HUAJUN INTERNATIONAL GROUP LIMITED
華君國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

ANNUAL RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2018 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

	Nine months ended 31 December 2018 *RMB Million*	Year ended 31 March 2018 *RMB Million*	**Change**
Revenue	**2,649.5**	3,921.6	**-32.4%**
Gross profit	**83.9**	339.8	**-75.3%**
Loss for the period/year	**(396.1)**	(928.5)	**-57.3%**
Total assets	**15,762.5**	11,764.6	**+34.0%**
Total equity	**2,630.7**	2,681.5	**–1.9%**

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Huajun International Group Limited (the "**Company**") is pleased to present the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the nine months ended 31 December 2018 together with the comparative figures for the year ended 31 March 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 APRIL 2018 TO 31 DECEMBER 2018

	NOTES	**1.4.2018 to 31.12.2018** *RMB'000*	1.4.2017 to 31.3.2018 *RMB'000*
Revenue	*4*		
Goods and services		**2,609,167**	3,870,944
Finance lease income		**953**	17,928
Interest income from provision of finance		**6,590**	21,586
Rental income from property investments		**22,139**	3,356
Dividend from securities investments		**5,081**	7,787
Others		**5,555**	–
Total revenue		**2,649,485**	3,921,601
Cost of sales and services		**(2,565,567)**	(3,581,803)
Gross profit		**83,918**	339,798
Other gains and losses	*6*	**(37,152)**	23,153
Other income	*7*	**23,294**	26,373
Change in fair value of investment properties		**192,015**	(96,948)
Selling and distribution expenses		**(93,215)**	(117,699)
Administrative expenses		**(333,637)**	(323,646)
Impairment of goodwill		**(5,846)**	–
Reversal (impairment loss) of			
– trade receivables		**(19,372)**	(695)
– other receivables		**(9,750)**	–
– financial guarantee contracts		**261,713**	(484,122)
Impairment loss of available-for-sale ("**AFS**") investments		**–**	(133,877)
Impairment loss in respect of property, plant and equipment		**(68,699)**	(114,083)
Finance costs	*8*	**(444,252)**	(163,681)
Share of (loss) profits from associates		**(8,371)**	3,441
Gain on disposal of subsidiaries		**20**	188,829
(Loss) gain on disposal of associates		**(8,637)**	2,611
Change in fair value of convertible bonds – derivative component		**118,374**	(74,484)
Loss before tax		**(349,597)**	(925,030)
Income tax expense	*9*	**(46,514)**	(3,425)
Loss for the period/year	*10*	**(396,111)**	(928,455)

	NOTES	**1.4.2018 to 31.12.2018** *RMB'000*	1.4.2017 to 31.3.2018 *RMB'000*
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations		**26,496**	(28,705)
Change in fair value of debt instruments at fair value through other comprehensive income ("**FVTOCI**")		**(3,880)**	–
Reclassification adjustment relating to loss on disposal of debt instruments at FVTOCI included in profit or loss		**2,560**	–
Change in fair value of AFS investments		**–**	(135,264)
Reclassification adjustment relating to impairment of AFS investments		**–**	133,877
Reclassification adjustment relating to AFS investments disposed of		**–**	(524)
		25,176	(30,616)
Item that will not be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		**(100,642)**	120,577
Other comprehensive (expense) income for the period/year		**(75,466)**	89,961
Total comprehensive expense for the period/year		**(471,577)**	(838,494)
(Loss) profit for the period/year attributable to:			
Shareholders of the Company		**(388,926)**	(931,079)
Non-controlling interests		**(7,185)**	2,624
Loss for the period/year		**(396,111)**	(928,455)
Total comprehensive (expense) income attributable to:			
Shareholders of the Company		**(463,301)**	(840,164)
Non-controlling interests		**(8,276)**	1,670
		(471,577)	(838,494)
		RMB	*RMB*
Loss per share	*11*		
Basic		**(6.41)**	(15.35)
Diluted		**(6.41)**	(15.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018

	NOTES	**31.12.2018** **RMB'000**	31.3.2018 RMB'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**1,308,271**	911,156
Prepaid lease payments		**302,247**	147,562
Investment properties		**5,814,375**	5,424,780
Goodwill		**8,087**	13,933
Club membership		**–**	1,701
Interests in associates		**28,400**	45,873
Interests in joint ventures		**6,100**	–
Deposits for machineries and investment properties		**100,020**	153,447
Financial assets at fair value through profit or loss		**44,688**	–
Other receivables	*12*	**32,686**	–
Debt instruments at fair value through other comprehensive income		**49,031**	–
Available-for-sale investments		**–**	70,741
Deferred tax assets		**10,957**	9,762
		7,704,862	6,778,955
CURRENT ASSETS			
Properties held for sale		**5,736,201**	2,435,166
Inventories		**261,118**	321,799
Deposits for acquisitions		**–**	564,000
Deposits for leasehold land for development for sale		**50,000**	–
Prepaid lease payments		**8,106**	3,849
Finance lease receivables		**–**	11,434
Trade and other receivables, and prepayments	*12*	**827,860**	878,881
Loan receivables and interest receivables	*13*	**12,187**	107,294
Tax recoverable		**1,041**	44,020
Financial assets at fair value through profit or loss		**173,580**	–
Held for trading investments		**–**	101,222
Pledged bank deposits		**285,634**	262,823
Bank balances and cash		**701,946**	255,113
		8,057,673	4,985,601

	NOTES	31.12.2018 RMB'000	31.3.2018 RMB'000
CURRENT LIABILITIES			
Trade and other payables, and other liabilities	*14*	**1,298,398**	1,739,900
Bill payables		**576,664**	503,552
Tax payable		**104,221**	94,744
Borrowings		**3,619,333**	2,170,314
Obligations under finance leases		**6,847**	–
Obligations under financing arrangements	*16*	**2,693,469**	–
Contract liabilities		**973,061**	–
Corporate bonds		**214,840**	128,042
Convertible bonds		**–**	634,818
Financial guarantee contracts provision	*15*	**228,382**	496,793
		9,715,215	5,768,163
NET CURRENT LIABILITIES		**(1,657,542)**	(782,562)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,047,320**	5,996,393
NON-CURRENT LIABILITIES			
Deferred consideration		**95,000**	–
Deferred income		**21,660**	–
Deferred tax liabilities		**76,524**	28,520
Amount due to immediate holding company		**1,706,956**	520,000
Borrowings		**1,178,000**	2,423,739
Obligations under finance leases		**17,719**	–
Corporate bonds		**76,109**	128,223
Convertible bonds		**244,632**	214,390
		3,416,600	3,314,872
NET ASSETS		**2,630,720**	2,681,521
CAPITAL AND RESERVES			
Share capital	*17*	**55,203**	55,203
Reserves		**2,513,008**	2,481,599
Equity attributable to shareholders of the Company		**2,568,211**	2,536,802
Non-controlling interests		**62,509**	144,719
TOTAL EQUITY		**2,630,720**	2,681,521

NOTES

1. GENERAL INFORMATION

Huajun International Group Limited (formerly known as Huajun Holdings Limited) (the "**Company**") is a limited company incorporated in Bermuda as an exempted company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of its business is 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong. As at 31 December 2018, the directors of the Company (the "**Directors**") consider that immediate holding company of the Company to be China Huajun Group Limited which is incorporated in the British Virgin Islands and ultimate holding company of the Company is Huajun Group Limited which is incorporated in Hong Kong. Its ultimate controlling party is Mr. Meng Guang Bao ("**Mr. Meng**"), who is the chairman of the Board of Directors and an executive director of the Company.

The Company acts as an investment holding company. The Company and its subsidiaries are collectively referred to as the "Group".

The functional currency of the Company is Hong Kong dollars ("**HK$**") while the consolidated financial statements of the Group are presented in Renminbi ("**RMB**") to enable the shareholders of the Company to have a more accurate picture of the Group's financial position and performance.

Change of financial year end date

During the nine months period ended 31 December 2018, the reporting period end date of the Group was changed from 31 March to 31 December because the Directors determined to align the financial year end date of the Group with that of its principal subsidiaries in the People's Republic of China (the "**PRC**"). The Directors consider such change will facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the consolidated financial statements for the current period cover nine month period ended 31 December 2018. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve month period from 1 April 2017 to 31 March 2018 and therefore may not be comparable with amounts shown for the current period.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that as of 31 December 2018 the Group has capital and other commitments of RMB2,669 million and incurred a net loss of RMB396,111,000 for the period from 1 April 2018 to 31 December 2018 and had net current liabilities of RMB1,657,542,000 at 31 December 2018.

The Directors consider that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into account the following facts and assumptions:

(i) Continuous financial support from the immediate holding company

On 1 August 2018, the Company entered into a credit facilities letter with the immediate holding company in which the immediate holding company agreed to provide interest-free credit facilities of RMB7,000 million to the Group, of which RMB4,651,013,000 has been drawn as at 31 December 2018 (which comprises of amount due to immediate holding company at gross amount of RMB1,872,931,000 and the obligations under financing arrangements at gross amount of RMB2,778,082,000 as disclosed in note 16). Subsequent to period end, a supplementary agreement was signed in which the immediate holding company agreed not to demand for the repayment of the amount due to immediate holding company until 31 May 2021;

On 26 October 2018, the Company entered into convertible bond subscription agreement with the immediate holding company in which the Company agreed to issue and the immediate holding company agreed to subscribe a 1.5% coupon 5 years convertible bond at an aggregate sum of HK$1,000,000,000 (equivalent to RMB877,193,000) which needed to be paid by 30 June 2019. Up to the date of the report, the immediate holding company has advanced approximately RMB428,000,000 to the Group as part of the convertible bond subscription. The directors expect that the remaining RMB449,193,000 will be received from the immediate holding company by 30 June 2019.

(ii) Renewal of bank borrowings from Yingkou Coastal Bank

As at 31 December 2018, the Group had borrowings of RMB4,797,333,000, of which RMB3,619,333,000 was current in nature and RMB1,903,620,000 was provided by Yingkou Coastal Bank, which is a related party of the Group. Subsequently after the period end and before the date of this report, Yingkou Coastal Bank had renewed bank borrowings to the Group of RMB620,920,000 and granted additional bank borrowings amounting to RMB1,083,498,000 to the Group. Given the historical experience of borrowings renewal, the relationship of Yingkou Coastal Bank with the Group and considering the availability of assets to be pledged upon maturity of the borrowings, the directors expect that borrowings of RMB1,487,620,000 will be able to be renewed by Yingkou Coastal Bank upon maturity in September 2019, March 2020 and April 2020 for extension of at least one year.

(iii) Cash inflow from property development projects

As at 31 December 2018, the Group had properties held for sale amounted to RMB5,736,201,000, of which RMB4,354,331,000 were under development. The directors expected that pre-sale certificates of certain property development projects will be obtained after meeting the pre-sales conditions and contribute substantial cash inflow to the Group from pre-sale of these properties in 2019.

(iv) Refinancing plan for investment properties

As at 31 December 2018, the Group had investment properties carried at fair value of RMB5,814,375,000 with corresponding borrowings of RMB2,094,000,000 secured by these investment properties. The directors believe that if additional financing is required, the Group would be able to refinance its borrowing using these investment properties as security or realise the value of the investment properties through sales in 2019 and thereafter.

The Directors believe that, taking into account the above factors, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of approval of these consolidated financial statements. However, should the above financing be unavailable (in particular the continuous financial support from the immediate holding company as well as the renewal of borrowings from Yingkou Coastal Bank) or if the Group is not able to generate the expected cash inflows from certain of its property development projects within the expected timeline, (or if required, the Group is unable to obtain additional financing through refinancing or disposal of the existing investment properties), the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current period:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

4 Effective for annual periods beginning on or after a date to be determined

5 Effective for annual periods beginning on or after 1 January 2020

4. **REVENUE**

A. For the period from 1 April 2018 to 31 December 2018

Disaggregation of revenue from contracts with customers

	For the period from 1 April 2018 to 31 December 2018					
	Printing	Trading and logistics	Property development and investments	Solar photovoltaic	Financial services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Type of goods and services						
Sales of:						
– solar photovoltaic products	–	–	–	51,548	–	51,548
– printing products	551,540	–	–	–	–	551,540
– oil and other related products	–	1,910,464	–	–	–	1,910,464
– properties	–	–	77,222	–	–	77,222
Processing services						
– solar photovoltaic products	–	–	–	18,393	–	18,393
Total revenue from contracts with customers	551,540	1,910,464	77,222	69,941	–	2,609,167
Finance lease income	–	–	–	–	953	953
Interest income from provision of finance	–	–	–	–	6,590	6,590
Rental income from property investments	–	–	22,139	–	–	22,139
Dividend from securities investments	–	–	–	–	5,081	5,081
Others	–	–	5,555	–	–	5,555
Total revenue	551,540	1,910,464	104,916	69,941	12,624	2,649,485
Geographical markets						
The PRC	163,629	1,907,159	77,222	69,941	–	2,217,951
The United States of America ("US")	225,257	–	–	–	–	225,257
Hong Kong	42,336	1,558	–	–	–	43,894
European countries	71,788	1,424	–	–	–	73,212
Other countries	48,530	323	–	–	–	48,853
Total	551,540	1,910,464	77,222	69,941	–	2,609,167

All of the Group's revenue from contracts with customers are recognised at point in time.

B. **For the year ended 31 March 2018**

An analysis of the Group's revenue for the year is as follows:

	Year ended 31 March 2018 *RMB'000*
Sales of:	
– solar photovoltaic products	760,247
– printing products	658,104
– electronic parts and devices	390,233
– oil and other related products	1,977,006
– industrial equipment	35,758
– properties	49,596
Finance lease income	17,928
Interest income from provision of finance	21,586
Rental income from property investments	3,356
Dividend from securities investments	7,787
	3,921,601

5. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by different business lines. Information reported to the Group's Executive Directors, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and performance assessment is prepared on this basis. The Group has identified the following five reportable segments under HKFRS 8 *Operating Segments* as follows:

- Printing: Sales and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products

- Trading and logistics: Trading, logistics and supply chain management

- Property development and investments: Property development and investments

- Solar photovoltaic: Sales and manufacturing of solar photovoltaic products

- Financial services: Comprised of provision of finance through money lending services; provision of finance through finance lease; provision of securities brokerage services and investment activities in equity securities, funds, bonds and assets management services and other related services

In addition to the operating segments described above, each of which constitutes a reportable segment, the Group had other operating segments which included provision of medical management services and sales and manufacturing of industrial equipment in the PRC for the year ended 31 March 2018. The sales and manufacturing of industrial equipment business was suspended after the disposal of Zhejiang Linhai Machinery Limited in the year ended 31 March 2018. The medical management services business has also been suspended as the Group has completed the services contract with the counterparty during the year-ended 31 March 2018.

None of these segments met the quantitative thresholds for the reportable segments in both period/year. Accordingly, all of the above operating segments were grouped as "All other segments".

The following is an analysis of the Group's revenue and results by reportable segments:

For the period from 1 April 2018 to 31 December 2018

	Printing	Trading and logistics	Property development and investments	Solar photovoltaic	Financial services	Reportable segments' total	All other segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue								
Revenue from external customers	**551,540**	**1,910,464**	**104,916**	**69,941**	**12,624**	**2,649,485**	**–**	**2,649,485**
Segment profit (loss)	**914**	**(12,380)**	**102,564**	**(187,358)**	**(357)**	**(96,617)**	**(32,672)**	**(129,289)**
Unallocated amounts								
Change in fair value of convertible bonds – derivative component								**118,374**
Corporate administrative expenses								**(142,582)**
Corporate other income								**3,451**
Finance costs								**(444,252)**
Gain on disposal of subsidiaries								**20**
Loss on disposal of associates								**(8,637)**
Other gains and losses								**(24)**
Reversal of impairment for financial guarantee contracts								**261,713**
Share of loss from associates								**(8,371)**
Group's loss before tax								**(349,597)**

Year ended 31 March 2018

	Printing	Trading and logistics	Property development and investments	Solar photovoltaic	Financial services	Reportable segments' total	All other segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue								
Revenue from external customers	658,104	2,367,239	52,952	760,247	47,301	3,885,843	35,758	3,921,601
Segment profit (loss)	914	37,293	(140,975)	(130,041)	(93,614)	(326,423)	(8,838)	(335,261)
Unallocated amounts								
Change in fair value of convertible bonds – derivative component								(74,484)
Corporate administrative expenses								(91,398)
Corporate other income								6,755
Finance costs								(163,681)
Gain on disposal of subsidiaries								188,829
Gain on disposal of associates								2,611
Other gains and losses								22,280
Provision for financial guarantee contracts								(484,122)
Share of profits from associates								3,441
Group's loss before tax								(925,030)

Segment results represent the profit or loss of each operating segment without allocation of gains or losses arising from change in fair value of convertible bonds – derivative component, corporate administrative expenses, corporate other income, finance costs, (loss) gain on disposal of associates, gain on disposal of subsidiaries, unallocated other gains and losses, (reversal of impairment) provision for financial guarantee contracts and share of (loss) profits from associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

For the period from 1 April 2018 to 31 December 2018

	Printing	Trading and logistics	Property development and investments	Solar photovoltaic	Financial services	Reportable segments' total	All other segments	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:									
Depreciation and amortisation for the period	26,940	7,987	6,878	44,914	342	87,061	–	4,833	91,894
Additions to non-current assets during the period	84,262	90,605	176,259	295,354	32	646,512	–	862	647,374
Additions to non-current assets through acquisition of subsidiaries during the period	62,394	–	118,911	199,128	–	380,433	–	–	380,433
Impairment loss of									
– trade receivables	9,069	–	–	10,303	–	19,372	–	–	19,372
– other receivables	–	917	7,468	–	126	8,511	–	1.239	9,750
(Gain) loss on disposal of property, plant and equipment	(541)	–	201	–	–	(340)	–	96	(244)
Change in fair value of investment properties	–	–	(192,015)	–	–	(192,015)	–	–	(192,015)
Change in fair value of financial assets at fair value through profit or loss	–	–	–	–	9,476	9,476	–	–	9,476
Loss on disposal of debt instruments at FVTOCI	–	–	–	–	2,560	2,560	–	–	2,560
Interest income earned on bank balances and pledged bank deposits	(81)	(705)	(2,968)	(1,337)	(170)	(5,261)	–	(78)	(5,339)
Interest income from finance lease receivables	–	–	–	–	(953)	(953)	–	–	(953)
Interest income from loan receivable	–	–	–	–	(6,590)	(6,590)	–	–	(6,590)
Impairment loss in respect of property, plant and equipment	–	–	–	39,973	–	39,973	28,726	–	68,699
Write down of properties held for sale (included in cost of sales and services)	–	–	29,050	–	–	29,050	–	–	29,050
Impairment loss of deposits for machineries modification and enhancement	–	–	–	25,000	–	25,000	–	–	25,000
Impairment of goodwill	–	–	–	5,846	–	5,846	–	–	5,846

Year ended 31 March 2018

	Printing *RMB'000*	Trading and logistics *RMB'000*	Property development and investments *RMB'000*	Solar photovoltaic *RMB'000*	Financial services *RMB'000*	Reportable segments' total *RMB'000*	All other segments *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:									
Depreciation and amortisation for the year	44,249	8,995	5,236	44,898	290	103,668	6,141	3,347	113,156
Additions to non-current assets during the year	59,113	2,088	850,884	184,075	8,871	1,105,031	21,597	825	1,127,453
Additions to non-current assets through acquisition of subsidiaries during the year	–	–	61,157	–	–	61,157	–	–	61,157
Allowance for bad debt on trade receivables	695	–	–	–	–	695	–	–	695
(Gain) loss on disposal of property, plant and equipment	(36)	–	339	–	–	303	–	(13)	290
Change in fair value of investment properties	–	–	96,948	–	–	96,948	–	–	96,948
Change in fair value of held for trading investments	–	–	–	–	(639)	(639)	–	–	(639)
Realised gain on AFS investments	–	–	–	–	(524)	(524)	–	–	(524)
Interest income earned on bank balances and pledged bank deposits	(2,092)	(1,087)	(6,007)	(1,344)	(378)	(10,908)	(2,036)	(1,633)	(14,577)
Interest income from finance lease receivables	–	–	–	–	(17,928)	(17,928)	–	–	(17,928)
Interest income from loan receivable	–	–	–	–	(21,586)	(21,586)	–	–	(21,586)
Impairment of AFS investments	–	–	–	–	133,877	133,877	–	–	133,877
Impairment loss in respect of property, plant and equipment	–	–	–	114,083	–	114,083	–	–	114,083

6. OTHER GAINS AND LOSSES

	1.4.2018 to 31.12.2018	1.4.2017 to 31.3.2018
	RMB'000	*RMB'000*
Amortisation of financial guarantee contracts *(note 15)*	**–**	22,129
Change in fair value of financial assets at FVTPL	**(9,476)**	–
Change in fair value of held for trading investments	**–**	639
Exchange (loss) gain, net	**(297)**	151
Gain (loss) on disposal of property, plant and equipment	**244**	(290)
Loss on disposal of debt instruments at FVTOCI	**(2,560)**	–
Gain on disposal of AFS investments	**–**	524
Impairment loss of deposits for machineries modification and enhancement	**(25,000)**	–
Loss on disposal of club membership	**(63)**	–
	(37,152)	23,153

7. OTHER INCOME

	1.4.2018 to 31.12.2018	1.4.2017 to 31.3.2018
	RMB'000	*RMB'000*
Interest income earned on bank balances and pledged bank deposits	**5,339**	14,577
Others	**17,955**	11,796
	23,294	26,373

8. FINANCE COSTS

	1.4.2018 to 31.12.2018 *RMB'000*	1.4.2017 to 31.3.2018 *RMB'000*
Interest on bank borrowings and other borrowings	**377,687**	354,165
Interest on obligations under finance leases	**419**	–
Interest on significant financing component arising from pre-sales of properties	**29,931**	–
Imputed interest arising on interest-free borrowings from immediate holding company	**38,388**	15,858
Imputed interest arising on obligations under financing arrangements	**109,291**	–
Effective interest expenses on convertible bonds	**95,379**	61,692
Effective interest expenses on corporate bonds	**23,590**	29,177
Other finance charges	**23,427**	5,961
	698,112	466,853
Less: interest expenses from bank borrowings and other borrowings recognised in cost of sales and services	**–**	(2,418)
Less: interest expenses capitalised into investment properties under construction/properties under development for sales	**(253,860)**	(300,754)
	444,252	163,681

9. INCOME TAX EXPENSE

	1.4.2018 to 31.12.2018 *RMB'000*	1.4.2017 to 31.3.2018 *RMB'000*
Current tax:		
Hong Kong Profits Tax	**124**	3,701
PRC Enterprise Income Tax	**2,042**	27,381
Other jurisdictions	**–**	186
	2,166	31,268
Under (over) provision in prior years:		
Hong Kong Profits Tax	**(323)**	(1,216)
PRC Enterprise Income Tax	**(2,118)**	2,503
	(2,441)	1,287
Deferred tax	**46,789**	(29,130)
	46,514	3,425

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the current period and prior year.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the current period and prior year.

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

10. LOSS FOR THE PERIOD/YEAR

	1.4.2018 to 31.12.2018	1.4.2017 to 31.3.2018
	RMB'000	*RMB'000*
Loss for the period/year is arrived after charging (crediting):		
Directors' remuneration	**11,037**	15,313
Staff cost, excluding Directors' remuneration:		
Salaries, wages and other benefits	**203,858**	267,751
Retirement benefit scheme contributions	**24,460**	30,508
Total staff costs	**239,355**	313,572
Rental income from investment properties:		
Gross rental income from investment properties	**(22,139)**	(3,356)
Less: direct operating expenses incurred for investment properties that generated rental income during the period/year	**1,834**	278
	(20,305)	(3,078)
Amortisation of prepaid lease payments	**5,588**	4,320
Auditor's remuneration		
– Audit services	**6,367**	2,423
– Non-audit services	**272**	316
Cost of inventories recognised as an expense	**2,466,174**	3,536,848
Write down of properties held for sales (included in cost of sales and services)	**29,050**	–
Depreciation for property, plant and equipment	**86,306**	108,836
Interest income	**10,455**	39,514
Operating lease rental on land and buildings	**19,510**	22,141
Research and development expenses	**5,614**	21,213

11. LOSS PER SHARE

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

	1.4.2018 to 31.12.2018	1.4.2017 to 31.3.2018
	RMB'000	*RMB'000*
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the period/year attributable to shareholders of the Company)	**(388,926)**	(931,079)

	31.12.2018	31.3.2018
Number of shares		
Number of share for the purposes of basic and diluted loss per share	**60,669,000**	60,669,000

In determining the number of ordinary shares in issue for the year ended 31 March 2018, the Share Consolidation (as defined in note 17) has been regarded as completed since 1 April 2017.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would have anti-dilutive impact for the current period and prior year.

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares for the current period and prior year.

12. TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS

	31.12.2018	31.3.2018
	RMB'000	*RMB'000*
Trade receivables *(note)*		
– goods and services	**224,967**	395,342
Less: allowance for credit losses	**(22,459)**	(2,993)
	202,508	392,349
Deposits and other receivables	**328,431**	140,021
Prepayments	**329,607**	346,511
	860,546	878,881
Analysis as:		
–Current	**827,860**	878,881
–Non - current	**32,686**	–
	860,546	878,881

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

Before accepting a new customer, the management would assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed from time to time. Allowances for credit losses are recognised against trade receivables at 31 December 2018 and 31 March 2018 based on estimated recoverable amount determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

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

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date which approximates the respective revenue recognition date, at the end of the reporting period.

	31.12.2018	31.3.2018
	RMB'000	*RMB'000*
0 – 30 days	**131,893**	141,887
31 – 90 days	**34,506**	120,866
91 – 180 days	**8,182**	119,514
Over 180 days	**27,927**	10,082
	202,508	392,349

As at 31 December 2018, total bills received amounting to RMB62,501,000 (31 March 2018: RMB210,725,000) are held by the Group for future settlement of trade receivables, of which certain bills were further discounted/endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in note (a). All bills received by the Group are with a maturity period of less than one year.

As at 31 December 2018 and 31 March 2018, trade receivables which are past due but not impaired related to customers that had good track records with the Group. It has not been a significant change in the credit quality and the balances were still considered fully recoverable.

Other than the bills received, the Group did not hold any collateral over these balances.

As at 31 March 2018, bills received with a total carrying amount of RMB4,273,000 have been pledged to secure bill payables and borrowings of the Group.

In determining the recoverability of trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Note:

(a) As at 31 December 2018, the total bill received include discounted bills with full recourse amounting to RMB349,000 (31 March 2018: RMB25,929,000) and bills endorsed to suppliers and other creditors on a full recourse basis that are not yet due amounting to RMB37,552,000 (31 March 2018: RMB168,410,000). As the Group has not transferred the significant risks and rewards relating to these bills, it continues to recognise the full carrying amount of the assets in the consolidated financial statements. The associated borrowings and trade and other payables are secured over the discounted bills and endorsed bill received which were not yet due at the end of the reporting period and are recognised as current liabilities in the consolidated statement of financial position.

At 31 December 2018

	Discounted bills with full recourse *RMB'000*	**Bills received endorsed with full recourse** *RMB'000*	**Total** *RMB'000*
Carrying amount of transferred assets	**349**	**37,552**	**37,901**
Carrying amount of associated liabilities	**(349)**	**(37,552)**	**(37,901)**
Net position	**–**	**–**	**–**

At 31 March 2018

	Discounted bills with full recourse *RMB'000*	Bills received endorsed with full recourse *RMB'000*	Total *RMB'000*
Carrying amount of transferred assets	25,929	168,410	194,339
Carrying amount of associated liabilities	(25,929)	(168,410)	(194,339)
Net position	–	–	–

13. LOAN RECEIVABLES AND INTEREST RECEIVABLES

	31.12.2018	31.3.2018
	RMB'000	*RMB'000*
Loan receivables	**11,403**	106,955
Interest receivables	**784**	339
	12,187	107,294

The Group's loan receivables, which arise from the money lending business of providing personal loans and corporate loans in Hong Kong and the PRC, are denominated in HK$.

Certain loan receivables are secured by collaterals provided by customers, bearing interest ranging from 8% to 12% (31 March 2018: 8% to 18%) per annum and repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan receivables and interest receivables mentioned above.

No loan receivables and interest receivables were past due but not impaired at 31 December 2018 and 31 March 2018.

14. TRADE AND OTHER PAYABLES, AND OTHER LIABILITIES

	31.12.2018	31.3.2018
	RMB'000	*RMB'000*
Trade payables	**184,806**	439,974
Construction payables	**447,268**	284,752
	632,074	724,726
Accrued construction cost	**213,658**	320,145
Deposits received	**50,653**	9,101
Other payables	**133,636**	104,556
Other payables to non-controlling shareholders of a former subsidiary of the Company	**119,989**	119,989
Receipts in advance	**–**	382,102
Other accruals	**148,388**	79,281
	1,298,398	1,739,900

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

	31.12.2018	31.3.2018
	RMB'000	*RMB'000*
0 – 30 days	**105,938**	354,782
31 – 90 days	**44,033**	58,877
Over 90 days	**482,103**	311,067
	632,074	724,726

The average credit period on purchase and construction cost is arranging from 30 to 90 days. The Group has financial risk management policies in place to monitor that all trade payables are settled within the credit timeframe.

15. FINANCIAL GUARANTEE CONTRACTS PROVISION

	31.12.2018	31.3.2018
	RMB'000	*RMB'000*
As beginning of the reporting period	**496,793**	34,800
Amortisation of financial guarantee liabilities	**–**	(22,129)
Addition through acquisition of a subsidiary	**23,303**	–
Financial guarantee provision recognised	**228,382**	484,122
Reversal of provision	**(520,096)**	–
At the end of the reporting period	**228,382**	496,793

Notes:

(a) Guarantee I and Guarantee II

On 19 October 2016, the Group entered into a financial guarantee in favour of Jiangsu branch office of China Cinda Asset Management Co., Ltd. ("**China Cinda**"), pursuant to which the Group agreed to provide a financial guarantee in respect of obligations and liabilities of Hareon Solar and Jiangyin Hareon Solar Energy Electrical Power Co., Ltd. (collectively referring to as "**Hareon Companies**") under restructuring documents in the amount of approximately RMB383,361,000 (the "**Guarantee I**"). On the same date, Mr. Meng also entered into a personal guarantee in favour of China Cinda to provide financial guarantee for the same obligations and liabilities.

In order to protect the interest of the Group against any loss which might be suffered by the Group under the Guarantee I, Hareon Solar entered into a counter indemnity in favour of the Group pursuant to which Hareon Companies agreed to, among other matters, indemnify the Group for its liabilities and loss which may arise from the Guarantee I.

The Group had recognised a financial guarantee liability at fair value of RMB44,281,000 at the date of providing the Guarantee I. For the year ended 31 March 2018, amortisation of financial guarantee liabilities amounting to RMB22,129,000 had been recognised in profit or loss.

On 4 May 2016, the Group had provided a financial guarantee in favour of a bank of RMB22,990,000 to secure a banking facility granted to a subsidiary of Hareon Solar ("**Guarantee II**"). Subsequently on 19 January 2017, the Group further increased the maximum guaranteed amount to RMB77,000,000.

As at 31 March 2018, the Directors were of the opinion that the financial condition of the Hareon Companies had significantly deteriorated with certain of their debts are default in payment. The Directors considered that it is probable the creditors will demand the Group to settle the outstanding principal and interest of the subject debts under the financial guarantees provided by the Group.

On 26 June 2018, three statutory demands were served on the Company by China Cinda to demand the Company to settle the outstanding debts totalling of RMB278,153,000 pursuant to the Guarantee I.

As at 31 March 2018, the Group had recognised financial guarantees provision of RMB496,793,000 which was the Directors' best estimation on the probable cash outflow on the obligations of these financial guarantee contracts.

On 23 July 2018, Hareon Companies announced that Huajun Commercial Factoring Co., Ltd. ("**Huajun Commercial**"), a company directly controlled by Mr. Meng, has fully repaid the statutory demands of RMB278,153,000 on behalf of Hareon Companies to China Cinda.

Subsequently on 26 October 2018, Hareon Companies announced that Huajun Commercial further paid RMB150,000,000 on behalf of Hareon Companies to China Cinda. On the same date, China Cinda provided a written confirmation to the Group agreed that the liabilities under Guarantee I are discharged.

Consequently, the Directors considered that the financial guarantee contracts provision to Guarantee I should be fully reversed on the basis specified below.

According to the relevant laws specified in the financial guarantee contracts, unless otherwise specified, joint guarantors to a financial guarantee contract shall be jointly and severely liable to the guaranteed amount if the debtor default the payment, each joint guarantor may request the other joint guarantor to equally share the settlement of the guaranteed amount. A reversal of impairment for financial guarantee contracts to profit or loss amounting to RMB223,905,000 represents the provision of guarantee liable by joint guarantor, Mr. Meng. For the portion that the Group is liable, as the amount has been settled by an entity controlled by Mr. Meng, settlement of the financial guarantee contract of RMB223,905,000 is accounted for as an equity transaction with shareholder as contribution.

In respect of Guarantee II, the financial guarantee contract was released upon the outstanding bank loan was settled by the subsidiary of Hareon Solar in the form of auction of selling its land. The auction was completed 5 December 2018, and the Group was no longer liable of the Guarantee II, consequently, the Directors considered that the financial guarantee contracts provision relating to Guarantee II which amount to RMB48,983,000 should be fully reversed to profit or loss.

(b) Guarantees in favour of Yingkou Coastal Bank

As at 31 December 2018, a bank loan drawn from the banking facilities associated with the financial guarantees which is previously provided by the Group in favour of Yingkou Coastal Bank Co., Ltd ("**YingKou Coastal Bank**") to secure the facilities granted to an independent third party, is still outstanding and past due, and accordingly being default, pursuant to the terms of the guarantees, the Group is obligated to compensate the holder for loss suffered when non repayment of the loan happens. As a result, the Group reassessed the financial guarantee liabilities and recognised the provision in aggregate of RMB34,478,000 in profit or loss.

The Group has provided guarantees to several related parties for credit facilities in aggregate sum of RMB2,978 million in favour of Yingkou Coastal Bank. Among the guaranteed facilities, aggregate amount of RMB2,778 million are drawn by those related parties and remitted to the Group, with details set out in note 16. The Directors were of the opinion that the remaining guaranteed facilities drawn by those related parties are virtually certain to default given the financial position of those related parties. Accordingly, the remaining amounts are recognised as financial guarantee liabilities at 31 December 2018.

Subsequent to the period end, all guarantees in favour of Yingkou Coastal Bank provided by the Group are released.

16. OBLIGATIONS UNDER FINANCING ARRANGEMENTS

On 17 May 2018, Yangzhou Bao Hua Properties Limited ("**Yangzhou Bao Hua**"), a wholly owned subsidiary of the Company, provided guarantees of RMB778 million in favour of Yingkou Coastal Bank (as defined in note 15(b)) for credit facilities in aggregate sum of RMB778 million granted to two related companies of the Group which Mr. Meng has significant influence therein. Through utilising the credit facilities granted and a series of bills financing arrangements, an aggregate sum of RMB1,100 million bills were issued by these related companies and net cash proceeds of RMB700 million, after deducting the discounting charge of RMB64 million and security deposits of RMB330 million placed by these related companies in Yingkou Coastal Bank, was generated by these related parties by discounting the bills to unrelated parties and the net cash proceeds was transferred back to the Group to supplement the Group's working capital.

On 6 June 2018, Bao Hua Properties Management (China) Limited ("**B&H Properties China**"), a wholly owned subsidiary of the Company, provided guarantees of RMB2,200 million in favour of Yingkou Coastal Bank for credit facilities in aggregate sum of RMB2,200 million granted to four related companies of the Group which Mr. Meng has significant influence therein. Through utilising the credit facilities granted and a series of bills financing arrangements, an aggregate sum of RMB3,100 million bills were issued by these related companies (including three former subsidiaries of the Group that the Group completed the disposal of on 5 June 2018) and net cash proceeds of RMB2,000 million, after deducting the discounting charge of RMB193 million and security deposits of RMB940 million placed by these related companies in Yingkou Coastal Bank, was generated by these related parties by discounting the bills to unrelated parties, of which RMB1,594 million were transferred to the seller of the acquisition of Baohua Real Estate (Wuxi) Co., Ltd., Wuxi Huiyuan Real Estate Co., Ltd and Baohua Real Estate (Jiangyin) Co., Ltd, (collectively referred as "**Wuxi Project**")for settlement of acquisition consideration on behalf of the Group and the remaining RMB406 million was transferred back to the Group to supplement the Group's working capital.

The directors considered that the arrangements are in substance financing from the immediate holding company under the loan facilities with the immediate holding company and therefore recognised the advances through the above financing arrangements (including the amount paid by related parties to settle the consideration of Wuxi Project) as amount due to immediate holding company.

The Group has agreed in writing with these related parties and immediate holding company that in case these related parties fail to settle their obligations with Yingkou Coastal Bank and the Group needs to repay to the bank under these financing arrangements, the Group's corresponding amount due to immediate holding company will be reduced by the amount of repayment made by the Group to the bank (if any). The aggregate gross proceeds received by the Group under the financing arrangement is RMB2,778 million (as at 31 December 2018, the net proceeds received is carried at amortised cost of RMB2,693 million at an effective interest rate of 6.4% per annum). The financial liabilities are classified as current as the corresponding bills issued through these financial arrangements will be matured within one year at end of the reporting period.

Details of the remaining financial guarantee obligations under these financing arrangements are detailed in note 15(b).

On 29 March 2019, Huajun Holdings Group Limited, a company wholly owned by Mr. Meng and his spouse, replaced Yangzhou Bao Hua Properties and B&H Properties China to be the guarantor of these financial guarantees and the above-mentioned guarantees obligations of Yangzhou Bao Hua and B&H Properties China, as confirmed by Yingkou Coastal Bank, were released. Upon the release of these financial guarantees, in accordance with the loan facilities between the Group and the immediate holding company, the immediate holding company will not demand for repayment of the amount due to immediate holding company before May 2021. Therefore, the amount due to immediate holding company under these financing arrangements are reclassified as non-current liabilities on 29 March 2019.

17. SHARE CAPITAL

	Number of shares		**Share capital**	
Ordinary shares	**31.12.2018**	31.3.2018	**31.12.2018**	31.3.2018
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
Ordinary shares of HK$1.00 each				
At beginning of the reporting period	**400,000**	40,000,000	**400,000**	400,000
Share Consolidation *(note)*	**–**	(39,600,000)	**–**	–
At end of the reporting period	**400,000**	400,000	**400,000**	400,000
			RMB'000	*RMB'000*
Issued and fully paid:				
At beginning of the reporting period	**60,669**	6,066,920	**55,203**	55,203
Share Consolidation *(note)*	**–**	(6,006,251)	**–**	–
At end of the reporting period	**60,669**	60,669	**55,203**	55,203

Note:

On 5 March 2018, the Company had conducted a share consolidation whereby every one hundred existing issued and unissued existing shares of par value of HK$0.01 each in the share capital of the Company had been consolidated into one consolidated share of par value of HK$1.00 each ("**Share Consolidation**"). All consolidated shares rank pari passu in all respects with each other.

The Share Consolidation had let to adjustments to (i) the conversion price and the number of shares falling to be issued upon the exercise of the conversion right attaching to the convertible bonds in accordance with the terms and conditions of the convertible bonds; and (ii) the exercise price of the share options and the number of shares comprised therein in accordance with the terms and conditions of the share option scheme of the Company. These adjustments had been taken up elsewhere in these consolidated financial statements for the year ended 31 March 2018 and nine months period ended 31 December 2018.

18. CONTINGENT LIABILITIES

As at 31 December 2018, the Group has several outstanding legal proceedings with construction contractors, customers, suppliers and joint venture partner that against the Group in the PRC in relation to the Group's property development and investment, printing and solar photovoltaic segment. Apart from disclosed below, the directors consider that all other legal proceedings would not have significant financial impact to the Group as the corresponding claims against the Group are either not significant or not probable to have a material financial impact to the Group, based on the advice of the legal counsel.

1) As at 31 December 2018, the Group has three outstanding legal proceedings with Jiangsu Nantong Erjian Group Company Ltd. ("**Jiangsu Nantong Erjian**") as plaintiff against several subsidiaries of the Company in the PRC in respect of certain construction contracts disputes. The total amounts in disputes were approximately RMB257,397,000. Subsequent to the reporting date, the Group has entered into settlement agreements with Jiangsu Nantong Erjian which shall apply to the court for withdrawal of the claims against the Group once the Group made certain agreed progress payments to Jiangsu Nantong Erjian on or before 30 June 2019. In April 2018, the plaintiff has withdrawn one legal proceeding of approximately RMB58,759,000 following the receipt of first progress payment and the remaining legal proceedings will be withdrawn after the receipt of the remaining progress payments on or before 30 June 2019 as agreed in the settlement agreements. The directors consider that the construction costs and relevant compensation have been properly accrued based on the settlement agreements at 31 December 2018.

2) The Cooperation Agreement that entered between the Group and the independent third party is not likely to be proceed due to the failure to comply with certain urban renewal policies in Guangdong Province, the PRC and the relating project shall be terminated. Accordingly, the counterparty has raised a civil prosecution against the Group regarding the breach of the Cooperation Agreement. The Group has sought legal advice in the PRC on the legal proceedings to assess the amount of provision required. The Directors consider the provision made in the consolidated financial statements is adequate.

19. EVENTS AFTER THE REPORTING PERIOD

a) Subsequent to the financial period ended 31 December 2018, the Group has received advance payment of RMB428,000,000 from the immediate holding company in relation to its subscription of convertible bonds at aggregate sum of HK$1,000,000,000 (equivalent to RMB877,193,000), which is expected to issue in June 2019 based on Directors' estimation.

b) On 29 March 2019, the Group successfully won a bidding for the land use rights to the land parcel in Dalian City, Liaoning Province, the PRC through the Listing-for-Sale organised and held by the Dalian City Natural Resources Bureau at the Land Grant Price of RMB319,270,000. The transaction has completed and all consideration has been paid in March 2019.

BUSINESS REVIEW

The financial year end date of the Company has been changed from 31 March to 31 December in order to align with the Company's financial year end date with that of its principal subsidiaries incorporated in the People's Republic of China (the "**PRC**"), which are statutorily required to have a financial year end date at 31 December. Accordingly, the current financial period covers a period of nine months from 1 April 2018 to 31 December 2018 (the "**Reporting Period**") which may not be entirely comparable with last year's results which cover a period of twelve months.

Our Group has five core businesses. They are Printing, Trading and Logistics, Property Development and Investments, Solar Photovoltaic and Financial Services.

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

For the Reporting Period, revenue was approximately RMB2,649.5 million, representing a decrease of approximately RMB1,272.1 million, or 32.4%, compared to revenue of approximately RMB3,921.6 million for the year ended 31 March 2018. The overall decrease in revenue was attributable to the decrease in revenue generated from Solar Photovoltaic. During the Reporting Period. Solar Photovoltaic business experienced setting up of new production facilities for manufacturing of solar modules in Jurong, Jiangsu. It took several months for pre-commercial production testing and has contributed revenue since November 2018. In addition, during the Reporting Period, we have changed the business model from sales of products to provision of processing services to customers, leading to the decrease in gross revenue. Trading and Logistics segment and Printing segment continued to register a stable growth.

For the Reporting Period, our Group generated most of its revenue from Trading and Logistics segment which accounted for approximately 72.1% (for the year ended 31 March 2018: approximately 60.4%) of the total revenue followed by Printing segment which accounted for approximately 20.8% (for the year ended 31 March 2018: approximately 16.8%) of the total revenue.

The table below sets forth our Group's revenue by business segment for the Reporting Period and year ended 31 March 2018:

	For the nine months ended 31 December 2018		For the year ended 31 March 2018	
	RMB Million	*%*	*RMB Million*	*%*
Printing	**551.5**	**20.8%**	658.1	16.8%
Trading and logistics	**1,910.5**	**72.1%**	2,367.2	60.4%
Property development and investments	**104.9**	**4.0%**	53.0	1.3%
Solar photovoltaic	**69.9**	**2.6%**	760.2	19.4%
Financial services	**12.7**	**0.5%**	47.3	1.2%
Other	**–**	**–**	35.8	0.9%
	2,649.5	**100%**	3,921.6	100%

The table below sets forth our Group's revenue by geographical locations based on the location by customers for the Reporting Period and the year ended 31 March 2018:

	For the nine months ended 31 December 2018		For the year ended 31 March 2018	
	RMB Million	*%*	*RMB Million*	*%*
The PRC	**2,246.2**	**84.8%**	3,302.4	84.2%
The United States	**225.3**	**8.5%**	283.8	7.2%
Hong Kong	**50.8**	**1.9%**	237.9	6.1%
European countries	**73.2**	**2.8%**	59.4	1.5%
Other countries	**54.0**	**2%**	38.1	1%
	2,649.5	**100%**	**3,921.6**	100%

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

Printing

New Island Printing Company Limited ("**New Island**") is one of the leading and reputable printing and packaging companies in Hong Kong and China. New Island produces high quality packaging and paper products with the capability to serve our international clients in the areas of beauty and cosmetics, pharmaceutical, food and beverage globally. During the Reporting Period, we further develop overseas and local customers portfolio and expand our production capacities by commencement of operation of a new production facilities in Liaoning Province of the PRC.

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

Trading and logistics

This segment is principally engaged in the distribution and sales of petrochemical products and provision of logistics services. This segment trades a large spectrum of petrochemical products. The Group expects vast demand of petrochemical products in Hong Kong and the PRC and with our strength of strong network of suppliers ensure stable supply of products managed by our team, the Group will continue to support the growth of distribution and sales of petrochemical products, in particular of exploring new types of petrochemical products for distribution.

Property development and investments

This segment consists of land consolidation and development, real estate development and sales, property leasing and management, and various real estate business. Leveraging on the rich resources in the PRC, the Group seeks to invest on development projects with asset appreciation potential for investment and enjoys asset appreciation while generating stable revenue. There are several core projects held by the Group and under development during the Reporting Period as follows:

Shanghai Bao Hua International Plaza

Bao Hua Property Development (Shanghai) Company Limited (保華房地產開發(上海)有限公司) (formerly known as Shanghai Baohua Wanlong Real Estates Company Limited (上海保華萬隆置業有限公司)), an indirectly wholly-owned subsidiary of the Company, successfully bid for the land use rights of the land in Minhang District, Shanghai, the PRC through the auction held by Shanghai Minhang District Planning and Land Administration Bureau (上海市閔行區規劃和土地管理局) offered for sale by way of tender at a bidding price of RMB2,305 million. The land is under development and will offer commercial and office complex named Shanghai Bao Hua International Plaza (上海保華國際廣場) with total gross floor area ("**GFA**") of approximately 125,000 square metres.

Dalian Projects

On 30 March 2017, we acquired two property projects, namely Bao Hua Financial Centre (保華金融中心) and Bao Hua Wang Yuan* (保華旺苑), from a company controlled by Mr. Meng, the chairman, an executive Director and a substantial shareholder of the Company at a total Consideration of RMB1,920 million. Both Bao Hua Financial Centre (保華金融中心) and Bao Hua Wang Yuan* (保華旺苑) are located in Dalian City, Liaoning Province, the PRC. In particular, Bao Hua Financial Centre (保華金融中心) comprises a parcel of land with a site area of approximately 10,857.10 sq.m. situated at Xinghai Bay business area, Dalian. It is under development into a commercial and Grade A office development complex with total GFA of approximately 146,000 square meters to be erected thereon. The development will be developed into a 51-storey commercial and office complex with a 2-storey basement for car parking and ancillary uses.

Property for sale – Gaoyou

In May 2017, Yangzhou Baohua Jianfeng Real Estate Co., Ltd., an indirectly 80% owned subsidiary of the Company, successfully bid for the land use rights of two pieces of land in Gaoyou District, Jiangsu Province, the PRC at a bidding price of RMB739.7 million. The two pieces of land are under development into a commercial and residential project named Gaoyou Bao Hua – Jun Ting (高郵保華•君庭) with two phases and has a total sellable GFA of approximately 365,000 square meters. The first phase has offered for pre-sale since February 2018. At 31 December 2018, a total of approximately 49,000 square meters were sold for proceeds of approximately RMB414.3 million.

Property for sale – Wuxi Project

In 6 July 2018, the Group completed the acquisitions of (i) the entire equity interests in Baohua Real Estate (Wuxi) Co., Ltd.* (保華地產(無錫)有限公司) (formerly known as Wuxi Huiling Real Estate Co., Ltd.* (無錫惠靈置業有限公司)) ("**Wuxi Huiling**"); (ii) the entire equity interests in Wuxi Huiyuan Real Estate Co., Ltd.* (無錫市惠遠置業有限公司) ("**Wuxi Huiyuan**"); and (iii) 55% equity interests in Wuxi Huize Real Estate Co., Ltd.* (無錫惠澤置業有限公司) ("**Wuxi Huize**") for a total consideration of RMB1,311.29 million, RMB291.95 million and RMB280.50 million respectively (collectively "**Wuxi Project**"). The Group further acquired 15% equity interests in Wuxi Huize in November 2018 at consideration of RMB76.5 million. Wuxi Project comprises:

(i) a completed building known as Wuai Renjia (五愛人家) located at Liangxi District, Wuxi City in the PRC with a 13-storey complex building for residential, office and retail purposes with total saleable/lettable area of approximately 20,000 square meters.

(ii) A residential development located at Jianyin District, Wuxi City in the PRC with parcel of land with a site area of approximately 109,000 square metres, and various residential and ancillary facilities which have been developed (Phases 1 to 3) and Phase 4 is currently under construction and scheduled to be completed in 2019.

(iii) A parcel of land located at Binhu District, Wuxi City in the PRC with site area of approximately 163,000 square meters for residential development.

Solar photovoltaic

In recent years, solar photovoltaic industry in China has been gradually transformed from a typical world processing base into a global solar photovoltaic development and innovation manufacturing base. The photovoltaic technology and quality are expected to be continuously improving.

After the implementation of the Renewable Energy Law* (可再生能源法), the government in the PRC has formulated a series of polices and measures to promote the development of the solar photovoltaic industry. With European Union's lifting of antidumping and anti-subsidy restrictions on China's photovoltaics products and the gradual development of overseas emerging markets countries along the Belt and Road, the global photovoltaic demands is expected to be promising.

To seize the opportunity, the Group's Solar Photovoltaic operations are principally engaged in business including manufacturing, processing and sales of monocrystalline silicon, polycrystalline silicon, silicon wafers, solar cells, and solar modules. Our operations are located in Jiangsu Province.

Finance services

(i) *Finance Lease*

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

(ii) *Provision of Finance*

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

(iii) *Securities Investments*

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

(iv) *Securities brokerage and assets management*

The Group has a licensed corporation which is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong) ("**SFO**"). We commenced the securities brokerage business under the name of "United Securities Limited" in February 2018.

FINANCIAL REVIEW

Revenue

Our Group's revenue for the nine months ended 31 December 2018 was approximately RMB2,649.5 million, representing a decrease of approximately RMB1,272.1 million, or 32.4%, compared to revenue of approximately RMB3,921.6 million for the year ended 31 March 2018. For the nine months ended 31 December 2018, our Group's major business segments, namely (1) Printing reported a revenue of approximately RMB551.5 million (for the year ended 31 March 2018: approximately RMB658.1 million); (2) Trading and logistics reported a revenue of approximately RMB1,910.5 million (for the year ended 31 March 2018: approximately RMB2,367.2 million); (3) Solar Photovoltaic recorded a revenue of approximately RMB69.9 million (for the year ended 31 March 2018: approximately RMB760.2 million); (4) Property Development and investments reported a revenue of approximately RMB104.9 million (for the year ended 31 March 2018: approximately RMB53.0 million); and (5) Financial services recorded a revenue of approximately RMB12.7 million (for the year ended 31 March 2018: approximately RMB47.3 million).

As a group with diversified businesses, we look for opportunity of sustainable growth. The overall decrease in revenue was primarily due to decrease in revenue of Solar Photovoltaic business. During the Reporting Period, our Solar Photovoltaic business experienced setting up of new production facilities for manufacturing of solar modules in Jurong, Jiangsu. It took several months for pre-commercial production testing and has contributed revenue since November 2018. In addition, during the Reporting Period, we have changed the business model from sales of products to provision of processing services to customers, leading to the decrease in gross revenue.

Gross profit and gross profit margin

Gross profit was approximately RMB83.9 million for the Reporting Period (for the year ended 31 March 2018: approximately RMB339.8 million), with gross profit margin of approximately 3.2% (for the year ended 31 March 2018: approximately 8.7%). The mix of business segments that the Group operates affects its results of operations such as its gross profit margins since different segments have different profitability. While our printing business maintained a stable gross margin, the decrease in gross profit was mainly due to the change of revenue mix with higher contribution of trading revenue which earning a lower gross profit margin compared to financial services earning a higher profit margin.

Selling and distribution expenses

For the Reporting Period, selling and distribution expenses decreased by approximately RMB24.5 million or 20.8% to approximately RMB93.2 million, or 3.5% of revenue for the Reporting Period, from approximately RMB117.7 million, or 3.0% of revenue for the year ended 31 March 2018. The increase in percentage of revenue from 3% to 3.5% was primarily due to the increase in revenue contribution from distribution of petrochemical products which incurred an increase in transportation costs in operations.

Administrative expenses

For the Reporting Period, administrative expenses remains stable at approximately RMB333.6 million (for the year ended 31 March 2018: RMB323.6 million).

Finance costs

Finance costs for the Reporting Period was approximately RMB444.3 million (for the year ended 31 March 2018: approximately RMB163.7 million). The increase was primarily due to increase in interest expense on convertible bonds, interest on significant financing component arising from pre-sales of properties, and imputed interest arising on obligations under financing arrangements compared to last year.

Change in fair value of investment properties

During the Reporting Period, the Group recorded gains on changes in fair value of investment properties of RMB192 million compared to a loss of RMB96.9 million in last year as a result of the increase in fair value of investment properties held by the Group as at 31 December 2018.

Reversal of financial guarantee contracts provision

During the Reporting Period, the Group recorded a reversal of financial guarantee contracts provision of RMB261.7 million, compared to a recognition of financial guarantee contracts provision of RMB484.1 million in last year. For details, please refer to note 15 to this result announcement.

Changes in fair value of convertible bonds – derivative component

During the Reporting Period, the Group recorded a gain in fair value of convertible bonds – derivative component of RMB118.4 million, compared to a loss of RMB74.5 million, due to the decrease in fair value of derivative component of convertible bonds as at 31 December 2018.

Loss for the period/year

As a combined effect of the above, during the Reporting Period, our Group recorded a loss attributable to shareholders of the Company of approximately RMB388.9 million, as compared to a loss of approximately RMB931.1 million for the year ended 31 March 2018.

Liquidity, financial resources and capital structure

Shareholders' funds

Total shareholders' funds amounted to approximately RMB2,630.7 million as at 31 December 2018, as compared to approximately RMB2,681.5 million at 31 March 2018, representing a decrease of 1.9%.

Financial position

As at 31 December 2018, the Group had current assets of approximately RMB8,057.7 million (31 March 2018: approximately RMB4,985.6 million) comprising cash and cash equivalents of approximately RMB701.9 million (31 March 2018: approximately RMB255.1 million), and current liabilities of approximately RMB9,715.2 million (31 March 2018: approximately RMB5,768.2 million). The Group's current ratio (defined as current assets divided by current liabilities) was 0.8 (31 March 2018: 0.9).

Our gearing ratio, expressed as a percentage of interest-bearing liabilities to total assets, was at 33.8% as at 31 December 2018 as compared to 48.4% as at 31 March 2018.

Cash and cash equivalents

As at 31 December 2018, our Group had cash and cash equivalents of approximately RMB701.9 million (31 March 2018: approximately RMB255.1 million), most of which were denominated in Renminbi.

Borrowings

Our Group had interest-bearing bank borrowings and other borrowings of approximately RMB4,797.3 million (31 March 2018: approximately RMB4,594.1 million). Of these borrowings, approximately RMB3,818.7 million (31 March 2018: approximately RMB4,228.4 million) were secured by the Group's assets. Most of the borrowings were denominated in Renminbi.

Capital expenditure

The Group's capital expenditure mainly represents additions to investment properties, property, plant and equipment and prepaid lease payment totaling of approximately RMB647.4 million (for the year ended 31 March 2018: approximately RMB1,127.5 million).

Pledge of assets

As at 31 December 2018, the Group's property, plant and equipment, prepaid lease payments, property held for sale, investment properties, and pledged bank deposits with carrying amounts of approximately RMB452.2 million, RMB225.0 million, RMB2,056.7 million, RMB5,695.8 million and RMB285.6 million, respectively, were pledged to secure certain banking and credit facilities of the Group.

FOREIGN EXCHANGE RISK MANAGEMENT

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

CONTINGENT LIABILITIES

Except as disclosed in note 18, the Group had no material contingent liabilities as at 31 December 2018.

STAFF

As at 31 December 2018, the Group had a total staff of 3,164 (31 March 2018: 3,173).

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Reporting Period, the Group continues to seek for investment opportunities to further expand its principal business.

Yingkou Yi Hua

On 17 May 2018, New Island Printing (Liaoning) Company Limited, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with the vendor to purchase, the entire equity interests in Yingkou Yi Hua Green Packaging Printing Company Limited* (營口益華綠色包裝印務有限公司) ("**Yi Hua**") at the consideration of RMB30 million. The acquisition has been completed on 9 November 2018 and Yi Hua has become an indirect wholly-owned subsidiary of the Company.

Yingkou Shangfang

On 16 July 2018, Baohua Real Estates Management (China) Co., Ltd.* (保華置業管理(中國)有限公司), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with the vendors to purchase the entire equity interest in Yingkou Economic Technology Development Zone Shangfang Real Estate Limited* (營口經濟技術開發區上方房地產有限公司) ("**Yingkou Shangfang**") at the consideration of RMB135,000,000, subject to adjustment. The acquisition has completed on 10 August 2018 and Yingkou Shangfang has become and an indirect wholly-owned subsidiary of the Company.

Wuxi Project

Details of Wuxi Project has been disclosed under the section "Business Review". The acquisitions have been completed on 6 July 2018 and Wuxi Huiling and Wuxi Huiyuan have become indirect wholly-owned subsidiaries of the Company whereas Wuxi Huize has become an indirect non-wholly-owned subsidiary of the Company.

Yingkou Yuzhu

On 27 July 2018, Huajun Power (China) Group Limited* (華君電力(中國)集團有限公司), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with the vendor to purchase the entire equity interest in Yingkou Yuzhu Science And Technology Development Limited* (營口玉珠科技發展有限公司) ("**Yingkou Yuzhu**") at the consideration of RMB1.00. The acquisition has completed on 1 August 2018 and Yingkou Yuzhu has become an indirect wholly-owned subsidiary of the Company.

Save for those disclosed in this announcement, there were no other material acquisitions or disposals of subsidiaries completed during the Reporting Period.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") (the "**Listing Rules**") for the nine months ended 31 December 2018, the Company has fully complied with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the nine months ended 31 December 2018.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-executive Directors and reports directly to the Board. The audit committee meets regularly with the Group's senior management and the Company's external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The audit committee has reviewed the results of the Group for the nine months ended 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the nine months ended 31 December 2018, the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Except as disclosed in note 19, the Group has no significant events after the Reporting Period.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor's report for the nine months ended 31 December 2018 has included a separate section under the heading "Material Uncertainty Related to Going Concern" but without affecting the audit opinion, an extract of which is as follows:

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements which indicates that as of 31 December 2018, the Group had capital commitments of RMB2,669 million and incurred a net loss of RMB396,111,000 for the period from 1 April 2018 to 31 December 2018 and had net current liabilities of RMB1,657,542,000 as at 31 December 2018. The Group's ability to continue as a going concern is dependent on a number of assumptions, including:

(i) the continuous financial support from the immediate holding company, including the issuance of convertible bonds at an aggregate sum of HK$1,000,000,000 (equivalent to RMB877,193,000) to the immediate holding company, of which RMB428,000,000 has been received by the Group at the date of issue of this report and the directors expect that remaining RMB449,193,000 will be received from the immediate holding company by 30 June 2019, and the immediate holding company has agreed not to demand for the repayment of the amount due to the immediate holding company amounting to RMB4,651,013,000 as at 31 December 2018 (which comprises of amount due to immediate holding company at gross amount of RMB1,872,931,000 and the obligations under financing arrangements at gross amount of RMB2,778,082,000 as disclosed in note 16) until 31 May 2021;

(ii) the directors expect that bank borrowings from Yingkou Coastal Bank of RMB1,487,620,000 will be able to be renewed upon maturity;

(iii) the directors expect that pre-sale certificates of certain property development projects will be obtained after meeting the pre-sales conditions and contribute substantial cash inflow to the Group from pre-sale of these properties in 2019; and

(iv) if necessary, the directors believe the Group has the ability to refinance its borrowings using the Group's investment properties as security or by realising the value of the investment properties through sales.

However, if the finance described above is not available (in particular from immediate holding company and Yingkou Coastal Bank) or if the Group is not able to generate the expected cash inflows from its property development projects, the Group would be unable to meet its financial obligations as and when they fall due. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

* *Being Note 2 in this announcement*

DIVIDEND

The Board does not recommend the payment of a final dividend for the nine months ended 31 December 2018 (year ended 31 March 2018: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

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

PUBLICATION OF ANNUAL RESULTS

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

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company has been suspended from 9:00 a.m. on 1 April 2019 (Monday) pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for the resumption of trading of the shares of the Company on the Hong Kong Stock Exchange with effect from 9:00 a.m. on 14 May 2019 (Tuesday).

By order of the Board
Meng Guang Bao
Chairman and Executive Director

Hong Kong, 14 May 2019

As at the date of this announcement, the Board comprises Mr. Meng Guang Bao, Ms. Zhang Ye, Mr. He Shufen, Mr. Guo Song and Mr. Zeng Hongbo as executive Directors; and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as independent non-executive Directors.

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

**For identification purpose only*