	308	269
Held for trading investments	82,731	48,661	–
Pledged bank deposits	879,874	426,214	515,510
Bank balances and cash	172,686	124,725	985,007
	<u>4,690,893</u>	<u>3,125,388</u>	<u>1,821,603</u>

		At 31 March 2017 RMB'000	At 31 March 2016 RMB'000 (Restated)	At 1 April 2015 RMB'000 (Restated)
CURRENT LIABILITIES				
Trade and other payables	14	932,662	761,864	353,882
Bill payables		2,375,438	114,749	–
Amount due to an associate		21,372	–	–
Amount due to immediate holding company		–	19,635	–
Tax payable		73,664	52,808	9,414
Borrowings		1,425,356	954,809	571,768
Financial guarantee contracts		34,800	–	–
		<u>4,863,292</u>	<u>1,903,865</u>	<u>935,064</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(172,399)</u>	<u>1,221,523</u>	<u>886,539</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,808,897</u>	<u>3,363,054</u>	<u>2,039,859</u>
NON-CURRENT LIABILITIES				
Long term deposits received		–	–	17,500
Deferred tax liabilities		66,631	17,728	102,834
Amount due to immediate holding company		999,321	–	840,228
Borrowings		1,695,000	370,000	1,300
Corporate bonds		243,161	–	–
Convertible bonds		278,937	–	–
		<u>3,283,050</u>	<u>387,728</u>	<u>961,862</u>
NET ASSETS		<u>3,525,847</u>	<u>2,975,326</u>	<u>1,077,997</u>
CAPITAL AND RESERVES				
Share capital	15	55,203	51,787	31,473
Reserves		3,336,717	2,812,443	994,255
Equity attributable to shareholders of the Company		<u>3,391,920</u>	2,864,230	1,025,728
Non-controlling interests		<u>133,927</u>	<u>111,096</u>	<u>52,269</u>
TOTAL EQUITY		<u>3,525,847</u>	<u>2,975,326</u>	<u>1,077,997</u>

NOTES

1. GENERAL

The Company is a limited company incorporated in Bermuda as an exempted company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business in Hong Kong is 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong. As at 31 March 2017, the directors of the Company consider that immediate holding company of the Company is Huajun International Limited (“**HIL**”) which is incorporated in the British Virgin Islands and ultimate holding company of the Company is Huajun Enterprise (Yingkou) Co., Ltd, which is established in The People’s Republic of China (“**PRC**”). Its ultimate controlling party is Mr. Meng Guang Bao (“**Mr. Meng**”), who is the chairman of the Board of Directors and an executive director of the Company.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) will be set out in the company’s annual report.

The Company’s functional currency is Hong Kong dollars (“**HK\$**”). The consolidated financial statements in the prior financial period was presented in HK\$. During the year ended 31 March 2017, the directors of the Company considered that (i) most of the investors are located in PRC; (ii) the Group continuously invest in PRC’s market and increased the Group’s transactions which are denominated and settled in RMB; and (iii) the change in the presentation currency could also reduce the impact of any fluctuations in the exchange rate of the HK\$ against the RMB, which is not due to the operations and beyond the control of the Group, on the consolidated financial statements of the Group, enabling the shareholders of the Company to have a more accurate picture of the Group’s financial performance. The change in presentation currency of the Company has been applied retrospectively in accordance with HKAS 8 Accounting Policies, Change in Accounting Estimates, and Errors, and the comparative figures as at 1 April 2015 and 31 March 2016 and for the year ended 31 March 2016 have been retranslated to Renminbi (“**RMB**”) and restated accordingly.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that as of 31 March 2017, the Group’s current liabilities exceeded its current assets by RMB172,399,000.

The directors of the Company have performed an assessment of the Group’s future liquidity and cash flows, taking into account (i) continuous financial support from the immediate holding company, including grant of a credit facility with an aggregate sum of HK\$4,000,000,000 and not demanded for repayment of the balance due to immediate holding company until 30 June 2018; (ii) the Group has unutilised banking facility amounting to RMB1,446,921,000 to support its daily operation; and (iii) the Group is in discussion with banks and institutional investors for long term financing, including refinancing through pledge of assets and issuing corporate bonds.

The directors of the Company believe that after taking into account the above factors, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements. However, should the above financing be unavailable, the Group may be unable to operate on a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their recoverable amounts, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Application of amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in this announcement.

4. REVENUE

The principal activities of the Group are: (1) sales and manufacturing of solar photovoltaic products; (2) sales and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products (hereinafter collectively described as printing products); (3) sales of electronic parts and devices; (4) sales of oil, chemical and other related products; (5) sales of industrial equipment; (6) sales of properties; (7) provision of finance lease and related services; (8) provision of finance; (9) property investments; (10) securities investments; and (11) provision of medical management services.

Revenue represents fair value of the consideration received or receivable from sales of goods or properties, interest income from the provision of finance, rental income from property investments and income from provision of medical management services, net of sales tax, returns and discounts.

The Group's significant categories of revenue from continuing operations from its major products and services recognised during the year are as follows:

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Solar photovoltaic products	1,371,321	317,302
Printing products	544,748	537,587
Electronic parts and devices	347,072	239,850
Oil, chemical and other related products	825,962	156,433
Industrial equipment	32,616	21,585
Properties	9,607	–
Finance lease income and related services	32,746	51,275
Interest income from provision of finance	127,691	29,491
Rental income from property investments	5,696	7,625
Dividend and interest income from securities investments	9,044	6,771
Provision of medical management services	7,489	7,000
	<u>3,313,992</u>	<u>1,374,919</u>

5. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by different business lines. In a manner consistent with the way in which information is reported internally to the Group's Executive Directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments.

- Printing: Sales and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products
- Trading and logistics: Trading, logistics and supply chain management
- Property development and investments: Property development and investments
- Solar photovoltaic: Sales and manufacturing of solar photovoltaic products
- Financial services: Comprised of provision of finance through money lending services; provision of finance through finance lease and other related services; and investment activities in equity securities, funds, bonds and assets management services.

In addition to the operating segments described above, each of which constitutes a reportable segment, the Group has other operating segments which include provision of medical management services and sales and manufacturing of industrial equipment in the PRC. None of these segments meets any of quantitative thresholds for determining reportable segments. Accordingly, all of the above operating segments are grouped as "All other segments".

During the year ended 31 March 2017, the directors of the Company has reassessed the development of the proposed disposal of the solar photovoltaic segment and considered that it should be reclassified as a continuing operation and presented as a separate operating and reportable segment.

Following the expansion of the property development and investments segment and solar photovoltaic segment, the CODM reviews the businesses of provision of finance through money lending services, provision of finance through finance lease and other related services and investment activities in equity securities, funds, bonds and assets management services as a whole under "financial services". As the business of medical management services and sales and manufacturing of industrial equipment are not significant, they are aggregated under "All other segments" for reporting purpose.

As a result of the above changes, certain prior year figures have been restated to conform with current year presentation.

Year ended 31 March 2017

	Printing <i>RMB'000</i>	Trading and logistics <i>RMB'000</i>	Property development and investments <i>RMB'000</i>	Solar photovoltaic <i>RMB'000</i>	Financial services <i>RMB'000</i>	Reportable segments' total <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue								
Revenue from external customers	<u>544,748</u>	<u>1,173,034</u>	<u>15,303</u>	<u>1,371,321</u>	<u>169,481</u>	<u>3,273,887</u>	<u>40,105</u>	<u>3,313,992</u>
Segment results	<u>15,491</u>	<u>23,659</u>	<u>175,194</u>	<u>44,814</u>	<u>136,291</u>	<u>395,449</u>	<u>(4,286)</u>	391,163
Unallocated amounts								
Corporate administrative expenses								(118,987)
Other gains and losses								(34,806)
Share of profits from associates								6,028
Corporate other income								1,685
Finance costs								<u>(110,535)</u>
Group's profit before tax								<u>134,548</u>

Year ended 31 March 2016

	Printing <i>RMB'000</i> (restated)	Trading and logistics <i>RMB'000</i> (restated)	Property development and investments <i>RMB'000</i> (restated)	Solar photovoltaic <i>RMB'000</i> (restated)	Financial services <i>RMB'000</i> (restated)	Reportable segments' total <i>RMB'000</i> (restated)	All other segments <i>RMB'000</i> (restated)	Total <i>RMB'000</i> (restated)
Segment revenue								
Revenue from external customers	<u>537,587</u>	<u>396,283</u>	<u>7,625</u>	<u>317,302</u>	<u>87,537</u>	<u>1,346,334</u>	<u>28,585</u>	<u>1,374,919</u>
Segment results	<u>22,145</u>	<u>12,381</u>	<u>(2,860)</u>	<u>7,600</u>	<u>54,639</u>	<u>93,905</u>	<u>2,506</u>	96,411
Unallocated amounts								
Corporate administrative expenses								(75,270)
Other gains and losses								(185)
Impairment loss on goodwill								(232,670)
Share of profits from associates								3,178
Corporate other income								2,691
Finance costs								(216,119)
Gains on disposal of subsidiaries								<u>448,187</u>
Group's profit before tax								<u>26,223</u>

Other segment information

Year ended 31 March 2017

	Printing RMB'000	Trading and logistics RMB'000	Property development and investments RMB'000	Solar photovoltaic RMB'000	Financial services RMB'000	Reportable segments' total RMB'000	All other segments RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:									
Depreciation and amortisation for the year	30,212	8,605	3,562	42,098	168	84,645	6,101	3,789	94,535
Additions to non-current assets during the year	15,885	1,697	4,361,932	31,543	258	4,411,315	6,615	570	4,418,500
Allowance for (reversal of) bad debt on trade receivables	1,622	-	-	-	-	1,622	(33)	-	1,589
Gain on disposal of property, plant and equipment	(826)	-	-	-	-	(826)	-	-	(826)
Change in fair value of investment properties	-	-	(196,271)	-	-	(196,271)	-	-	(196,271)
Change in fair value of held for trading investments	-	-	-	-	13,326	13,326	-	-	13,326
Realised loss on AFS	-	-	-	-	2,170	2,170	-	-	2,170
Interest income earned on bank balances and pledged bank deposits	(136)	(823)	(989)	(1,088)	(948)	(3,984)	(113)	(49)	(4,146)
Interest income from finance lease receivables	-	-	-	-	(32,746)	(32,746)	-	-	(32,746)
Interest income from loan receivables	-	-	-	-	(127,691)	(127,691)	-	-	(127,691)
Interest income from deposits for acquisitions	-	-	-	-	-	-	-	(1,620)	(1,620)
Interest expense arising from provision of financial business	-	-	-	-	9,553	9,553	-	-	9,553

Year ended 31 March 2016

	Printing RMB'000 (restated)	Trading and logistics RMB'000 (restated)	Property development and investments RMB'000 (restated)	Solar photovoltaic RMB'000 (restated)	Financial services RMB'000 (restated)	Reportable segments' total RMB'000 (restated)	All other segments RMB'000 (restated)	Unallocated RMB'000 (restated)	Total RMB'000 (restated)
Amounts included in the measure of segment profit or loss or segment assets:									
Depreciation and amortisation for the year	31,311	5,081	70	8,006	62	44,530	1,168	2,819	48,517
Additions to non-current assets during the year	28,183	183,030	155,616	709,089	385	1,076,303	84,943	18,162	1,179,408
Allowance for bad debt on trade receivables	13	-	-	-	-	13	105	-	118
Gain on disposal of property, plant and equipment	(259)	-	-	-	-	(259)	-	-	(259)
Change in fair value of held for trading investments	-	-	-	-	(5,001)	(5,001)	-	-	(5,001)
Interest income earned on bank balances and pledged bank deposits	(211)	(318)	(64)	(192)	(9,361)	(10,146)	(270)	(1,476)	(11,892)
Interest income from finance lease receivables	-	-	-	-	(51,275)	(51,275)	-	-	(51,275)
Interest income from loan receivables	-	-	-	-	(29,491)	(29,491)	-	-	(29,491)
Interest income from deposits for acquisitions	-	-	-	-	-	-	-	(5,520)	(5,520)
Interest expense arising from provision of financial services business	-	-	-	-	42,663	42,663	-	-	42,663

Segment results represent the profit or loss of each operating segment without allocation of expenses arising from corporate administrative expenses, other gain and loss of corporate, share of profits from associates, corporate other income, finance costs, gain on disposal of subsidiaries, bargain purchase gain and impairment loss on goodwill. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. OTHER GAINS AND LOSSES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Financial guarantee contracts expense	(44,281)	–
Less: amortisation of financial guarantee contracts	9,481	–
	(34,800)	–
Bargain purchase gain	–	155
Realised loss on disposal of investment properties	–	(447)
Realised loss on AFS investment	(2,170)	–
Gain on disposal of property, plant and equipment	826	259
Change in fair value of held for trading investments	(13,326)	5,001
Exchange gain, net	473	6,747
Allowance for bad debt on trade receivables	(1,589)	(118)
	(50,586)	11,597

7. OTHER INCOME

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Interest income earned on bank balances and pledged bank deposits	4,146	11,892
Interest income from deposits for acquisitions	1,620	5,520
Others	4,473	1,736
	10,239	19,148

8. FINANCE COSTS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Interest on bank borrowings	154,756	260,806
Imputed interest arising on interest free borrowings from immediate holding company	–	2,995
Effective interest expense on convertible bonds	28,992	2,153
Effective interest expense on corporate bonds	<u>10,180</u>	<u>–</u>
	193,928	265,954
Less: interest expense recognised in cost of sales and services	(9,553)	(42,663)
Less: interest expense capitalised into investment properties under construction/properties under development for sales	(79,573)	(15,806)
Less: financial charges capitalised into investment properties under construction	(21,977)	–
Other finance charges	<u>27,710</u>	<u>8,634</u>
	<u>110,535</u>	<u>216,119</u>

9. INCOME TAX EXPENSE

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Current tax:		
Hong Kong Profits Tax	3,087	4,848
PRC Enterprise Income Tax	39,133	45,884
Other jurisdictions	<u>201</u>	<u>134</u>
	42,421	50,866
(Over-provision) under-provision in prior year:		
Hong Kong Profits Tax	(6)	(8)
PRC Enterprise Income Tax	<u>18</u>	<u>–</u>
	12	(8)
Deferred tax	<u>48,714</u>	<u>(146)</u>
Total income tax recognised in profit or loss	<u>91,147</u>	<u>50,712</u>

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the year (2016: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. PROFIT (LOSS) FOR THE YEAR

	2017	2016
	RMB'000	RMB'000
		(Restated)
Profit (loss) for the year is arrived after charging (crediting):		
Directors' remuneration	30,598	16,046
Staff cost, excluding Directors' remuneration:		
Salaries, wages and other benefits	213,947	164,852
Retirement benefit scheme contributions	26,303	19,036
Share-based payments	32,626	14,702
	<hr/>	<hr/>
Total staff costs	272,876	198,590
	<hr/>	<hr/>
Rental income from investment properties:		
Gross rental income from investment properties	(5,774)	(7,625)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	407	381
	<hr/>	<hr/>
	(5,367)	(7,244)
	<hr/>	<hr/>
Amortisation of land lease premium	4,225	1,945
Auditor's remuneration		
– Audit services	2,581	1,878
– Non-audit services	792	–
Cost of inventories recognised as an expense	2,818,950	1,107,048
Depreciation for property, plant and equipment	90,310	46,572
Operating lease rental on land and buildings	21,245	20,059
	<hr/>	<hr/>

11. DISCONTINUED OPERATION

On 18 January 2016, the Group entered into a subscription agreement with Hareon Solar Technology Co., Ltd. (“**Hareon**”), a company established in PRC and its shares are listed on the Shanghai Stock Exchange, pursuant to which the Group conditionally agreed to subscribe and Hareon conditionally agreed to issue 629,629,629 new ordinary shares of HK\$1 each in the share capital of Hareon in an aggregate consideration of RMB1,700,000,000.

The aggregate consideration will be firstly settled by the fair value of the entire 100% equity interest of a subsidiary of the Company, Huajun Power (China) Limited (“**Huajun Power**”), and its subsidiaries (collective as “**Solar Group**”) and the remaining balance will be settled by cash (“**Combined Consideration**”). The subsidiaries of Huajun Power were acquired during the year ended 31 March 2016.

At 31 March 2016, the assets and liabilities attributable to the business carried out by the Solar Group had been classified as a disposal group held for sale and were presented separately in the consolidated statement of financial position.

On 4 January 2017, Hareon revised the subscription agreement, pursuant to which the consideration for the subscription has been changed from the Combined Consideration to cash consideration only. As the equity interest of Huajun Power will no longer be a part of the consideration in the subscription, the directors of the Company considered that the Solar Group should be classified as a continuing operation for the year ended 31 March 2017.

As a result of the change in consideration, the Group ceases to classify the Solar Group as held for sale and the results of operations of the Solar Group previously presented as discontinued operations have been represented and included in individual line item of income and expense for the year ended 31 March 2017. Prior year figures have been represented to conform with current year presentation.

On 11 May 2017, the parties to the subscription agreement are certain that several conditions cannot be fulfilled on or before the condition fulfillment date and it is uncertain as to when such conditions can be fulfilled. After careful consideration of all the circumstances surrounding the subscription, the directors of the Company decided not to proceed with the subscription for shares in Hareon.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the following data:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the year attributable to shareholders of the Company)	<u>22,717</u>	<u>27,090</u>
	2017	2016
Number of shares		
Weighted average number of share for the purposes of basic and diluted earnings per share	<u>5,938,283,921</u>	<u>3,735,795,032</u>

The computation of diluted earnings per share does not assume the exercise of the Company's share options or conversion of the Company's convertible bonds because the assumed exercise and conversion price would result in increase in earnings per share for both 2017 and 2016.

13. TRADE AND OTHER RECEIVABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Trade receivables	414,412	312,612
Allowance for doubtful debts	<u>(2,452)</u>	<u>(825)</u>
	411,960	311,787
Bill receivable	119,775	19,704
Deposits and other receivables	94,061	91,693
Prepayments	<u>293,849</u>	<u>167,578</u>
	<u>938,462</u>	<u>590,762</u>

The Group allows credit term to selected customers on a case-by-case basis depending on the business relationship with and creditworthiness of the respective customers.

Before accepting any new customer, the management would assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed from time to time. Allowances for doubtful debts are recognised against trade receivables at 31 March 2017 and 2016 based on estimated recoverable amount determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

The following is an ageing analysis of trade receivables presented based on the invoice date which approximates the respective revenue recognition date, at the end of the reporting period.

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Trade receivables		
0 – 30 days	172,704	217,329
31 – 90 days	58,073	44,812
91 – 180 days	155,490	29,442
Over 180 days*	25,693	20,204
	411,960	311,787

* Included trade receivables of RMB16,237,000 (2016: RMB5,256,000) related to retention monies receivable from customers in one year after the invoice date.

14. TRADE AND OTHER PAYABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Trade payables	344,869	293,144
Other payables	238,546	192,327
Other payables to non-controlling shareholders of a former subsidiary of the Company	119,989	120,000
Accruals	31,902	28,137
Receipts in advance	158,356	47,666
Deposits received	39,000	80,590
	932,662	761,864

The following is an ageing analysis of trade payables based on the invoice date at the end of the reporting period.

	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Trade payables		
0 - 30 days	223,302	226,216
31 - 90 days	57,933	52,104
Over 91 days	63,634	14,824
	<u>344,869</u>	<u>293,144</u>

The average credit period on purchase of goods is approximately 90 days. The Group has financial risk management policies in place to monitor that all trade payables are settled within the credit timeframe.

15. SHARE CAPITAL

	Number of shares		Share capital	
	2017	2016	2017	2016
Ordinary shares	'000	'000	<i>HK\$000</i>	<i>HK\$000</i>
Authorised:				
Ordinary shares of HK\$0.01 each at 1 April 2015, 31 March 2016 and 31 March 2017	<u>40,000,000</u>	<u>40,000,000</u>	<u>400,000</u>	<u>400,000</u>
			<i>RMB'000</i>	<i>RMB'000</i>
				(Restated)
Issued and fully paid:				
At beginning of the reporting period	5,669,020	3,198,348	51,787	31,473
Issue of shares (<i>note</i>)	397,900	–	3,416	–
Issue of shares arising from conversion of convertible bonds	–	2,044,286	–	16,813
Issue of shares for acquisition of a subsidiary	–	400,000	–	3,279
Exercise of share options	–	26,386	–	222
At end of the reporting period	<u>6,066,920</u>	<u>5,669,020</u>	<u>55,203</u>	<u>51,787</u>

(Note):

On 28 July 2016, a placement of 397,900,000 new shares at par value of HK\$0.01 each was completed. The placing price was HK\$0.78 (equivalent to RMB0.67) per share. The difference between the placing price and the par value of the issued shares of RMB256,244,000, after deducting of the related cost amounting to RMB6,932,000, was recognised in the share premium account.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. CAPITAL AND OTHER COMMITMENTS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Capital expenditure in respect of the properties development project contracted for but not provided in the consolidated financial statements	579,513	–
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided for in the consolidated financial statements	54,922	1,363
Equity interest of a subsidiary (<i>note</i>)	–	250,000
	<u>634,435</u>	<u>251,363</u>

Note: The amount as at 31 March 2016 represented the commitments for cash consideration on the conditional acquisition of a subsidiary. In addition to the cash consideration, part of the consideration for the acquisition is to be settled by the issuance of 71,428,571 new ordinary shares of the Company. Details of such share consideration for the acquisition are set out in the Company's announcement dated 18 June 2015. The conditional acquisition was subsequently cancelled during the year ended 31 March 2017.

In addition to the above, the Group entered into a subscription agreement with Hareon on 18 January 2016, pursuant to which the Group conditionally agreed to subscribe and Hareon conditionally agreed to issue 629,629,629 new ordinary shares of HK\$1 each in the share capital of Hareon in an aggregate consideration of RMB1,700,000,000. The aggregate consideration will be firstly settled by the fair value of the entire 100% equity interest of a subsidiary of the Company and the remaining balance will be settled by cash.

On 4 January 2017, Hareon revised the subscription agreement, pursuant to which the consideration for the subscription has been changed from the Combined Consideration to cash consideration only.

On 11 May 2017, the parties to the subscription agreement are certain that several conditions cannot be fulfilled on or before the condition fulfilment date and it is uncertain as to when such conditions can be fulfilled. After careful consideration of all the circumstances surrounding the subscription, the directors of the Company decided not to proceed with the subscription for shares in Hareon. Details are set out in note 11.

BUSINESS REVIEW

Huajun Holdings Limited is an investment holding company. The Company consists of 8 businesses which are aggregated into 5 reportable segments based on similar economic characteristics, the nature of the products and production processes, end-use markets, channels of distribution and regulatory environment. The Company's reportable segments are Printing, Trading and Logistics, Property Development and Investments, Solar Photovoltaic and Financial Services. The Company includes business not included in the reportable segments, such as industrial equipment in others segment.

Our strategy is to strengthen our foundation, better diversify our business portfolio, and continue to grow, both organically and through strategic acquisitions. We believe that this strategy will increase our shareholders value by creating an even stronger Huajun.

For the year under review, revenue was approximately RMB3,314.0 million, representing an increase of approximately RMB1,939.1 million, or 141%, compared to revenue of approximately RMB1,374.9 million for last year. We reclassified our Solar Photovoltaic business from discontinued operation into continuing operations for the current year. The overall increase in revenue was attributable to the growth of Solar Photovoltaic business, development of Trading and Logistics business in particular the increase in distribution and sale of electronic parts and devices and oil and chemical products in the year under review. The Printing segment continued to register a stable growth.

Our Group generated most of its revenue from Solar Photovoltaic segment which accounted for approximately 41.4% (2016: 23.1%) of the total revenue followed by Trading and Logistics segment which accounted for approximately 35.4% (2016: approximately 28.8%) of the total revenue. For the year under review, local PRC sales continued to be our major source of revenue, representing approximately 82.4% (2016: approximately 74.4%) of the total revenue.

The table below sets forth our Group's revenue by business segment for the two years ended 31 March 2016 and 2017:

	For the year ended 31 March			
	2017		2016	
	<i>RMB Million</i>	<i>%</i>	<i>RMB Million</i>	<i>%</i>
Printing	544.7	16.4%	537.6	39.1%
Trading and Logistics	1,173.0	35.4%	396.3	28.8%
Property Development and Investments	15.3	0.5%	7.6	0.5%
Solar Photovoltaic	1,371.3	41.4%	317.3	23.1%
Financial Services	169.5	5.1%	87.5	6.4%
Other	40.2	1.2%	28.6	2.1%
	<u>3,314.0</u>	<u>100.0%</u>	<u>1,374.9</u>	<u>100.0%</u>

The table below sets forth our Group's revenue by geographical locations based on the location by customers for the two years ended 31 March 2017 and 2016:

	For the year ended 31 March			
	2017		2016	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
The PRC	2,731.1	82.4%	1,023.0	74.4%
The United States	196.0	5.9%	192.9	14.0%
Hong Kong	272.3	8.2%	82.5	6.0%
European countries [#]	52.8	1.6%	45.5	3.3%
Other countries [#]	61.8	1.9%	31.0	2.3%
	<u>3,314.0</u>	<u>100.0%</u>	<u>1,374.9</u>	<u>100.0%</u>

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

Printing

New Island Printing Company Limited (“**New Island**”) is one of the leading and reputable printing and packaging companies in Hong Kong and China. New Island produces high quality packaging and paper products with the capability to serve our international clients in the areas of beauty and cosmetics, pharmaceutical, food and beverage globally. We further develop overseas and local customers portfolio and expand our production capacities by setting up factories in Jiangsu and Hunan Provinces of PRC and relocate our Dongguan operations.

Printing will continue to be the major business segment of the Group and contribute stable revenue and profit to the Group.

Trading and Logistics

This segment is principally engaged in the distribution and sales of industrial software, electronic parts and devices and oil and chemical products. We are the major distributor of big international brands for electronic products. In August 2016, Shanghai Huajun Petrochemical Trading Corporation Limited (上海華君化工有限公司) was set up, it trades a large spectrum of oil and chemical products. The Group expects vast demand of the electronic, oil and chemical products in Hong Kong and PRC will continue to support the growth of this grow segment.

Property Development and Investments

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

On 17 August 2016, Shanghai Baohua Wanlong Real Estates Company Limited (上海保華萬隆置業有限公司), an indirectly wholly-owned subsidiary of the Company, successfully bid for the land use rights of the land in Minhang District, Shanghai, the PRC through the auction held by Shanghai Minhang District Planning and Land Administration Bureau (上海市閔行區規劃和土地管理局) offered for sale by way of tender at a bidding price of RMB2,305 million.

On 30 March 2017, we acquired two property projects, namely Bao Hua Financial Centre (保華金融中心) and Bao Hua Wang Yuan* (保華旺苑), from a company controlled by Mr. Meng, the chairman, an executive Director and a substantial shareholder of the Company at a total Consideration of RMB1,920 million. Both Bao Hua Financial Centre (保華金融中心) and Bao Hua Wang Yuan* (保華旺苑) are located in Dalian City, Liaoning Province, the PRC. In

particular, Bao Hua Financial Centre (保華金融中心) comprises a parcel of land with a site area of approximately 10,857.10 sq.m. and a commercial and office development complex to be erected thereon which is currently under construction. The development will be developed into a 51-storey commercial and office complex with a 2-storey basement for car parking and ancillary uses. The acquisition provides an investment opportunity for the Group to strengthen and develop its existing property business which in turn provides an opportunity to the Group to potentially enhance the return for its shareholders.

Solar Photovoltaic

“Photovoltaic Construction Plan 2015” published by China National Energy Administration shows that the PRC target newly-installed Photovoltaic capacity for 2015 is 17,800 megawatts, which is increased by approximately 20% compared to the same in 2014, being one-third of the global target newly-installed Photovoltaic capacity. To seize the opportunity, the Group acquires several high-tech Photovoltaic companies which are principally engaged in business including manufacturing and sales of monocrystalline silicon, polycrystalline silicon, silicon wafers, solar cells, and solar modules. Our operations are located in Jiangsu Province.

Finance Services

(i) Finance Lease

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

(ii) Provision of Finance

The Group provides finance to prospective customers who would provide securities for the performance of their respective obligations to repay the Group. The Group will take a prudence approach to develop this business segment, diversify the customer portfolio and seek opportunity to cooperate with its business partners.

(iii) Securities Investments

The Group invests in Hong Kong and overseas securities. We mainly utilise the extensive investment experience of the management to make medium and short-term investments by searching for stable revenue with controllable risk, diversifying the corporate operating risk and improving asset liquidity of the Group.

Industrial Equipment

In 3 August 2015, the Group acquired Zhejiang Linhai Machinery Co. Ltd.* (浙江臨海機械有限公司). Its principal activities are the production and sale of turbines, transformers, torque converters and related products.

The Group has always endorsed a prudent philosophy of good governance with emphasis on risk management, and strived to maintain excellent assets quality, stability and financial resources.

FINANCIAL REVIEW

Revenue

Our Group's revenue for the year ended 31 March 2017 was approximately RMB3,314.0 million, representing an increase of approximately RMB1,939.1 million, or 141.0%, compared to revenue of approximately RMB1,374.9 million for last year. For the year ended 31 March 2017, our Group's major business segments, namely (1) Printing reported a revenue of approximately RMB544.7 million (2016: approximately RMB537.6 million); (2) Trading and logistics reported a revenue of approximately RMB1,173.0 million (2016: approximately RMB396.3 million); (3) Solar Photovoltaic recorded a revenue of approximately RMB1,371.3 million (2016: RMB317.3 million); and (4) Financial services recorded a revenue of approximately RMB169.5 million (2016: approximately RMB87.5 million).

As a group with diversified businesses, we look for opportunity of sustainable growth. The overall increase in revenue was primarily attributable to growth of Solar Photovoltaic business, the development of Trading and Logistics business in particular the sales of larger spectrum of oil and chemical products and the growth of sales of electronic parts and devices in the year under review.

Gross Profit and Gross Margin

Gross profit was approximately RMB477.3 million for the year under review (2016: approximately RMB224.4 million), with gross profit margin of approximately 14.4% (2016: 16.3%). The mix of business segments that the Group operates affects its results of operations such as its gross profit margins since different segments have different profitability. While our printing business maintained a stable gross margin, the commencement of new businesses in the year under review affected the Group's gross profit margin as the percentage of contribution from printing business decreased.

Selling and Distribution Expenses

For the year under review, selling and distribution expenses increased by approximately RMB40.9 million or 93.4% to approximately RMB84.6 million, or 2.6% of revenue for the year under review, from approximately RMB43.8 million, or 3.2% of revenue for the last year.

Administrative Expenses

For the year under review, administrative expenses increased by approximately RMB121.8 million or 64.9% to approximately RMB309.6 million, or 9.3% of revenue for the year under review, from approximately RMB187.8 million, or 13.6% of revenue for last year. The increase in administrative expenses was mainly attributable to an increase in staff costs as a result of granting share options and increased management staffs by approximately RMB74.3 million compared to last year.

Finance Costs

Finance costs for the year under review was approximately RMB110.5 million (2016: approximately RMB216.1 million). This equates to approximately 3.3% and approximately 15.7% of revenue for the year ended 31 March 2017 and 2016, respectively.

Profit attributable to shareholders of the Company for the year

As a combined effect of the above, during the year under review, our Group recorded a profit attributable to shareholders of the Company of approximately RMB22.7 million, as compared to a profit of approximately RMB27.1 million for last year.

Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to approximately RMB3,525.8 million as at 31 March 2017, as compared to approximately RMB2,975.3 million at 31 March 2016, representing an increase of 18.5%.

Financial Position

As at 31 March 2017, the Group had current assets of approximately RMB4,690.9 million (31 March 2016: RMB3,125.4 million) comprising cash and cash equivalents of approximately RMB172.7 million (31 March 2016: RMB124.7 million), and current liabilities of RMB4,863.3 million (31 March 2016: approximately RMB1,903.9 million). The Group's current ratio (defined as current assets divided by current liabilities) was 1.0 (31 March 2016: 1.6).

Our gearing ratio, expressed as a percentage of interest-bearing liabilities to total assets, was at 31.0% as at 31 March 2017 as compared to 25.2% as at 31 March 2016.

Cash and Cash Equivalents

As at 31 March 2017, our Group had cash and cash equivalents of approximately RMB172.7 million (31 March 2016: approximately RMB124.7 million), most of which were denominated in Renminbi.

Bank Borrowings

Our Group had interest-bearing bank borrowings of approximately RMB3,120.4 million (31 March 2016: RMB1,324.8 million). Of these borrowings, approximately RMB3,086.4 million (31 March 2016: approximately RMB1,317.2 million) were secured by the Group's assets.

Capital Expenditure

The Group's capital expenditure represents additions to investment properties, property, plant and equipment and prepaid lease payment totaling of approximately RMB4,418.5 million (2016: RMB1,179.4 million).

FOREIGN EXCHANGE RISK MANAGEMENT

The Group is exposed to foreign currency risk on bank balances and cash, trade and other receivables, trade and other payables and borrowings that are denominated in currencies other than the functional currency of the operations to which they relate. The Directors ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2017.

STAFF

As at 31 March 2017, the Group had a total staff of 3,444 (2016: 3,527).

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship.

The Group has in place a share option scheme in order to attract and retain the best personnel and to align the interests of the employees with the Group interests.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (the “**Listing Rules**”) for the year ended 31 March 2017 except for the deviations of code provision of CG Code as expressly below.

Code Provision A.6.7

Under code provision A.6.7 of the Corporate Governance Code, it is required that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Two independent non-executive directors of the Company were unable to attend the Company’s annual general meeting held on 17 August 2016 (the “**AGM**”) due to their engagement in other business commitment. Other directors of the Board, including members of the audit, remuneration and nomination committees, attended the AGM and were available to answer questions to ensure effective communication with the shareholders of the Company.

Code provision E.1.2

Under code provision E.1.2 of the Corporate Governance Code, it was required that the chairman of the Board should attend the annual general meeting of the Company. Mr. Meng, the chairman of the Board did not attend the Company's annual general meeting held on 17 August 2016 due to his engagement in a land bidding in Minhang District, Shanghai, China (for more details, please refer to the announcements dated 17 August 2016, 19 August 2016, 7 September 2016 and 29 September 2016) at the relevant time. However, Mr. Wu Jiwei, the chief executive officer and executive Director of the Board, has taken the chair of that meeting and was available to answer questions to ensure effective communication with the shareholders of the Company.

Notwithstanding the aforesaid deviations, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors ("**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2017.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-executive Directors and reports directly to the Board. The audit committee meets regularly with the Group's senior management and the Company's external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The audit committee has reviewed the annual results of the Group for the year ended 31 March 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 March 2017, the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor's report for the year ended 31 March 2017 has included a separate section under the heading "Material Uncertainty related to going concern" but without affecting the audit opinion, an extract of which is as follows:

Material Uncertainty Related to Going Concern

We draw attention to note 2* to the consolidated financial statements which indicates that as of 31 March 2017, the Group's current liabilities exceeded its current assets by approximately RMB172,399,000. In addition, the Group has capital commitments of RMB634,435,000 as disclosed in note 48 to the consolidated financial statements, The Group's ability to continue as a going concern is dependent on the ongoing availability of finance to the Group, including the credit facility from its immediate holding company, banks and institutional investors. If the finance were not available, the Group would be unable to meet its financial obligations as and when they fall due. These conditions, along with other matters as set forth in note 2 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

* *Being Note 2 in this announcement*

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Company will make appropriate announcements at a subsequent date and time to be confirmed.

PUBLICATION OF ANNUAL RESULTS

The annual results announcement of the Company is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.huajunholdings.com>).

By Order of the Board

Meng Guang Bao

Chairman and Executive Director

Hong Kong, 28 June 2017

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.