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)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF LAIHUA TAIFENG 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 10 of this circular. A letter from the Independent Board Committee is set out on page 11 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 12 to 30 of this circular. A notice convening the EGM to be held on Wednesday, 30 May 2018 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.

11 May 2018

CONTENTS

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 23 April 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition;
"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;
"Director(s)"	the director(s) of the Company;
"EGM"	an extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder;
"Enlarged Group"	the Group and the Target Company;
"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"	the independent committee of the board of Directors, comprising Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung, all of whom are independent non-executive Directors, has been formed to advise the Independent Shareholders as to the Agreement and the transactions contemplated thereunder;
"Independent Financial Adviser"	Lego Corporate Finance Limited, a licensed corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and an independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the Agreement and the transactions contemplated thereunder;

"Independent Shareholders"	with respect to the Agreement and the transactions contemplated thereunder, the Shareholders excluding Mr. Yao and his associates;
"Latest Practicable Date"	9 May 2018;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	31 October 2018;
"Mr. Yao"	Mr. Yao Jianhui (姚建輝), the chairman of the board of the Company and an executive Director of the Company;
"Mr. Zhang"	Mr. Zhang Zhenchun (張振純), a Hong Kong resident and the ultimate beneficial owner of the Vendor;
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
"Previous Acquisition"	the acquisition of Laihua Taisheng Limited (萊華泰盛有限公司) by a wholly-owned subsidiary of the Company from the Vendor in December 2017;
"Project"	the property development project in the name of "太古城" (Taigu Plaza*), which is located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC with a site area of 51,950 sqm;
"Purchaser"	Laihua Taisheng Limited (萊華泰盛有限公司), a company established in the PRC and is an indirect wholly owned subsidiary of the Company;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale Interest"	the 100% 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;
"Target Company"	Laihua Taifeng Limited (萊華泰豐有限公司), a company established in the PRC with limited liability;

"Vendor"	Lai Hua Properties and Investment Limited (萊華商置有限公司), a company established in the PRC with limited liability; and
"%"	per cent.

Note: For the purpose of illustration only, RMB is translated to HK$ at the illustrative rate of RMB1.00 = HK$1.25.

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

11 May 2018

To the Shareholders

Dear Sir/Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF LAIHUA TAIFENG LIMITED

Reference is made to the announcements of the Company dated 23 April 2018 and 24 April 2018 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

On 23 April 2018, 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. The Vendor completed its acquisition of the Target Company in July 2014 at a consideration of RMB600,000,000 (equivalent to approximately HK$750,000,000) from a vendor which was controlled by Mr. Yao Zhenhua (姚振華), the elder brother of Mr. Yao.

Consideration:

The consideration for the Acquisition is RMB660,000,000 (equivalent to approximately HK$825,000,000), it was determined by the parties after arm's length negotiations with reference to, among other factors:

(1) unaudited net assets value of the Target Company as of 28 February 2018, adjusted by expected major movements of net asset value;

(2) appreciation of properties attributable to the Target Company based on the preliminary valuation of the properties held by the Target Company as of 28 February 2018, less construction costs payable to be assumed;

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

(4) future tax liabilities which will be payable upon the sale of properties; and

(5) the benefits to the Group following Completion.

The consideration shall be payable by the Purchaser to the Vendor in cash in the following manner:

(a) an amount of RMB188,000,000 (equivalent to approximately HK$235,000,000), which represents the amount of outstanding indebtedness due by the Vendor to the Target Company, will be assigned by the Target Company to the Purchaser and netted off and deducted from the consideration before Completion;

(b) an amount of RMB100,000,000 (equivalent to approximately HK$125,000,000) within 10 business days after the date of the Agreement;

(c) an amount of RMB100,000,000 (equivalent to approximately HK$125,000,000) within 10 business days after the date of the Shareholders approving the transactions contemplated under the Agreement at the EGM; and

(d) an amount of RMB272,000,000 (equivalent to approximately HK$340,000,000) within 90 business days 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.

The board of Directors considers that the net-off arrangement in (a) above 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 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.

The Group intends to fund the Acquisition by its internal financial resources and/or bank borrowings.

Conditions precedent:

Completion is conditional upon satisfaction or waiver 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)). The Company has no present intention to waive any of the conditions precedent.

Completion:

Completion shall take place on the third (3rd) business day 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 on or before Long Stop Date, the Agreement shall terminate and lapse without any obligations and liabilities for each party.

The Vendor shall refund all the cash considerations having paid by the Purchaser (together with the interests calculated based on 1% per annum accrued commencing from the relevant dates of payment) within 5 business days after termination of the Agreement, provided that such termination is caused by non-fulfilment of the conditions precedent of the Agreement on or before the Long-Stop Date or the Agreement is unilaterally terminated by one of the parties due to the failure of proceeding to Completion.

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

Reasons for the Acquisition

The Target Company holds the Project. The board of the Company considers 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.

As disclosed in the Company's annual results announcement for the year ended 31 December 2017, the Group will continue to capture investment and development opportunities in the property market of both Hong Kong and the PRC, and position the development of property investment and development business as one of its major focuses. The Group completed the Previous Acquisition which holds a property development project in the same city as the Project. Together with the Acquisition, the board of Directors believes that the Group will benefit from the economies of scale in developing and managing both projects in the same city.

Based on the factors as disclosed above, the Directors (including the independent non-executive Directors who have expressed their view after receiving the advice from the Independent Financial Adviser) consider that the terms of 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 51,950 sqm, of which the saleable area is 239,646 sqm. The Target Company anticipates to hold the construction area of 22,727 sqm for commercial use, 29,669 sqm for hotel use and the remaining part under the Project will be for sale or leased out.

Financial information

According to the financial statements of the Target Company which were prepared by the directors of the Target Company in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China ("CAS") issued by the China Ministry of Finance and were audited by 中聯會計師事務所有限公司, its audited financial results under CAS for the two years ended 31 December 2016 and 2017 are as follows:

	For the year ended/As at 31 December	
	2016	**2017**
	(Audited under CAS)	(Audited under CAS)
	RMB'000	*RMB'000*
Revenue	363,980	236,082
Net profit before tax	59,600	76,637
Net profit after tax	31,359	62,299
Net assets	665,204	727,503

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, the manufacturing of a range of high-technology and new energy products, property investment and development and securities investment.

The Purchaser

The Purchaser is an indirect wholly owned subsidiary of the Company, and is principally engaged in real estate property sale and development in the PRC.

The Vendor

The Vendor is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed in this circular, the Vendor and its ultimate beneficial owner are independent third parties and not connected with the Company and its connected person.

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 the Baoneng group (the ultimate controlling shareholder of which is Mr. Yao Zhenhua (姚振華) who is the elder brother of Mr. Yao) as set out on pages 13 to 15 of the circular of the Company dated 8 December 2017, the Company considers the Acquisition as a connected transaction for good corporate governance under Chapter 14A of the Listing Rules. Save for Mr. Yao, none of the other Directors had a material interest in the Acquisition on the date of passing the board resolutions for approving the Acquisition and abstained from voting on the relevant resolutions for approving the Acquisition.

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition, when aggregated with the Previous Acquisition, are more than 25% but all of them are less than 75%, the Acquisition, when aggregated with the Previous Acquisition, constitutes a major and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. As the Company has already complied with the major transaction requirement in respect of the Previous Acquisition, the Acquisition would therefore not be required to be reclassified by aggregating it with the Previous Acquisition. As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition on a standalone basis are more than 5% but are less than 25%, the Acquisition constitutes a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An 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.

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, 30 May 2018 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 58.12% 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 11 of this circular and the letter from the Independent Financial Adviser set out on pages 12 to 30 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
Li Minbin
Executive Director

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)

11 May 2018

To the Independent Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF LAIHUA TAIFENG LIMITED

We refer to the circular of the Company dated 11 May 2018 (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 12 to 30 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

11 May 2018

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF LAIHUA TAIFENG 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 11 May 2018 (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 23 April 2018, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Interest at the consideration of RMB660,000,000 (equivalent to approximately HK$825,000,000) (the "**Consideration**").

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 the Baoneng group (the ultimate controlling shareholder of which is Mr. Yao Zhenhua (姚振華) who is the elder brother of Mr. Yao) as set out in the paragraph headed "Listing Rules Implications" in the Letter from the Board, the Company considers that the Acquisition as a connected transaction for good corporate governance under Chapter 14A of the Listing Rules. Save for Mr. Yao, none of the other Directors had a material interest in the Acquisition on the date of passing the board resolution for approving the Acquisition and abstained from voting on the relevant resolutions for approving the Acquisition.

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition, when aggregated with the Previous Acquisition, are more than 25% but all of them are less than 75%, the Acquisition, when aggregated with the Previous

Acquisition, constitutes a major and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. As the Company has already complied with the major transaction requirement in respect of the Previous Acquisition, the Acquisition would therefore not be required to be reclassified by aggregating it with the Previous Acquisition. As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition on a standalone basis are more than 5% but are less than 25%, the Acquisition constitutes a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Mr. Yao and his associates hold together, directly or indirectly, approximately 58.12% 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 are on normal commercial terms and are fair and reasonable so far as the Company and 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. Lego Corporate Finance Limited acted as independent financial adviser to the independent board committee and the independent Shareholders in relation to the major and connected transaction in relation to the acquisition of Laihua Taisheng Limited, details of which were disclosed in the circular of the Company dated 8 December 2017. Apart from normal professional fees paid or payable to us in connection with the aforementioned appointment and 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 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, Laihua Taisheng Limited (萊華泰盛有限公司), is a company established in the PRC and an indirect wholly owned subsidiary of the Company and is principally engaged in real estate property sale and development in the PRC.

The Vendor

The Vendor, Lai Hua Properties and Investment Limited (萊華商置有限公司), is a company established in the PRC with limited liability and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, saved as disclosed below, the Vendor and its ultimate beneficial owner are independent third parties and not connected with the Company and its connected person.

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, the Vendor completed its acquisition of the Target Company at a consideration of approximately RMB600,000,000 (equivalent to approximately HK$750,000,000) in July 2014 from a vendor which was controlled by Mr. Yao Zhenhua (姚振華), the elder brother of Mr. Yao. Details of the relationship of Mr. Yao Zhenhua (姚振華) with the Vendor are set out under the paragraph headed "Information on the Parties" in the circular of the Company dated 8 December 2017.

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 the Baoneng group as set out in the paragraph headed "Listing Rules Implications" in the Letter from the Board, the Company considers that the Acquisition as a connected transaction for good corporate governance under Chapter 14A of the Listing Rules.

2. Financial information of the Group

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

	For the year ended 31 December		
	2017	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
Revenue	2,825,287	995,560	711,849
Segment revenue			
— Automation	612,999	553,680	344,479
— Financial services	145,755	84,953	—
— Manufacturing	122,946	58,080	161,633
— Property investment and development	1,412,734	—	—
— Securities investment	530,853	298,847	205,737
Gross profit	871,276	473,438	264,936
Gross profit margin	30.8%	47.6%	37.2%
Fair value gain on investment properties	123,409	462,734	—
Profit attributable to owners of the Company	869,170	466,593	181,687

	As at 31 December		
	2017	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
Property, plant and equipment	433,258	387,223	1,051
Investment properties	2,447,232	1,509,524	—
Loans and advances	892,904	987,605	—
Available-for-sale financial assets	1,534,850	986,777	287,129
Financial assets at fair value through profit or loss	952,960	748,901	343,905
Client trust bank balances	101,031	50,485	—
Cash and cash equivalents	2,231,369	1,535,633	3,251,561
Total assets	10,961,006	7,005,740	4,332,000
Total liabilities	3,191,625	1,856,378	181,995
Net assets	7,769,381	5,149,362	4,150,005
Net assets attributable to the owners of the Company	7,245,915	4,702,597	4,150,005

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 for the year ended 31 December 2015, representing an increase of approximately 78.7%. In addition, the gross profit margin for the year ended 31 December 2016 improved to approximately 47.6% from approximately 37.2% for the year ended 31 December 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 values 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 and bills payables, accruals and other payables and bank borrowings amounted to approximately HK$176.6 million, HK$670.7 million and HK$779.6 million, respectively and represented approximately 9.5%, 36.1% and 42.0% of the total liabilities of the Group, respectively.

For the years ended 31 December 2016 and 2017

Revenue of the Group increased from approximately HK$995.6 million for the year ended 31 December 2016 to approximately HK$2,825.3 million for the year ended 31 December 2017, representing an increase of approximately 183.8% as compared to the prior year. As stated in the 2017 Annual Report, such increase was mainly attributable to (1) the increase in revenue in all existing segments; and (2) adopting a new business segment, namely property investment and development as one of the principal businesses in 2017, accounting for approximately 50.0% of the total revenue of the Group for the year ended 31 December 2017. As a result, gross profit for the year ended 31 December 2017 increased to approximately HK$871.3 million as compared to approximately HK$473.4 million for the year ended 31 December 2016, representing an increase of approximately 84.1%, while the gross profit margin for the year ended 31 December 2017 decreased to approximately 30.8% from approximately 47.6% for the year ended 31 December 2016, As stated in the 2017 Annual Report, the decrease in gross profit margin was mainly due to the lower gross profit margin of property development segment, which was recently adopted during the year ended 31 December 2017, and partially offset by the higher gross profit margin of securities investment and financial services segment.

Profit attributable to owners of the Company increased from approximately HK$466.6 million for the year ended 31 December 2016 to approximately HK$869.2 million for the year ended 31 December 2017, representing a growth of approximately 86.3% as compared to the prior year. As stated in the 2017 Annual Report, the increase was mainly due to (1) the Group's gain on bargain purchase of a newly acquired subsidiary and its recognition of sales of completed properties; (2) an increase in gain from short-term securities investment; (3) an increase in dividend income; which was partially offset by (4) an increase in distribution costs and administrative expenses due to expanded group operations; (5) a decrease in finance income and share of losses of associates; and (6) a decrease in fair value gain of investment properties.

As at 31 December 2017, total assets of the Group amounted to approximately HK$10,961.0 million, of which investment properties, available for-sale financial assets, financial assets at fair value through profit or loss, and loans and advances amounted to approximately HK$2,447.2 million, HK$1,534.9 million, HK$953.0 million and HK$892.9 million, representing approximately 22.3%, 14.0%, 8.7% and 8.1% of the total assets of the Group, respectively. Meanwhile, cash and cash equivalents amounted to approximately HK$2,231.4 million, representing approximately 20.4% of total assets of the Group. As at 31 December 2017, total liabilities of the Group amounted to approximately HK$3,191.6 million, of which trade and bills payables, accruals and other payables and borrowings amounted to approximately HK$737.6 million, HK$1,460.1 million and HK$625.9 million, respectively, and represented approximately 23.1%, 45.7% and 19.6% of the total liabilities of the Group, respectively.

3. Information on the Target Company

The Target Company, Laihua Taifeng Limited (萊華泰豐有限公司), is a company established in the PRC with limited liability and 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 51,950 sqm, of which the saleable area is 239,646 sqm. The Target Company anticipates to hold the land construction area of 22,727 sqm for commercial use, 29,669 sqm for hotel use and the remaining part of the land under the Project will be for sale or leased out.

3.2 Financial information of the Target Company

As set out in the Letter from the Board, according to the financial statements of the Target Company which were prepared by the directors of the Target Company in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China ("**CAS**") issued by the China Ministry of Finance and were audited by 中聯會計師事務所有限公司, its audited financial results under CAS for the years ended 31 December 2016 and 2017 are as follows:

	For the year ended 31 December	
	2016	**2017**
	(Audited under CAS)	(Audited under CAS)
	RMB'000	*RMB'000*
Revenue	363,980	236,082
Net profit before tax	59,600	76,637
Net profit after tax	31,359	62,299

	As at 31 December	
	2016	**2017**
	(Audited under CAS)	(Audited under CAS)
	RMB'000	*RMB'000*
Net assets	665,204	727,503

As discussed with the Company, revenue of the Target Company for the two years ended 31 December 2016 and 2017 were mainly derived from the sales of properties under the Project.

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 the PRC (中華人民共和國統計局), the gross domestic products ("**GDP**") of the 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 the Statistic Bureau of Jiangxi (江西統計局), the GDP of Jiangxi Province increased from approximately RMB1,294.9 billion in 2012 to approximately RMB2,081.9 billion in 2017, representing a CAGR of approximately 10.0%.

In addition, the real estate investment and the revenue from sales 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 revenue from sales 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 period of 2012 to 2017, the total real estate investment and revenue from sales of commercial properties of Jiangxi Province recorded a CAGR of approximately 15.7% and 25.9%, respectively and reached approximately RMB201.4 billion and RMB359.2 billion, respectively, according to the Statistic Bureau of Jiangxi (江西統計局).

We noted that GDP growth, real estate investment and revenue from sales of commercial properties in Jiangxi Province have been increasing at a rate higher than the national level according to the information of the latest five years available to the public. 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/commercial properties; and
- disposable income of urban households in Jiangxi Province recorded a CAGR of approximately 9.5% from 2012 to 2017. Growth of disposable income and purchasing power of urban residents is expected to drive purchase of residential properties.

Based on the foregoing, we consider that the growth in the economy and real estate market in the PRC, and especially in 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 continued to be 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 since 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. As disclosed in the 2017 Annual Report, the Group will continue to capture investment and development opportunities in the property market of both Hong Kong and the PRC, and position the development of property investment and development business as one of its major focuses.

The Group has completed the Previous Acquisition in December 2017 which holds a property development project in the same city as the Project covering a site area of 128,461.2 sqm, of which the total proposed gross floor area is 635,339.62 sqm. In addition, the Group acquired 深圳邦凱新能源有限公司 (Shenzhen B&K New Energy Co., Ltd.*) ("**Shenzhen B&K**") in June 2016 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 also 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 continued to be 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

As set out under the paragraph headed "3. Information on the Target Company" of this letter, the Target Company generated revenue of approximately RMB364.0 million and RMB236.1 million and net profit after income tax of approximately RMB31.4 million and RMB62.3 million for the years ended 31 December 2016 and 2017, respectively.

As disclosed in the property valuation report set out in Appendix I to the Circular (the "**Property Valuation Report**"), the Project comprises residential, hotel, shopping mall, clubhouse, retail and car parking spaces. As at the Latest Practicable Date, the total proposed gross floor area of the Project was approximately 239,646 sqm. according to the 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

* *for identification purposes only*

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 other business 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 strong demand in residential, hotel and commercial properties units in the local 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 Group completed the Previous Acquisition which holds a property development project in the same city as the Project. Together with the Acquisition, the board of Directors believes that the Group will benefit from the economies of scale in developing and managing both projects in the same city.

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 I to the Circular. 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 (the "**Valuation**") as at 28 February 2018 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 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 expected 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 primarily for residential and commercial purposes 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 by the end of 2018 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 adopted are reasonable and acceptable in establishing the market values of the properties attributable to the Target Company as at 28 February 2018.

6.3 Valuation bases and assumptions

In arriving at the appraised value for the Project other than the hotel portion which include residential, retail, clubhouse and car parks using the Direct Comparison Approach, D&P started 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 by the Company 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 I 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.

Taking 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 23 April 2018, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Interest at the Consideration of RMB660,000,000 (equivalent to approximately HK$825,000,000).

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)). 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 October 2018, the Agreement shall terminate and lapse without any obligations and liabilities for each party.

Completion shall take place on the third (3rd) business day 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 RMB660,000,000 (equivalent to approximately HK$825,000,000) 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 at 28 February 2018 as adjusted by expected major movements of net asset value;

(b) appreciation of properties attributable to the Target Company based on the preliminary valuation of the properties held by the Target Company as at 28 February 2018, less construction costs payable to be assumed;

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

(d) future tax liabilities which will be payable upon the sale of properties; 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 28 February 2018 ("**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; (ii) estimated amount of relevant value added tax, land appreciation tax and corporate 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 28 February 2018.

In assessing the fairness and reasonableness of the Consideration, we have reassessed the Adjusted NAV based on audited net asset value of the Target Company audited by 中聯會計師事務所有限公司 as at 31 December 2017 which was prepared in accordance under CAS with the adjustments set out below:

	RMB million
Audited net asset value of the Target Company under CAS as at 31 December 2017 *(Note 1)*	727.5
Add: the appreciation of the Project based on the Valuation as at 28 February 2018 *(Note 2)*	195.2
Less: estimated amount of value added tax, land appreciation tax and corporate income tax that will be payable upon the sale of properties by the Target Company	(93.9)
Less: dividend payable to the Vendor *(Note 3)*	(118.1)
Adjusted NAV (reassessed)	710.7

Notes:

1. The audited net asset value of the Target Company audited by 中聯會計師事務所有限公司 as at 31 December 2017 as set out in the Letter from the Board.

2. The appreciation of the Project based on the Valuation as at 28 February 2018 represents the valuation surplus as at 28 February 2018 after taken into consideration of the estimated construction costs payable and developer's profit as disclosed in the Property Valuation Report.

3. Subsequent to the year ended 31 December 2017, the Target Company declared a dividend of approximately RMB118.1 million to its shareholder, i.e. the Vendor.

The Company, when negotiating the Consideration, has taken into account the relevant estimated effect of future taxes attributable to the sale of properties under the Project by the Target Company, including value added tax, land appreciation tax and corporate income tax that will be payable upon the sale of properties under the Project 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 valuation 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 31 December 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.

Taking into account that (i) the Consideration represented a slight discount 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) the valuation methodologies and the bases and assumptions adopted by D&P in establishing the market value of 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 under the Project 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 RMB660,000,000 (equivalent to approximately HK$825,000,000) is to be satisfied in the following manner:

(a) an amount of RMB188,000,000 (equivalent to approximately HK$235,000,000), which represents the amount of outstanding indebtedness due by the Vendor to the Target Company, will be assigned by the Target Company to the Purchaser and netted off and deducted from the Consideration before Completion;

(b) an amount of RMB100,000,000 (equivalent to approximately HK$125,000,000) within 10 business days after the date of the Agreement;

(c) an amount of RMB100,000,000 (equivalent to approximately HK$125,000,000) within 10 business days after the date of the Shareholders approving the transactions contemplated under the Agreement at the EGM; and

(d) an amount of RMB272,000,000 (equivalent to approximately HK$340,000,000) within 90 business days 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.

As discussed with the Company, an amount of RMB100,000,000 has been paid by the Purchaser to the Vendor as at the Latest Practicable Date in accordance with the terms of the Acquisition. Such amount is refundable (together with the interests calculated based on 1% per annum accrued commencing from the relevant dates of payment) in accordance with the Agreement if such termination is caused by non-fulfilment of the conditions precedent of the Agreement on or before the 31 October 2018 or the Agreement is unilaterally terminated by one of the parties due to the failure of proceeding to Completion.

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

As disclosed in the 2017 Annual Report, the Group had cash and cash equivalents of approximately HK$2,231.4 million. The Group intends to finance the payment of the Consideration with its internal financial resources and/or bank borrowings. In view of the cash and cash equivalents of the Group as mentioned above, the Company's management expects that the settlement of Consideration would not have material impact on the financial position of the Group.

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 will be consolidated into the consolidated financial statements of the Company.

As set out under the paragraph headed "3. Information on the Target Company" of this letter, the Target Company generated revenue of approximately RMB364.0 million and RMB236.1 million, and net profit after income tax of approximately RMB31.4 million and RMB62.3 million for the years ended 31 December 2016 and 2017, respectively. As the Group expects to continue to develop the Project after Completion, the executive Directors consider that the Acquisition would enhance the Group's revenue 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 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 19 years of experience in the finance and investment banking industry.

D&P China (HK) Limited
Suite 701 & 708-10, 7/F Gloucester Tower
The Landmark, 15 Queen's Road Central
Central, Hong Kong
T +852 2281 0188
F +852 2511 9626
www.duffandphelps.com

DUFF & PHELPS

11 May 2018

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 Taifeng Limited ("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 interest as of 28 February 2018 (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 made reference to the current land value and the expected construction cost of the building.

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 certificate. 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 on 5 March 2018. 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 (2017 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).

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 28 February 2018 *(RMB)*
A Composite Development known as "Taigu Plaza", No.38 Meiguan Avenue, Zhangjiang New District, Ganzhou City, Jiangxi Province, The PRC 中國江西省贛州市章江新區梅關大道38號「太古城」	RMB1,307,000,000 (including RMB433,000,000 of sold units but legal titles not yet transferred)
Total:	**1,307,000,000**

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 28 February 2018
A Composite Development known as "Taigu Plaza", No.38 Meiguan Avenue, Zhangjiang New District, Ganzhou City, Jiangxi Province, The PRC 中國江西省贛州市章江新區梅關大道38號「太古城」	The subject Property is a composite development known as "Taigu Plaza erected on a land parcel (Lot No. K21) with a site area of about 51,950.20 square metres. As advised, the status of construction works of the development is tabulated below:	As advised and as per our site inspection, portions of the Property was under renovation, alteration and addition works. Retail portion with a total gross floor area of about 799 square metres was leased. A total gross floor area of about 44,984 square metres were sold, of which the legal titles have not been transferred. The remaining portion was vacant.	RMB1,307,000,000 (including RMB433,000,000 of sold units but legal titles not yet transferred)

Building Categories	**Date of Completion**
Portion held for Sales	
Standard Residential	September 2015
Non-standard Residential	September 2015
Retails	September 2015
Clubhouse	February 2015
Residential Car Park (947 units)	September 2015
Commercial Car Park (437 units)	February 2016
Serviced-Apartment	March 2019
Portion held for Investment	
Shopping Mall	February 2016 (Alteration & Addition Works is scheduled to be completed in November 2018
Hotel	February 2016 (Alteration & Addition Works is scheduled to be completed in September 2018

Upon completion, the total gross floor area of the Property is about 239,646.20 square metres (including basement), the salient details are tabulated below:

Building Categories	**Gross Floor Area (sq.m.)**
Portion held for Sales	
Standard Residential	32,372.95
Non-standard Residential	87,082.24
Retails	1,761.47
Clubhouse	1,978.95
Residential Car Park (947 units)	31,407.17
Commercial Car Park (437 units)	13,951.41
Service Apartment	18,695.12
Sub-total:	187,249.31
Portion held for Investment	
Shopping Mall (including basement)	22,727.41
Hotel	29,669.48
Sub-total:	52,396.89
Grand Total:	239,646.20

Portion of the Taigu Plaza with gross floor area of 75,911 square metres have been legally transferred to various individual third parties. The total gross floor area of Property being held by the Target Company as of the valuation date is about 163,735 square metres.

The land use rights of the Property have been granted for terms expiring on 20 February 2052 for commercial use and 20 February 2082 for residential use.

Notes:

1. Pursuant to a State-owned Land Use Rights Contract, No. 36201211030013, entered into between Ganzhou City Land Administrative Bureau (贛州市國土資源局) and Baoneng Taifeng Company Limited (寶能泰豐有限公司) ("Baoneng Taifeng") dated 21 February 2012, the land use rights of the Property (Lot No. K21) with a site area of 51,950.20 sq.m. have been granted to Baoneng Taifeng for terms of 40 years for commercial business and 70 years for residential uses at a consideration of RMB281,829,835.

2. Pursuant to a State-owned Land Use Certificate (國有土地使用證), Gan Shi Zhang Gao Yong (2013) Di No. 0006 issued by the People's Government of Ganzhou City (贛州市人民政府) dated January 2013, the land use rights of the Property are held by Baoneng Taifeng for terms expiring on expiring on 20 February 2052 for commercial use and 20 February 2082 for residential use.

3. Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), No. 360701201200013 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 7 June 2012, the development planning of the land of the Property has been approved.

4. Pursuant to two Construction Works Planning Permits (建築工程規劃許可證), Fang Wu Jian Nos. 360701201200060 and 360701201200061 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 10 December 2012, the construction works of the Property have been approved.

5. Pursuant to two Construction Works Commencement Permits (建設工程施工許可證), Zong Ban Zheng Nos. 36210120130131020 and 362101201301310301 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) both dated 31 January 2013, the construction works of the Property have been approved.

6. Pursuant to eleven Housing Construction Project And Municipal infrastructure Project Completion Acceptance Recording Form (房屋建築工程和市政基礎設施工程竣工驗收備案表), Nos. 15255–15263, 16028 and 16029, issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 16 September 2015 and 5 February 2016, the completion of the construction works of the Property have been approved.

7. As advised, Target Company has submitted an Application for the change of the office part of the Taigu Plaza to a Serviced Apartment (關於寶能太古城綜合樓辦公部份變更為公寓的申請) to Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) on 10 April 2017, the office portion of the Property with a total gross floor area of 18,602.4 square metres will be alternated to service apartment, while the planning acceptance indicators will be remains unchanged.

8. Pursuant to an Approval of the adjustment plan for the Taigu Plaza office building (關於寶能太古城商務辦公樓調整方案的批覆) issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) on 26 May 2017, the alternation from office to service apartment works have been approved.

9. Pursuant to three Forward Sell Licences For Commodity House (商品房預售許可證), (2014) Fang Yu Shou Zheng Di Nos. 028, 085 and 073, issued by Ganzhou City Real Estate Management Bureau (贛州市房地產管理局) dated 29 May 2014, 10 October 2014 and 29 October 2014, the presale of the residential, retail, serviced apartment and hotel have been approved.

10. Pursuant to three Records Of Commodity Flat For Sale (現售備案證明), Gan Shi Xian Shou Bei Zi Nos. 2015–009, 2015–012 and 2016–008, issued by Ganzhou City Real Estate Management Bureau (贛州市房地產管理局) dated 6 November 2015, 25 December 2015 and 19 February 2016, the presale of the residential, retails and car parking units have been approved.

11. As advised by Target Company, the construction cost-paid related to the Property as of the valuation date is RMB1,039,866,997, while the outstanding construction cost is RMB331,783,557. The construction works of the residential, retails, clubhouse and car parks have been completed in September 2015, while the renovation, alteration and addition works of serviced apartment, shopping mall and hotel are scheduled to be completed in March 2019, November 2018 and September 2018 respectively.

12. Pursuant to various Real Estate Certificates (不動產權證書), issued by the Real Estate Registration Bureau of Ganzhou City (贛州市不動產登記局), the ownership of the Property is held by the Target Company.

13. As advised by Target Company, the retail units with a total gross floor area of about 799 square metres were subject to 7 tenancies at a total aggregated monthly rent of about RMB1,829,375. The leases will be expired from 14 May 2020 to 19 December 2022.

14. As advised by Target Company, the sold portion with a total gross floor area of about 44,984 sq.m. of the Property has a total contract sum of about RMB433,000,000 as of the valuation date. Such portions of the property have not been legally and virtually transferred to purchasers and therefore have been included in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted price of such portions.

15. As per information provided by Target Company, the total gross floor area of the Property is about 239,646 square metres. The breakdown of the Property is tabulated below:

Portion of the Property	**Sold Area**	**Contract Sum**	**Assessed Market Value in Existing State**
	(sq.m)	*(RMB)*	*(RMB)*
Sold Units with legal titles being transferred (excluded from Valuation)	75,911	629,000,000	
Sold Units but legal titles not yet transferred (included in Valuation)	44,984	433,000,000	427,000,000
Remaining Unsold Units	118,751		880,000,000
Total	239,646		1,307,000,000

16. 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 about RMB1,433,000,000. The market value in existing state is based on the percentage completion status between expected completion date and the overall 48-month construction period of the development. With reference to the completion schedule provided by Target Company, residential, retails, clubhouse and car parks have been completed. For serviced apartment, shopping mall and hotel, the remaining periods for the renovation, alteration and additional works ranged from 7-month to 13-month. The percentage of completion of the whole project ranged from 73% to 100%. With regards to the difference percentage completion status, the weighted average completion in respect of entire development was about 91%.

17. Taigu Plaza is a newly developing composite development bounded by Wenwuju Road, Dongjiangyuan Avenue, Tangjiang Road and Chengxiang Avenue. 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 10 minutes driving distance.

18. The PRC legal opinion states, *inter alia*s, that:

a) The ownership's name of Land Lot No. K21 does not affect the land use rights of the Property held by the Target Company.

b) 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.

c) The ownership of the Property is held under the Target Company.

d) The change of the use from office to serviced apartment has been approved by Planning Bureau of Ganzhou City.

e) The completion of construction works of the Property except the conversion works from office to serviced apartment has been approved.

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

g) 437 carpark spaces, hotel and shopping mall are subject to mortgages.

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

i) 169 residential units, 263 carpark spaces and 48 units of serviced apartment have been sold; however, the legal titles of the said units have not been transferred.

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

In the valuation of the property as if completed, we had made reference to various recent sales prices of residential, serviced apartment 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 RMB9,000 to RMB14,000 per square meter. The price range of serviced apartment premises range from RMB9,000 to RMB12,000 per square meter. The price range of commercial premises range from RMB22,000 to RMB27,000 per square meter. In respect of car parking spaces, the prices range from RMB170,000 to RMB250,000 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 RMB11,600 per sq.m. for residential portion. RMB10,400 for serviced apartment portion, RMB20,000 for ground floor commercial portion and RMB150,000 per lot for the car parking space portion.

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	10,771,835,600	41.64%
	Beneficial owner	44,468,000	0.17%

Note: Mr. Yao Jianhui holds 100% of Tinmark, which is the beneficial owner of 10,771,835,600 shares in the Company. Mr. Yao Jianhui also holds 44,468,000 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 2017, 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 Enlarged Group, or was proposed to be acquired or disposed of by or leased to any member of the Enlarged 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 Enlarged 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 Enlarged 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 substantial shareholders	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Tinmark Development Limited *(Note 1)*	Beneficial owner	10,771,835,600	41.64%
前海人壽保險股份有限公司	Beneficial owner	4,219,560,000	16.31%
Taiping Assets Management (HK) Company Limited *(Note 2)*	Investment Manger	4,219,560,000	16.31%
China Huarong Asset Management Co., Ltd. *(Note 3)*	Security interest in the shares in controlled corporation	8,200,000,000	31.70%

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

Note 2: Taiping Assets Management(HK) Company Limited is an investment manager of 前海人壽保險股份有限公司, and is thus deemed to be interested in such Shares.

Note 3: Summit Sail Limited has securities interest in 6,300,000,000 shares and Bloom Right Limited has securities interest in 1,900,000,000 shares.

The interest of these 2 corporations is controlled by China Huarong Asset Management Co., Ltd. which is 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 41.64% 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**
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 2017, 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 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.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there had been no material adverse change in the financial or trading position or outlook of the Enlarged Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group was made up, to and including the Latest Practicable Date.

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 auditor 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 letter from the Independent Board Committee to the Independent Shareholders dated 11 May 2018;

c. the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders;

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

e. the property valuation report;

f. the Agreement; and

g. 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, 30 May 2018 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 23 April 2018 entered into between Laihua Taisheng Limited (萊華泰盛有限公司) (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 Taifeng Limited (萊華泰豐有限公司) for a total consideration of RMB660,000,000 (equivalent to approximately HK$825,000,000), 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
Li Minbin
Executive Director

Hong Kong, 11 May 2018

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.