



# China Yuanbang Property Holdings Limited

(Company Registration Number: 39247)

(Incorporated in Bermuda on 4 December 2006)

## 2020 Annual Report





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# Corporate Information

## BOARD OF DIRECTORS

### Non-Executive Director:

Lin Yeju (*Chairman*)

### Executive Directors:

Ouyang Sheng

Zhou Jiangtao

### Independent Directors:

Teo Yi-Dar

Chong Soo Hoon Sean

Xia Weichang

## AUDIT COMMITTEE

Teo Yi-Dar (*Chairman*)

Chong Soo Hoon Sean

Xia Weichang

## NOMINATING COMMITTEE

Chong Soo Hoon Sean (*Chairman*)

Teo Yi-Dar

Xia Weichang

## REMUNERATION COMMITTEE

Xia Weichang (*Chairman*)

Teo Yi-Dar

Chong Soo Hoon Sean

## SHARE OPTION SCHEME COMMITTEE

Xia Weichang (*Chairman*)

Teo Yi-Dar

Chong Soo Hoon Sean

## COMPANY SECRETARY

Huang Tak Wai

## ASSISTANT SECRETARY

Conyers Corporate Services (Bermuda) Limited

## REGISTERED OFFICE

Clarendon House

2 Church Street, Hamilton HM11

Bermuda

## BUSINESS OFFICES

9th Floor, Yuanbang Building

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## WEBSITE

<http://www.yuanbang.com>

## BERMUDA SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street, Hamilton HM11

Bermuda

## SINGAPORE SHARE TRANSFER AGENT

B.A.C.S. Private Limited

8 Robinson Road #08-00

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Singapore 048544

## AUDITORS

Moore Stephens LLP

Public Accountants and Chartered Accountants

10 Anson Road,

#29-15 International Plaza

Singapore 079903

## AUDIT PARTNER-IN-CHARGE:

Ms Lao Mei Leng (Appointed since

the financial year ended 30 June 2019)



# Corporate Profile

China Yuanbang Property Holdings Limited (元邦房地產控股有限公司) (the “Company” or together with its subsidiaries, the “Group”), is a premium brand Guangzhou-based property developer that focuses on the development of quality residential and commercial properties, targeting at the middle to upper-middle income market segments. The Group has completed six property developments, namely the “Yuanbang Aviation Homeland” (元邦航空家園), “Yuanbang Mingyue Gardens” (元邦明月園), “Aqua Lake Grand City” (綠湖豪城), “Ming Yue Xing Hui” (明月星輝), “Ming Yue Jin An” (明月金岸) and “Ming Yue Shui An” (明月水岸) with an aggregate gross floor area (“GFA”) of approximately 896,107 square metres (“sq m”). The Group’s properties held under development include “Shan Qing Shui Xiu” (山清水秀) in Guangzhou City, “Hou De Zai Wu” (厚德載物) in Tonghua City, “Ren Jie Di Ling” (人杰地靈) in Weihai City, “Batai Mountain Project” in Wanyuan City and “Huizhou Project” in Huizhou City with an aggregate GFA of approximately 1,566,549 sq m.

With an experienced and driven management team, the Group strives for operational excellence and quality development. The Group has been awarded the “2005 China Real Estate Golden Tripod Award – China Quality Real Estate of the Year”, “The PRC Quality Property Development Award” in 2006 and “China Quality Construction Silver Award” in 2007, “2008 Top 10 Enterprises of Nanchang Commodity Housing Sales”, “2008–09 Most Influential Development Project in Jiangxi”, “2009 China Real Estate Golden Tripod Award”, “2009 China Real Estate Golden Building Award”, “2010 Top 10 Brand of Guangzhou Property”, “2011 Most Price/Performance Ratio Property in Jingxi”, “10 High-end Real Estate Award – Shan Qing Shui Xiu”, “Guangzhou Gold Medal Units Award – Ming Yue Jin An”, “2012 Guangzhou Top 10 Livable Units Award – Ming Yue Shui An”, “2013 Guangzhou Gold Medal Units Award – Ming Yue Shui An”, “2014 China Real Estate Golden Tripod Award – Most Reliable Property Brand” and “2016 Green Residential Project Award – Shan Qing Shui Xiu”.

The Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 9 May 2007.

# Five Years Key Financial Highlights

	FY2020	FY2019	FY2018	FY2017	FY2016
Revenue (RMB'000)	<b>577,148</b>	1,943,703	1,027,838	684,810	602,212
Gross Profit (RMB'000)	<b>212,111</b>	305,116	127,739	65,988	74,043
Net Profit/(Loss) For The Year (RMB'000)	<b>55,740</b>	90,625	(53,738)	(27,143)	(93,252)
Net Profit/(Loss) Attributable to Owners of the Company (RMB'000)	<b>46,010</b>	87,938	(46,703)	(27,733)	(81,739)
Total Assets (RMB'000)	<b>3,216,359</b>	3,491,967	4,926,236	5,355,327	4,787,976
Net Assets (RMB'000)	<b>1,014,213</b>	915,751	912,049	964,122	992,004
Equity Attributable to Owners of the Company (RMB'000)	<b>768,012</b>	686,775	621,820	666,858	695,330

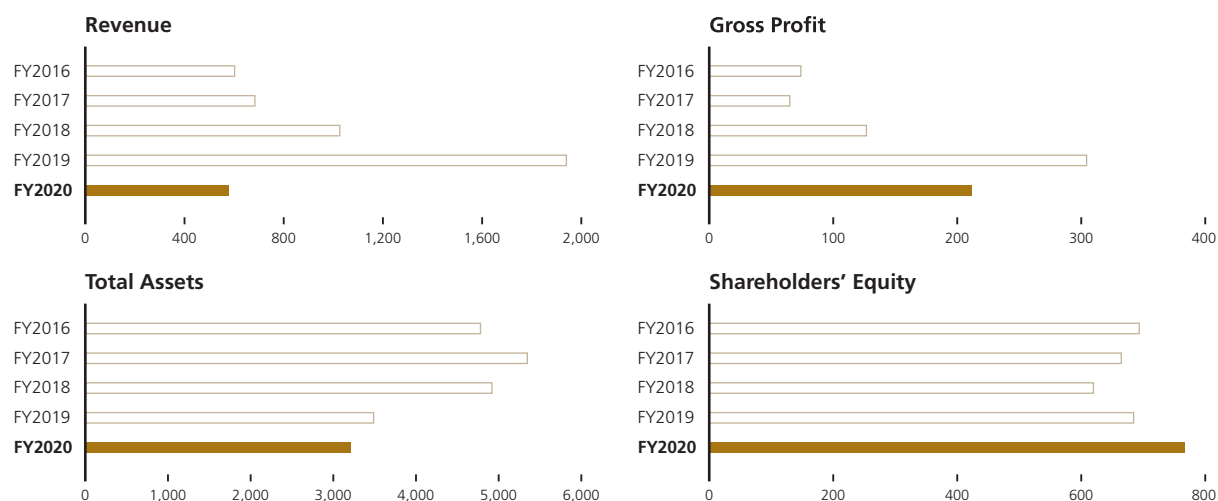
## FINANCIAL RATIO

(1) Gross Profit Margin	<b>36.8%</b>	15.7%	12.4%	9.6%	12.3%
(2) Net Profit/(Loss) Margin	<b>9.7%</b>	4.7%	(5.2%)	(4.0%)	(15.5%)
(3) Basic Profit/(Loss) Per Share (RMB dollars)	<b>0.66</b>	1.27	(0.67)	(0.40)	(1.18)
(4) Net Assets Value Per Share (RMB dollars)	<b>11.07</b>	9.90	8.96	9.61	10.02
(5) Return on Equity (%)	<b>6.33%</b>	13.44%	(7.2%)	(4.1%)	(11.1%)
(6) Net Debt to Equity (%)	<b>116.74%</b>	173.07%	239.63%	247.33%	201.29%
(7) Interest coverage ratio	<b>0.61x</b>	1.47x	(0.73)x	(0.83)x	N.A.

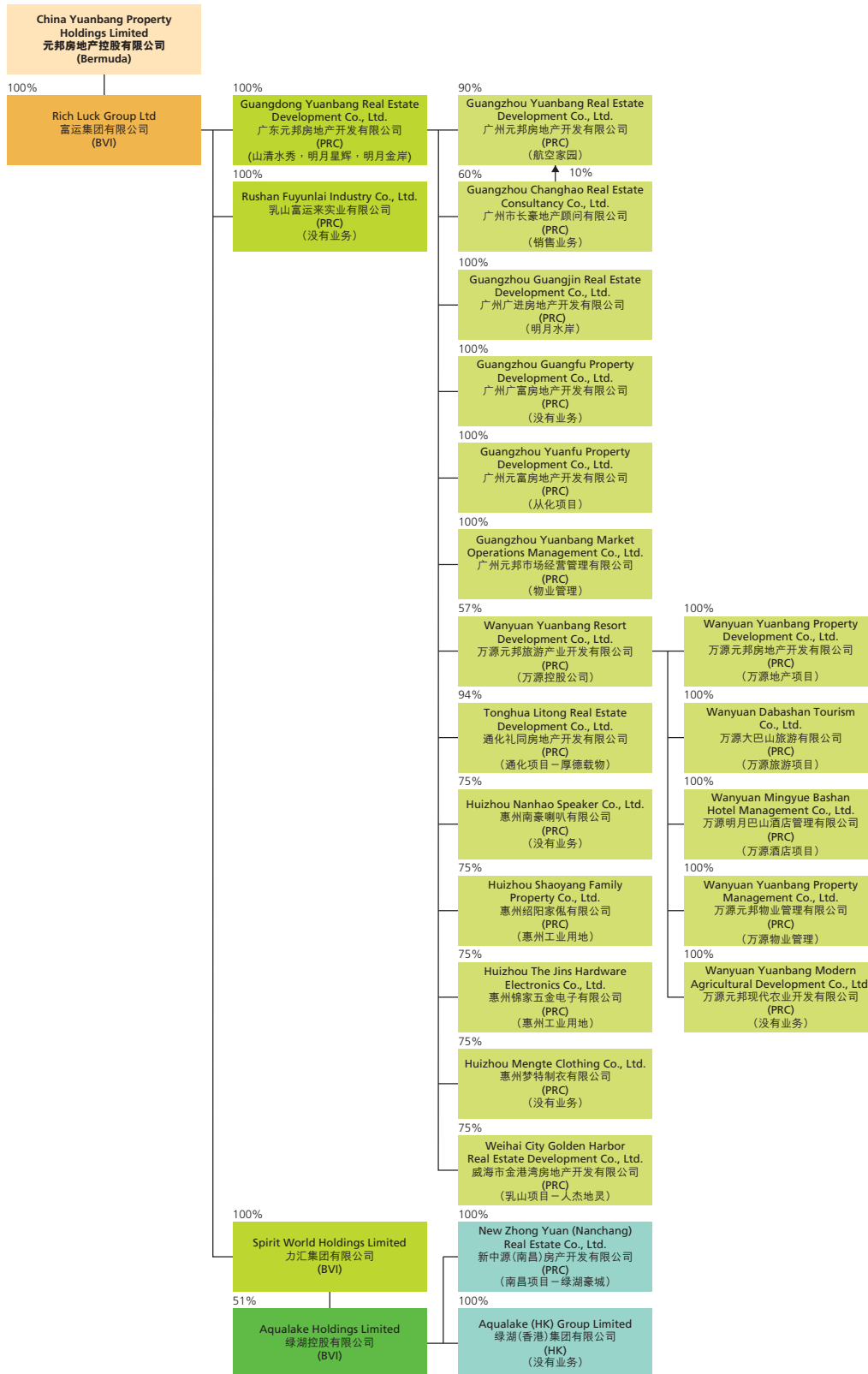
### Notes:

- (1) Gross profit margin equals gross profit divided by revenue.
- (2) Net (loss)/profit margin equals net (loss)/profit for the year divided by revenue.
- (3) Basic (loss)/profit per share equals net (loss)/profit attributable to owners of the Company divided by weighted average number of shares.
- (4) Net assets value per share equals equity attributable to owners of the Company divided by number of shares.
- (5) Return on equity equals net profit/(loss) attributable to owners of the Company divided by average of equity attributable owner of the Company.
- (6) Net debt to equity equals total debt less cash and cash equivalents divided by total equity.
- (7) Interest coverage ratio equals earnings before interest and taxes divided by interest expense. Interest coverage ratio for FY2016 is not available as the Group has recorded loss before taxes for FY2016.

## FINANCIAL HIGHLIGHTS (express in RMB million)



# Corporate Structure





**CHAIRMAN'S  
STATEMENT**



# Chairman's Statement

## Dear Shareholders,

On behalf of the Board of Directors (the "Board") of China Yuanbang Property Holdings Limited ("China Yuanbang" and together with its subsidiaries, the "Group"), I am pleased to present to you the Annual Report of China Yuanbang for the financial year ended 30 June 2020 ("FY2020").

## MARKET OVERVIEW

The emergence of COVID-19 outbreak at the end of 2019 has created more uncertainties among international economy, including the Chinese economy. The China's residential property market was also severely hit in the first quarter of 2020 by the lockdown measures. With the progressive lifting of lockdown measures in most of the cities in China, economic activities in the country have started to resume in the second quarter of 2020.

According to official data published by the National Bureau of Statistics of the People's Republic of China ("PRC"), average new home prices in China's 70 major cities increased by 4.9% year-on-year in June 2020, the slowest growth rate since May 2018.

The situation relating to the COVID-19 pandemic remains uncertain, in order to achieve a sustainable business growth, the Group will continue to focus in completing current residential and commercial projects and take a cautious approach towards exploring new property investment opportunities.

## YEAR IN REVIEW

The Group's revenue for FY2020 was RMB577.1 million compared to RMB1,943.7 million in FY2019, a decrease of RMB1,366.6 million.

The significant decrease in revenue was mainly due to the decrease in the number of residential units handed over in FY2020. In FY2019, there were 1,050 and 1,927 residential units of Shan Qing Shui Xiu and Hou De Zai Wu being handed over, respectively, while the Group only handed over 43 and 544 units of Shan Qing Shui Xiu and Hou De Zai Wu to buyers in FY2020.

The Group recorded cost of sales of RMB365.0 million for FY2020 which was RMB1,273.6 million lower compared to RMB1,638.6 million in FY2019. The decrease in cost of sales by 77.7% was in tandem with the decrease in revenue.

The Group recorded a gross profit of RMB212.1 million for FY2020 which was RMB93.0 million lower compared to RMB305.1 million in FY2019. The increase in gross profit margin from 16% in FY2019 to 37% in FY2020 was mainly due to the increase in the selling price for Hou De Zai Wu during the year. Further, other than the 544 residential units handed over during FY2020, the Group had also handed over a total of 11 commercial units and 83 car park units of Hou De Zai Wu which had a higher gross profit margin.

The Group recorded other income and gains of RMB58.0 million for FY2020 which was RMB11.5 million lower compared to RMB69.5 million in FY2019. The decrease was mainly due to:

- 1) a decrease in both the admission ticket sales and in-park recreation income of Batai Mountain National Park from RMB20.8 million in FY2019 to RMB12.0 million FY2020. The decrease in tourism income was mainly due to the decrease in visitor numbers as a result of travel restrictions imposed by the Chinese government during the first half of 2020;
- 2) a decrease in interest income derived from the loan made to Guangzhou Jiadi Xindu Development Co., Ltd. Interest income decreased from RMB25.4 million in 2019 to RMB18.3 million in 2020 mainly due to repayment of loan principal during the year.

## Chairman's Statement

Further, the Group recorded a loss of RMB17.8 million arising from fair value adjustments on the Group's investment properties in FY2020 compared to a gain of RMB0.6 million in FY2019 based on the valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 28 August 2020. The decrease in fair value of investment properties was due to the impact of the COVID-19 situation and the dampened economic and operating environment in China whereby the valuation took into account the possible reduction in future rental and occupancy rates.

The Group recorded selling expenses of RMB10.6 million for FY2020 which were RMB30.4 million lower compared to RMB41.0 million in FY2019. The decrease was mainly due to:

- 1) closure of the Group's sales centers in Guangdong and Tonghua due to the COVID-19 situation for two months. These centers were only re-opened in late February 2020, hence lower operating expenses were recorded;
- 2) lower marketing cost as more resources were diverted to online advertising.

The Group recorded administrative expenses of RMB61.1 million for FY2020 which were RMB38.2 million lower compared to RMB99.3 million in FY2019. The decrease was mainly due to a one-off compensation amounting to RMB27.7 million paid to the buyers of Ming Yue Shui An and Shan Qing Shui Xiu in FY2019 and no such expenses incurred in FY2020. The reduction in administrative expenses was also due to implementation of costs control measures on administrative expenses such as staff cost and travelling expenses.

The Group recorded other operating expenses of RMB37.6 million for FY2020 which were RMB8.8 million lower compared to RMB46.4 million in FY2019. The expenses mainly comprised:

- (i) direct expenses such as staff cost, repair and maintenance, amounting to RMB12.3 million (FY2019: RMB15.7 million) in relation to the operation of Batai Mountain National Park;
- (ii) an impairment loss of account, loan and other receivables amounting to RMB17.5 million (FY2019: RMB23.1 million). The Group has recognised an impairment loss based on results of the Expected Credit Loss model. The decrease in impairment loss was mainly due to lesser impairment on loan receivables as a result of the repayment of loan receivables.

In FY2020, the Group recorded total finance cost of RMB78.4 million (FY2019: RMB75.3 million) in which RMB61.8 million (FY2019: RMB72.7 million) was capitalised in property development projects and RMB16.6 million (FY2019: RMB2.6 million) was used in other operating purpose. Total finance cost was RMB3.1 million higher compared to FY2019. The increase was mainly due to the higher interest rate for renewed loans compared to FY2019.

Finance cost used in other operating purpose for FY2020 was RMB14.0 million higher compared to RMB2.6 million in FY2019. The increase in interest expenses was mainly attributable to the other borrowings which were used for working capital purposes during the year. The renewed loans were used in potential projects such as Huadu land redevelopment projects and other operating purpose, hence lower interest expenses were capitalized under the existing projects.

The Group recorded an income tax expense of RMB70.6 million for FY2020 which was RMB24.7 million lower compared to RMB95.3 million in FY2019. The amount mainly represented the provision of PRC enterprise income tax ("EIT") of RMB58.9 million, land appreciation tax ("LAT") of RMB20.7 million and deferred tax credit of RMB9.1 million provided for the year.

## Chairman's Statement

The decrease in provision of PRC EIT from last year was due to the decrease in assessable profits during the year. The provision of LAT for FY2020 was mainly due to the significant appreciation of the properties in Hou De Zai Wu and Shan Qing Shui Xiu.

The deferred tax credit was due to the temporary difference of land appreciation and tax payable.

Profit before tax in FY2020 was RMB126.3 million, a decrease of RMB59.6 from RMB185.9 million in FY2019. The Group recorded a net profit of RMB55.7 million compared to RMB90.6 million in FY2019. This was mainly due to the reasons above.

### BUSINESS OUTLOOK

The COVID-19 pandemic has caused a significant impact to the property market and economic activities in the first half of 2020 in China. Despite the gradual efforts by the Chinese government in lifting its shutdown measures in most of the PRC cities, the property market has remained relatively lukewarm. According to the data released by National Bureau of Statistics of China released on 16 July 2020, the price index of new residential buildings in the 70 large and medium-sized cities in China rose marginally by 0.6% in June in month-on-month terms. As Management expects the property market in China to remain soft in the next financial year, the Group remains cautious and will exercise prudence in costs control to mitigate against any possible headwinds.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all members of the Board, Management and staff for their dedication and contributions to the Group. I would also like to express my most sincere gratitude to our shareholders, customers and business associates for their continued trust and support. We will continue to put our best efforts to generate better business results and returns to our shareholders.

**Lin Yeju**

*Non-Executive Chairman*



**BUSINESS  
AND  
FINANCIAL REVIEW**

# Business and Financial Review

## BUSINESS REVIEW

### Projects in Review

#### *Aqua Lake Grand City*

Located at Hongjiaozhou, Honggutan New District, a new central business district of Nanchang City, Aqua Lake Grand City is the recipient of the “2008 Top 10 Enterprises of Nanchang Commodity Housing Sales” and “2008–09 Most Influential Development Project in Jiangxi”.

Occupying a total site area and GFA of approximately 193,380 sq m and 444,958 sq m respectively, the development was built in three phases, with residential, commercial, office and hotel.

Phase I, comprising 851 residential units and 80 commercial units, was completed in 2009 and is handover completely as at 30 June 2013.

Phase II, comprising 1,005 residential units and 127 commercial units, was completed in 2012. As at 30 June 2020, 99.8% of the residential units handed over to buyers.

For Phase III, the Group had entered into a sale and purchase agreement with certain independent third parties (the “Purchasers”) in relation to the sale of the hotel for an aggregate consideration of RMB268 million on 13 May 2013. The Group had completed the handover of the legal title of the hotel to the Purchasers during FY2017.

#### *Shan Qing Shui Xiu*

Shan Qing Shui Xiu is located at North Shanqian Tourist Avenue Qixin Village, Furong Town Huadu District, Guangzhou, and in close proximity to the economic circle in Guangzhou.

This development site occupies a total site area and planned GFA of approximately 269,572 sq m and 351,594 sq m. It comprises three phases of development with a focus on low density villas and good class residences.

Phase I, comprising 340 residential units, was completed in 2012. Phase II, comprising 124 residential units, was completed in 2013. Total 55% of the units were handed over to buyers as at 30 June 2020. Phase III, comprising 1,165 residential units was completed in 2018 and the value of pre-sale units not handed over to buyers stood at RMB210.9 million.

Properties under construction in Shan Qing Shui Xiu are as follows:

Type of development	Site area (sq. m.)	Gross floor area (sq. m.)	Total units	Status
Villa	28,957.5	20,995.5	69	Planning
Apartment	5,082.0	6,684.7	44	Working progress
Residential/commercial building	6,693.6	42,867.9	462	Working progress

As at 30 June 2020, Shan Qing Shui Xiu has generated a total contracted sales of approximately RMB52.5 million, with 160 residential units sold. During FY2020, 43 residential units had been handed over with a revenue of RMB70.8 million generated.



## Business and Financial Review

### ***Ming Yue Xing Hui***

This residential and commercial development project is located at Wenchang North Road, Liwan District of Guangzhou City. Occupying a total site area and planned GFA of approximately 9,510 sq m and 68,139 sq m respectively, it comprises 6 blocks of 30-storey apartments with a clubhouse and an underground car park.

With a total of 431 residential units and 219 commercial units, Ming Yue Xing Hui is accessible via major transport networks and near community amenities. It is also located at the core zone of the antique and jade trading centre and the traditional commercial, cultural and tourism centre in Guangzhou.

The project was 100% handed over to buyers during FY2017.

### ***Ming Yue Jin An***

Located at Northern West Hengsha Village, Shijing Town Baiyun District, Guangzhou City, Guangdong Province, Ming Yue Jin An occupies a total site area and GFA of approximately 26,505 sq m and 50,350 sq m. It comprises 8 blocks of 12 to 15-storey apartments, 7 blocks of low-density villas with a clubhouse and an underground car park. The project, comprising 404 residential units, was completed in 2013.

With 69% of the total units handed over to buyers as at 30 June 2020, the value of pre-sale units not handed over to buyers stood at RMB2.1 million.

### ***Ming Yue Shui An***

Located at Yu'anwei Xilang Village, South of Huadi Avenue, Liwan District, Guangzhou City, Guangdong Province, Ming Yue Shui An is strategically located near the Huadi River and is in close proximity to the metro line and GZ-Foshan railway.

It occupies a site area and GFA of 48,194 sq m and 139,134 sq m respectively. It comprises 10 blocks of 5 to 30-storey apartments and commercial units with an underground car park. The project, comprising 605 residential units, was completed in 2013.

As at 30 June 2020, Ming Yue Shui An has generated a total contracted sales of approximately RMB23.8 million, with 7 residential units sold. During FY2020, 3 residential units had been handed over with a revenue of RMB23.4 million generated.

With 67% of total units handed over to buyers as at 30 June 2020, the value of pre-sale units not handed over to buyers stood at RMB0.1 million.

### ***Hou De Zai Wu***

Located at Tonghua City, Jiang Nan Xin Qu, Xiu Zheng Da Qiao Nan Ce, Jilin Province, Hou De Zai Wu is near the new economic and political centre.

It occupies a site area and planned GFA of approximately 224,677 sq m and 538,360 sq m respectively. The project comprises 47 blocks of 7 to 25-storey apartments with a total of 2,035 residential units, 656 commercial units and an underground car park.

As at 30 June 2020, Hou De Zai Wu has generated a total contracted sales of approximately RMB210.5 million, with 333 residential units sold. During FY2020, 544 residential units had been handed over with a revenue of RMB261.7 million generated.

With 72% of total units handed over to buyers as at 30 June 2020, the value of pre-sale units not handed over to buyers stood at RMB379.6 million.

### ***Ren Jie Di Ling***

Located at North of Guangzhou Road, West of Zhanjiang Road, Rushan City, Shandong Province, Ren Jie Di Ling is located at the Shandong Golden Economic Circle and near the new railway cargo station.

It occupies a site area and GFA of 65,863 sq m and 214,322 sq m respectively. It comprises 4 blocks of 6 to 7-storey apartments and commercial units with an underground car park. Phase 1 of the 170 unit apartment had been launched in 2013. As at 30 June 2020, 19 units were sold and 48 units has been handed over.

## Business and Financial Review

### ***Batai Mountain Project***

This development site is located at Wanyuan City, Batai Town, Tianchiba Village, Sichuan Province and occupies a site area and GFA of approximately 231,137 sq m and 462,273 sq m. The project involves the development of a plot of land with an area of approximately 120 sq km located in the vicinity of Batai Mountain National Park (八臺山國家地質公園) and Longtan River Scenic Area (龍潭河景區) with the long-term aim of developing a premier tourist attraction with an AAAAA-grade national scenic area certification from the National Tourism Administration of PRC within 10 years.

This marks the Group's first tourism property project, with a mixture of residential, villa, hotel and commercial units under development since 2012. The National Park generated income of RMB12.0 million for FY2020.

### ***Huizhou Project***

This development site is located at Huizhou City, Boluo County, Longxi Town, Honghuayuan of Hutou Village and occupies a site area of approximately 130,830 sq m.

During the year, the Group rented out the industrial buildings and generated rental income of RMB4.7 million.

## **INVESTMENT PROPERTIES**

The investment properties held by the Group have generated approximately RMB17.4 million of revenue for FY2020.

<b>Properties</b>	
1	Levels 1, 2, 4-8 and portions of Level 10 of Yuanbang Mansion
	These units are located at No. 599 Huangshi West Road, Baiyun District, Guangzhou City and occupy a GFA of 5,369.32 sq m.
	It was 75% occupied as at 30 June 2020, with the lease expiring dates from 3 June 2042 to 8 May 2052.
2	4 retail units on Levels 1 and 2 of Yuanbang Aviation Homeland
	Located at Huangshi West Road, Baiyun District, Guangzhou City, the units occupy a GFA of 407.72 sq m and the units were 100% occupied as at 30 June 2020.
	The lease expiring from 3 June 2042 to 19 March 2044.
3	176 retail units on Levels 1 to 3 of Ming Yue Xing Hui Building
	Located at No. 242 to 272 Wenchang North Road, Liwan District, Guangzhou City, the units occupy a GFA of 7,613.25 sq m.
	The units were 51% occupied as at 30 June 2020 with the lease expiring from 18 October 2048 to 18 October 2078.
4	A parcel of land and various units located at Hong Hua Yuen Long Gong Cun Team Hu Tou Village
	Located at Long Xi Town, Boluo County, Huizhou City, the land occupies a GFA 66,664 sq m and the units occupy a GFA of 40,162.46 sq m.
	The units were 76% occupied as at 30 June 2020 with the lease expiring on 4 December 2057.
5	A parcel of land and various units located at Hong Hua Yuen Long Gong Cun Team Hu Tou Village
	Located at Long Xi Town, Boluo County, Huizhou City, the land occupies a GFA 66,666 sq m and the units occupy a GFA of 52,061.61 sq m.
	The units were 97% occupied as at 30 June 2020 with the lease expiring on 12 November 2057.

# Business and Financial Review

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the year ended 30 June 2020 ("FY2020") was RMB577.1 million compared to RMB1,943.7 million in FY2019, a decrease of RMB1,366.6 million.

The significant decrease in revenue was mainly due to the decrease in the number of residential units handed over in FY2020. In FY2019, there were 1,050 and 1,927 residential units of Shan Qing Shui Xiu and Hou De Zai Wu being handed over, respectively, while the Group only handed over 43 and 544 units of Shan Qing Shui Xiu and Hou De Zai Wu to buyers in FY2020.

### Cost of sales

The Group recorded cost of sales of RMB365.0 million for FY2020 which was RMB1,273.6 million lower compared to RMB1,638.6 million in FY2019. The decrease in cost of sales by 77.7% was in tandem with the decrease in revenue.

### Gross profit

The Group recorded a gross profit of RMB212.1 million for FY2020 which was RMB93.0 million lower compared to RMB305.1 million in FY2019. The increase in gross profit margin from 16% in FY2019 to 37% in FY2020 was mainly due to the increase in the selling price for Hou De Zai Wu during the year. Further, other than the 544 residential units handed over during FY2020, the Group had also handed over a total of 11 commercial units and 83 car park of Hou De Zai Wu which had a higher gross profit margin.

### Other income and gains

The Group recorded other income and gains of RMB58.0 million for FY2020 which was RMB11.5 million lower compared to RMB69.5 million in FY2019. The decrease was mainly due to:

- 1) a decrease in both the admission ticket sales and in-park recreation income of Batai Mountain National Park from RMB20.8 million in FY2019 to RMB12.0 million FY2020. The decrease in tourism income was mainly due to the decrease in visitors as a result of travel restrictions imposed by the Chinese government during the first half of 2020.
- 2) a decrease in interest income derived from the loan made to Guangzhou Jiadi Xindu Development Co., Ltd. Interest income decreased from RMB25.4 million in 2019 to RMB18.3 million in 2020 mainly due to repayment of loan principal during the year.

### Fair value adjustments on investment properties

The Group recorded a loss of RMB17.8 million arising from fair value adjustments on the Group's investment properties in FY2020 compared to a gain of RMB0.6 million in FY2019 based on the valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 28 August 2020. The decrease in fair value of investment properties are due to the impact of the COVID-19 situation and the dampened economic and operating environment in China. It is expected that tenant will ask for reduction on rent or an early termination of tenancy agreement, hence both the rental income and occupancy rate are expected to have negative impact.

### Selling expenses

The Group recorded selling expenses of RMB10.6 million for FY2020 which was RMB30.4 million lower compared to RMB41.0 million in FY2019. The decrease was mainly due to 1) closure of the sales centers in Guangdong and Tonghua due to the COVID-19 situation and these centers were only re-opened in late February 2020, hence lower operating expenses for sales centers; 2) lower marketing cost as more resources were diverted to online advertising.

# Business and Financial Review

## Administrative expenses

The Group recorded administrative expenses of RMB61.1 million for FY2020 which were RMB38.2 million lower compared to RMB99.3 million in FY2019. The decrease was mainly due to a one-off compensation amounting to RMB27.7 million paid to the buyers of Ming Yue Shui An and Shan Qing Shui Xiu in FY2019 and no such expenses incurred in FY2020.

Further, the Group has implemented costs control on administrative expenses such as staff cost and travelling expenses.

## Other operating expenses

The Group recorded other operating expenses of RMB37.6 million for FY2020 which were RMB8.8 million lower compared to RMB46.4 million in FY2019. The expenses mainly comprised:

- (i) direct expenses such as staff cost, repair and maintenance, amounting to RMB12.3 million (FY2019: RMB15.7 million) in relation to the operation of Batai Mountain National Park;
- (ii) an impairment loss of account, loan and other receivables amounting to RMB17.5 million (FY2019: RMB23.1 million). The Group has recognised an impairment loss based on results of the Expected Credit Loss model. The decrease in impairment loss was mainly due to lesser impairment on loan receivables as a result of the repayment of loan receivables.

## Finance costs

In FY2020, the Group recorded total finance cost of RMB78.4 million (FY2019: RMB75.3 million) in which RMB61.8 million (FY2019: RMB72.7 million) was capitalised in property development projects and RMB16.6 million (FY2019: RMB2.6 million) was used in other operating purpose. Total finance cost was RMB3.1 million higher compared to FY2019. The increase was mainly due to the higher interest rate for renewed loans compared to FY2019.

Finance cost used in other operating purpose for FY2020 was RMB14.0 million higher compared to RMB2.6 million in FY2019. The increase in interest expenses was mainly attributable to the other borrowings which were used for working capital purposes during the year. The renewed loans were used in potential projects such as Huadu land redevelopment projects and other operating purpose, hence lower interest expenses were capitalized under the existing projects.

## Income tax expense

The breakdown of income tax expense is as follows:

The Group recorded an income tax expense of RMB70.6 million for FY2020 which was RMB24.7 million lower compared to RMB95.3 million in FY2019. The amount mainly represented the provision of PRC enterprise income tax ("EIT") of RMB58.9 million, land appreciation tax ("LAT") of RMB20.7 million and deferred tax credit of RMB9.1 million provided for the year.

The decrease in provision of PRC EIT from last year was due to the decrease in assessable profits during the year. The provision of LAT for FY2020 was mainly due to the significant appreciation of the properties in Hou De Zai Wu and Shan Qing Shui Xiu.

The deferred tax credit was due to the temporary difference of land appreciation and tax payable.

## Profit for the year

Profit before tax in FY2020 was RMB126.3 million, a decrease of RMB59.6 from RMB185.9 million in FY2019. The Group recorded a net profit of RMB55.7 million compared to RMB90.6 million in FY2019. This was mainly due to the reasons above.

## CASH FLOWS ANALYSIS

For FY2020, the Group recorded RMB7.2 million of cash outflow from operating activities which was mainly attributable to the decrease in properties held for sale.

## Business and Financial Review

Net cash inflow from investing activities in FY2020 of RMB95.5 million was mainly due to repayment of loan receivable of RMB72.5 million.

Net cash outflow from financing activities in FY2020 of RMB121.9 million was mainly due to the repayments of bank and other borrowings and payment of interest.

As a result, the Group has a cash and cash equivalent of RMB80.5 million.

### FINANCIAL POSITION

#### Non-current assets

As at 30 June 2020, the Group had non-current assets of RMB850.3 million, representing an decrease of RMB56.3 million compared to RMB906.6 million as at 30 June 2019. The decrease was mainly attributable to:

- (i) reclassify of long-term portion of loan made to Jiadi Xindu of RMB40.1 million to current assets;
- (ii) a decrease in investment properties of RMB17.8 million due to an fair value adjustment;

#### Current assets

As at 30 June 2020, the Group's current assets stood at RMB2,366.0 million, representing an decrease of RMB219.4 million compared to RMB2,585.4 million as at 30 June 2019. The decrease was mainly attributable to the decrease in and properties held for sales by RMB108.2 million and loan receivables of RMB32.7 million. Further, prepayments, deposits paid and other receivables decreased by RMB76.9 million. The decrease was mainly due to 1) RMB17.5 million provision for impairment; and 2) settlement of construction cost and deposit paid to subcontractor.

The loan receivables which amounting to RMB76.5 million (2019: RMB109.3 million) comprised loans made to Kaiping Qingshi Auto Parts Co., Limited and Jiadi Xindu which are repayable within 12 months and accrued interest receivable.

#### Current liabilities

As at 30 June 2020, the Group's current liabilities stood at RMB1,493.3 million, representing a decrease of RMB583.2 million, compared to RMB2,076.5 million as at 30 June 2019.

The decrease in current liabilities was mainly due to the net effect of (i) an decrease in accounts payable by RMB92.9 million due to the Group's subcontractors and suppliers; (ii) an decrease in contract liabilities by RMB14.0 million due to handed over of pre-sale units of Shan Qing Shu Xiu and Hou De Zai Wu; (iii) decrease in accruals, deposits received and other payables which included the accruals of construction cost and refundable deposits received from potential customers before entering sales and purchase agreements with the Group; and (iv) decrease of interest-bearing bank and other borrowings by RMB318.5 million due to repayment during the year.

#### Non-current liabilities

As at 30 June 2020, the Group's non-current liabilities stood at RMB708.9 million, representing an increase of RMB209.1 million, compared to RMB499.8 million as at 30 June 2019. This was mainly due to addition of long-term interest-bearing bank and other borrowings classified during the year.

#### Total equity

As at 30 June 2020, the equity attributable to owners of the Company increased by RMB81.2 million from RMB686.8 million as at 30 June 2019 to RMB768.0 million as at 30 June 2020. The increase in equity attributable to owners of the Company was mainly due to the net profit during the year.

In FY2020, the Group disposed 25% equity interests in its 82% owned subsidiary, Wanyuan Yuanbang Resort Development Co., Ltd. ("Wanyuan Yuanbang"), to an independent third party for a consideration of RMB37.5 million. The Group's equity interests in Wanyuan Yuanbang was reduced from 82% to 57%. The disposal of equity interests do not result in a loss of control over the subsidiary. An increase in equity attributable to parent of RMB30.0 million was recognised in equity and an increase of RMB7.5 million was recognized in the non-controlling interest.



# Projects Highlights

Name of property development/Location	Site area (sq m)	Planned GFA (sq m)	Type	Tenure	Effective equity interest (%)	Approximate percentage of handover (%)
<b>Completed development properties</b>						
<b>Yuanbang Aviation Homeland</b> (元邦航空家園) Huangshi West Road Baiyun District Guangzhou City Guangdong Province, PRC	34,398	127,999	R, C	R: 70 years C: 40 years Other uses: 50 years	96	100
<b>Yuanbang Mingyue Gardens</b> (元邦明月園) He'nan Chigang Haizhu District Guangzhou City Guangdong Province, PRC	13,843	65,527	R, C	R: 70 years C: 40 years Other uses: 50 years	100	100
<b>Aqua Lake Grand City</b> (綠湖豪城) Hongjiaozhou Honggutan New District Nanchang City Jiangxi Province, PRC	193,380	444,958	R, C, H	R: 70 years C: 40 years Other uses: 50 years	51	PI: 100% R: 99.8% PIII: 100%
<b>Ming Yue Xing Hui</b> (明月星輝) Wenchang North Road Liwan District Guangzhou City Guangdong Province, PRC	9,510	68,139	R, C	R: 70 years C: 40 years Other uses: 50 years	100	R: 100% C: commenced leasing
<b>Ming Yue Jin An</b> (明月金岸) Northern West Hengsha Village Shijing Town Baiyun District Guangzhou City Guangdong Province, PRC	26,505	50,350	R, C	R: 70 years C: 40 years Other uses: 50 years	100	R: 69%
<b>Ming Yue Shui An</b> (明月水岸) Yu'anwei, Xilang Village South of Huadi Avenue Liwan District Guangzhou City Guangdong Province, PRC	48,194	139,134	R, C	R: 70 years C: 40 years Other uses: 50 years	100	R: 67%
<b>Total</b>	<b>325,830</b>	<b>896,107</b>				

## Projects Highlights

Name of property development/Location	Site area (sq m)	Planned GFA (sq m)	Type	Tenure	Effective equity interest (%)	Approximate percentage of handover (%)
<b>Properties under development</b>						
<b>Shan Qing Shui Xiu</b> (山清水秀) North Shanqian Tourist Avenue Qixin Village Furong Town Huadu District Guangzhou City Guangdong Province, PRC	269,572	351,594	R	R: 70 years	100	R: 55%
<b>Hou De Zai Wu</b> (厚德載物) Jiang Nan Xin Qu Xiu Zheng Da Qiao Nan Ce Tonghua City Jilin Province, PRC	224,677	538,360	R, C	R: 70 years C: 40 years Other uses: 50 years	96	R: 72%
<b>Ren Jie Di Ling</b> (人杰地靈) North of Guangzhou Road West of Zhanjiang Road Rushan City Shandong Province, PRC	65,863	214,322	R, C	R: 70 years C: 40 years	75	R: 21%
<b>Batai Mountain Project</b> Tianchiba Village Batai Town Wanyuan City Sichuan Province, PRC	231,137	462,273	R, C, H	R: 70 years C: 40 years Other uses: 50 years	57	N/A
<b>Huizhou Project</b> Honghuayuan of Hutou Village Longxi Town Boluo County Huizhou City Guangdong Province, PRC	130,830	N/A	C	C: 50 years	75	N/A
<b>Total</b>	<b>922,079</b>	<b>1,566,549</b>				

R = Residential  
C = Commercial  
H = Hotel & Service Apartment

# Board of Directors

## **MADAM LIN YEJU (林葉菊), AGE 51**

### **Non-Executive Chairman**

Madam Lin was appointed as the Group's Non-Executive Director and Chairman of the Board on 5 February 2015 and was last re-elected on 26 October 2017. From 1990 to 1993, Madam Lin worked in Guangdong Hongda No. 6 Construction Company as Accounting Manager and was responsible for cash budgeting and fund raising. From 2008 to September 2019, she is an Executive Director of the Group's subsidiary, Nanchang Changhao Real Estate Consultancy Co. Ltd. She is in charge of the sales and marketing activities of the Nanchang Project. Madam Lin is the spouse of Mr Chen Jianfeng, a substantial shareholder of the Company.

## **MR. OUYANG SHENG (歐陽生), AGE 56**

### **Executive Director/Chief Executive Officer**

Mr. Ouyang was appointed as the Group's Executive Director on 20 December 2006 and was last re-elected on 26 October 2018. Mr. Ouyang is also the Group's Chief Executive Officer since 8 May 2015. Mr. Ouyang is responsible for the Group's property development strategies as well as overseeing the day-to-day operations of the Group. Mr. Ouyang started his career as Engineering Vice-Manager in August 1984 with Jiangxi Fengcheng Mining Bureau (江西豐城礦務局). Subsequently, he joined the Group in September 1999 as a Quality Control Manager. Mr. Ouyang is currently a Construction Cost Engineer and a Senior Project Management Engineer of the People's Republic of China, Guangdong Province Human Resources Bureau (廣東省人事廳). He is also a Construction Enterprise Second Level Project Manager recognised by Coal Industry Basic Infrastructure Co. (煤炭工業基本建設司) and an economist of the People's Republic of China Human Resources Department (中國人民共和國人事部).

Mr. Ouyang graduated from Jiangxi Polytechnic University (江西工業大學) in July 1984 with a Bachelor's degree in Construction. Mr. Ouyang had also obtained a Bachelor degree in Economics from the China Coal Economics College (中國煤炭經濟學院) in July 1991. In 2010, Mr. Ouyang obtained a Master of Business of Administration from University of South Australia.

## **MR. ZHOU JIANGTAO (周江濤), AGE 48**

### **Executive Director**

Mr. Zhou was appointed as the Group's Executive Director on 8 December 2016 and was last re-elected on 29 October 2019. He is responsible for the Group's business development. Mr. Zhou started his career in October 1991 with Guangdong Kangli Electrical and Gas Group (廣東康立通用電器集團有限公司) as a Manager and. In December 1999, Mr. Zhou joined Guangdong Hongda Construction and Installation Engineering Co., Ltd. (廣東宏大建築安裝工程有限公司), where he held the position of Vice General Manager between March 2000 and August 2005, managing all aspects of the company's property construction projects.

Mr. Zhou graduated from the Guangdong National Defense Polytechnic University (廣東國防工業大學) in July 1991 where he obtained a Bachelor's degree in Automated Electrical Appliances. In October 2003, Mr. Zhou was certified as a qualified construction and utilities installation engineer by the Guangdong Province Human Resources Bureau (廣東省人事廳).

## Board of Directors

### **MR. TEO YI-DAR (張毅達), AGE 49**

#### **Independent Director**

Mr. Teo was appointed as an Independent Non-Executive Director on 26 March 2007 and was last re-elected on 29 October 2019. He is an Investment Partner at an international Private Equity firm. Mr. Teo has over twenty years of private equity, venture capital and direct investment experience. He manages investments in ASEAN and China and has invested in a number of companies in the electronics, chemical, engineering, manufacturing and technology sectors. Mr. Teo is currently a Non-Executive, Non-Independent Director of Tee International Limited, Non-Executive Independent Director of Asia Vets Holdings Ltd and Yangzijiang Shipbuilding (Holdings) Ltd, and a Non-Executive Director of HG Metal Manufacturing Limited, Sin Heng Heavy Machinery Ltd, Tee International Ltd, Denox Environmental Technology Holdings Limited and Penyao Environmental Protection Co Limited.

Mr. Teo graduated from the National University of Singapore with a Bachelor degree in Engineering in 1996. He also obtained a Master of Science in Industrial Systems Engineering in 1998 and a Master of Science in Applied Finance in 2000 from the same university. In 2001, Mr. Teo was recognised as a Chartered Financial Analyst by the CFA Institute.

### **MR. CHONG SOO HOON SEAN (張詩雲), AGE 45**

#### **Independent Director**

Mr. Chong was appointed as an Independent Non-Executive Director on 13 March 2015 and was last re-elected on 26 October 2018. Mr. Chong is currently the Managing Director of Anda Capital Solutions Pte. Ltd., a business advisory and investment firm. He has more than 20 years of experience in investment banking, corporate advisory and direct investment, in particular, he was actively involved in a broad range of corporate finance transactions for listed and private entities throughout the Asia-Pacific region, including initial public offers, mergers and acquisitions, rights issues and other corporate advisory work.

Mr. Chong graduated with a Bachelor (Honours) degree in Accounting and Financial Studies from University of Exeter, United Kingdom.

### **MR. XIA WEICHANG (夏偉昌), AGE 63**

#### **Independent Director**

Mr. Xia was appointed as an Independent Non-Executive Director on 13 March 2017 and was last re-elected on 26 October 2017. In 1995–2000, Mr. Xia was the Principal of Dongshan Architects & Engineers Institute (廣州市東山建築設計院). He is currently the Chief Engineer of Guangzhou Shanding Architectural Design Consulting Limited (廣州市山鼎建築設計諮詢有限公司). He has over 20 years' experiences in architectural sectors and involved in various projects including residential units, commercial buildings, industrial parks and airport buildings.

Mr. Xia graduated from South China University of Technology with a Bachelor degree in Engineering.

## Board of Directors

### ADDITIONAL INFORMATION REQUIRED UNDER SGX LISTING RULE 720(6)

The following table sets out the additional information on Directors seeking for re-election at the annual general meeting pursuant to SGX Listing Rule 720(6).

Name of Director	Mdm Lin Yeju ("Mdm Lin")	Mr Xia Weichang ("Mr Xia")
Date of Appointment	5 February 2015	13 March 2017
Date of last re-appointment (if applicable)	26 October 2017	26 October 2017
Age	51	63
Country of principal residence	People's Republic of China	People's Republic of China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mdm Lin as Non-Executive Director was recommended by the Nominating Committee ("NC") and the Board has accepted the NC's recommendation, after taking into consideration Mdm Lin's credentials, experience and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Xia as Independent Director was recommended by the NC and the Board has accepted the NC's recommendation, after taking into consideration Mr Xia's credentials, experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director and Chairman of the Board.	Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.
Professional qualifications	Nil	<ul style="list-style-type: none"> <li>Bachelor's Degree in Engineering from South China University of Technology.</li> </ul>
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> <li>Executive Director of Nanchang Changhao Real Estate Consultancy Co. Ltd. from 2008 to 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Engineer of Guangzhou Shanding Architectural Design Consulting Limited since January 1999.</li> </ul>
Shareholding interest in the listed issuer and its subsidiaries	35,826,700 shares in the Company	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mdm Lin is deemed to be interested in 35,826,700 shares in the Company held by her spouse, Mr Chen Jianfeng.	Nil
Conflict of interest (including any competing business)	Nil	Nil



## Board of Directors

Name of Director	Mdm Lin Yeju (“Mdm Lin”)	Mr Xia Weichang (“Mr Xia”)
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
<b>Other Principal Commitments* Including Directorships#</b>		
* “Principal Commitments” has the same meaning as defined in the Code.		
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).		
Past (for the last 5 years)	Directorship: <ul style="list-style-type: none"> <li>Nanchang Changhao Real Estate Consultancy Co. Ltd. (company had been de-registered as announced via SGXNet on 5 September 2019)</li> </ul>	Directorship: <p>Nil</p>
Present	Directorship: <ul style="list-style-type: none"> <li>China Yuanbang Property Holdings Limited</li> </ul>	Directorship: <ul style="list-style-type: none"> <li>China Yuanbang Property Holdings Limited</li> </ul>

### Information required

**Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.**

- (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?
- (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
- (c) Whether there is any unsatisfied judgment against him?
- (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?
- (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?
- (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?
- (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?

## Board of Directors

<b>Information required</b>
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?
<b>Mdm Lin and Mr Xia have individually given a negative disclosure on each of the above items (a) to (k).</b>

<b>Disclosure applicable to the appointment of Director only.</b>
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).
<b>Not applicable for both Mdm Lin and Mr Xia as this is a re-election of Director.</b>

# Key Management Personnel

## **MR. HUANG TAK WAI (黃德威), AGE 34**

### **Chief Financial Officer/Company Secretary**

Mr. Huang joined our Group as Chief Financial Officer/Company Secretary on 17 May 2018. He is responsible for the preparation of all of the Group's financial statements as well as reviewing and developing effective financial policies and control procedures within the Group. Mr. Huang has ten years of experience in accounting and auditing. Prior to joining the Group, he worked in an international accounting firm in Hong Kong. Mr. Huang graduated from The University of Sydney in 2008 with a bachelor's degree in Commerce (Accounting and Finance). He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and Certified Practising Accountants Australia.

## **MR. HE HONGYAN (何洪燕), AGE 54**

### **Finance Manager**

Mr. He joined our Group in August 2006. He is responsible for the finance and accounting matters of the Group. He worked as assistant manager in the internal audit department from July 2014 to November 2016. He becomes the finance manager of the Group since November 2016. Mr. He obtained a certificate of accounting professional and a certificate of accounting (mid-level) issued by Ministry of Finance of the People's Republic of China (中華人民共和國財政部). He has over 15 years experiences in accounting sector.

## **MS. LONG XIAOLIN (龍曉霖), AGE 37**

### **Human Resources Manager**

Ms. Long joined our Group in 2011. She is responsible for the human resources matters of the Group. Ms. Long was a marketing executive and was promoted to marketing manager at a food manufacturing and processing company from 2005 to 2011. She worked in the human resources department of the Group since 2011. She was promoted as the human resources manager since 2016. Ms. Long graduated from Sun Yat-Sen University in July 2005 where she obtained a bachelor of philosophy.

# Corporate Governance Report

The Board of Directors (the “Board”) of China Yuanbang Property Holdings Limited (the “Company”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “Group”), where possible, through the implementation of self-regulatory and monitoring mechanisms within the Group.

The Board has taken steps to align the Group’s governance framework with the recommendations of the Code of Corporate Governance 2018 (the “CG2018”), where applicable, relevant and practicable to the Group. Any deviation from the provisions of the CG2018 or areas of non-compliance are explained.

## BOARD MATTERS

### The Board’s Conduct of Affairs

**Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

*Provision 1.1 Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.*

The Board oversees the business and corporate affairs of the Group. It sets the Group’s strategic direction and vision and directs the Group’s overall strategy, policies, business plans, as well as, stewardship and allocation of the Group’s resources. Board members are expected to use reasonable diligence in discharging their duties and act in good faith and exercise independent judgement in the best interests of the Group at all times.

The Board’s role includes:

- (i) providing effective leadership, reviewing and approving strategic plans, annual budget, major objectives, investing and funding activities;
- (ii) overseeing the process related to risk management and internal controls, financial reporting and compliance including approving and release of financial results and announcements of material transactions;
- (iii) reviewing recommendations of the Remuneration Committee and approving remuneration packages for the Board and key management personnel;
- (iv) reviewing and monitoring the Group’s performance towards maximizing shareholders’ value;
- (v) declaring interim and final dividends;
- (vi) reviewing recommendations of the Nominating Committee and approving the appointments/re-elections of Directors and appointment of key management personnel;
- (vii) overseeing the proper conduct of the Group’s business, setting the Group’s values and standards and assuming responsibility for corporate governance;
- (viii) considering sustainability issues such as environmental and social factors as part of its strategic formulations; and
- (ix) identifying key stakeholder groups and recognise that their perceptions affect the Company’s reputations.

The Board objectively makes decisions in the best interests of the Group at all times. Where a Director is conflicted in a matter, he or she will recuse himself or herself from the deliberations and abstain from voting on the matter.

## Corporate Governance Report

*Provision 1.2 Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.*

Newly appointed Directors are given letters of appointment setting out the terms of their appointment and their duties and obligations. These Directors would also be briefed on the business activities and the strategic directions and policies of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a director of a listed company in Singapore, will undergo the necessary training and briefing to understand the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST pursuant to Rule 210(5)(a) of the Listing Manual of the SGX-ST. There were no new directors appointed during FY2020.

Independent Directors of the Company have the opportunity to visit the Group's various project sites to understand the status of the various property developments. The Independent Directors also have the opportunity to meet with Management to gain a better understanding of the Group's business operations.

Directors may request for further explanations, briefings and formal discussions on any aspects of the Group's operations or business and any other issues.

All Directors are updated on an on-going basis via Board meetings and/or circulars on matters relating to, *inter alia*, changes to the regulations of SGX-ST, accounting standards and/or other statutory requirements. When necessary, the Board may seek independent professional advice at the Company's expense.

The Group encourages Directors to receive regular training and updates on relevant laws and regulations and to participate in conferences, seminars or any training programme to equip them with the relevant knowledge to discharge their duties and responsibilities as Directors in an effective and efficient manner. Relevant updates and/or news releases issued by the SGX-ST will also be circulated to the Board for information. Continuing briefings and professional development to Directors will be arranged whenever necessary.

*Provision 1.3 The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.*

The Board has delegated day-to-day operations to Management, while reserving certain key matters for its approval. The Company has put in place an Authorisation Matrix setting out the approving authority and limit guidelines, in particular the level of authorisation required for specified transactions, including those that require Board approval. Matters that specifically require Board approval are the Group's financial results, annual budgets, annual reports, financial statements, appointment and/or resignations of directors/key management personnel, interested person transactions, adoption of Group's policies, acquisitions and disposal of assets, corporate or financial restructuring, dividend payments and the convening of members' meetings. Board approval is also required for any matters which are likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business.

Matters that require the Board's approval are approved by all Directors.



## Corporate Governance Report

*Provision 1.4 Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.*

To ensure that specific issues are reviewed in-depth and in a timely manner, the Board is supported by the Audit Committee ("AC"), Remuneration Committee ("RC"), Share Option Scheme Committee and Nominating Committee ("NC") (collectively, "the Board Committees"). The Board Committees are each constituted with clear written terms of reference setting out their compositions, authorities and duties that have been approved by the Board. The Board accepts that while these Board Committees have the power to make decisions or execute actions or make recommendations in their specific areas respectively, the ultimate responsibility rests with the Board.

All the Board Committees consist of a majority non-executive Directors. Further details of the scope and functions of the various Board committees are set out in the later part of this Annual Report.

*Provision 1.5 Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.*

The Board and Board Committees meetings are scheduled in advance to coincide with the release of the announcements of the Group's quarterly and year-end results. As and when required, additional Board or Board Committees' meetings will also be held to address significant transactions or issues that arise in between the scheduled meetings. The Bye-laws of the Company provide for the attendance at meetings by the Directors through teleconferencing or video-conferencing. Directors who are unable to attend any unscheduled or ad hoc Board meetings which are convened on short notice will be able to participate in the meeting via such means.

When circumstances require, the Directors may also request for further explanation, briefing or discussion on any aspect of the Group's operations or business from Management and/or exchange views outside the formal environment of Board meetings.

Details of Board, Board committees and general meetings held during FY2020 are disclosed in the table below:

Meeting	Board	Audit Committee	Nominating Committee	Remuneration Committee	Annual General Meeting	Special General Meeting
<b>Total held in FY2020</b>	5	4	1	1	1	1
Lin Yeju	5	N/A	N/A	N/A	–	–
Ouyang Sheng	5	N/A	N/A	N/A	1	1
Zhou Jiangtao	5	N/A	N/A	N/A	1	1
Teo Yi-Dar	5	4	1	1	1	1
Chong Soo Hoon Sean	5	4	1	1	1	1
Xia Weichang	5	4	1	1	1	1

N/A: Not applicable

Note 1: There was no Share Option Committee meeting held for FY2020.

# Corporate Governance Report

*Provision 1.6 Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.*

Management provides the Board with adequate and timely information and updates on initiatives and developments for the Group's business whenever possible. However, sensitive matters may be tabled or discussed at the Board meetings without any meeting papers distributed. The Board receives monthly management accounts of the Group's principal subsidiaries to enable them to oversee the Group's operational and financial performance. Continual updates on matters affecting the financial performance and business of the Group, if such matters occur, are also provided to the Board on a timely basis. The CEO also updated the AC and Board at each meeting on the Group's property projects developments status.

*Provision 1.7 Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.*

The Board has independent and separate access to Management and the Company Secretary via electronic email, telephone and/or face-to-face meetings and may request for any additional information needed at any time to enable them to make informed decisions. All Directors have unrestricted access to the Group's information and all minutes of meetings held by the Board. Management staff are invited to attend Board meetings, as and when appropriate, to provide additional insight to matters raised, and to respond to any queries that the Board members may have.

The Company Secretary attends all meetings of the Board and Board Committees and ensures that the meetings are conducted in accordance with the Bye-Laws of the Company and applicable rules and regulations are complied with. The Company Secretary also prepares agenda papers for Board and Board Committee meetings in consultation with the CEO and respective Board Committees' Chairman and Board Chairman, and ensures that information flow within the members of the Board and the Board Committees, as well as between the senior management and Independent Directors. The appointment and removal of the Company Secretary is subject to Board approval.

## Board Composition and Guidance

***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decision in the best interests of the company.***

*Provision 2.1 An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.*

The Board currently consists of six members, three of whom are independent. The Independent Directors made up half of the Board. Currently, there is no alternate Director appointed.

### Non-Executive Director

Lin Yeju (*Chairman*)

### Executive Directors

Ouyang Sheng

Zhou Jiangtao

### Independent Directors

Teo Yi-Dar

Chong Soo Hoon Sean

Xia Weichang

# Corporate Governance Report

## Review of Directors' Independence

The Nominating Committee ("NC") reviews the independence of each Independent Director annually by taking into consideration the existence of relationship's or circumstances, including those provided in CG2018. Each Independent Director is required to complete a Confirmation of Independence form drawn up based on the Principle 2 of the CG2018 for the NC's review and recommendation to the Board. The Independent Directors are also required to disclose any relationships or appointments which would impair their independence to the Board. Each of the Independent Directors has recused himself from reviewing his own independence.

The NC had reviewed the independence of the Board members and had determined Mr. Teo Yi-Dar, Mr. Xia Weichang and Mr. Chong Soo Hoon Sean to be independent and free from any of the relationships outlined in the CG2018 that could interfere with the exercise of their independent judgements.

Mr Teo Yi-Dar had served on the Board for 13 years since his appointment on 26 March 2007. The tenure exceeds nine years flagged under Guideline 2.4 of CG2012. However, this is by no means a critical factor in determining his independence due to the reasons elaborated below.

In furtherance to rigorous review of Mr Teo Yi-Dar's independence, the NC had adopted an internal checklist whereby the internal assessment criteria were enhanced. Factors considered in the checklist include questions on business or personal dealings, family connections and level of objectivity demonstrated at meetings. Mr Teo Yi-Dar is also required to complete the checklist and submit it to the NC for deliberation.

Taking into account the views of the NC, the Board has also reviewed and considered Mr Teo Yi-Dar to be independent after having determined that he has no relationship with the Company, its related corporations, its 5% shareholders or its officers that he could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interest of the Company. Mr Teo Yi-Dar has throughout his appointment, demonstrated professionalism, strong independence in character and judgement in the discharge of his responsibilities as Director of the Company. He has continued to express his individual viewpoints, debated issues and objectively challenged Management's proposals and decisions. He had sought clarification and amplification as he deemed required. The NC opined that the continued appointment of Mr. Teo Yi-Dar would add significant value and provide some level of continuity and stability of the Board for effective decision-making. The Board concurs with the NC's view.

*Provision 2.2 Independent directors make up a majority of the Board where the Chairman is not independent.*

*Provision 2.3 Non-executive directors make up a majority of the Board.*

The NC and the Board are cognisant of the CG2018's recommendation for independent directors to make up a majority of the Board where the Chairman is not independent. The Board will continuously review and increase its independence composition, depending on the evolution of the Group's operations. Based on the assessment of its independence element, the Board is of the view that the current composition of Directors provides an appropriate level of independence, in consideration of the following factors:

- (a) there are four Non-Executive Directors or three Independent Directors, out of a total of six members. Non-Executive Directors make up 67% of the Board while Independent Directors make up 50% of the Board;
- (b) the Independent Directors have been assessed based on the independence criteria which include (i) independence from Management, the Company and its related corporations; (ii) independence from substantial shareholders of the Company; (iii) nine-year independence checklist required to be completed for director(s) who has served more than nine-year on the Board;
- (c) a Lead Independent Director has been appointed given that the Chairman is a Non-Independent Director. The Lead Independent Director serves in a lead capacity to co-ordinate the activities of the non-executive members in circumstances where it is inappropriate for the Chairman to direct and address matters relating to the Company; and
- (d) interested Director(s) are required to abstain from voting from all discussions and decisions

# Corporate Governance Report

The current Board comprises persons who as a group provide a balance of skills, experience and core competencies such as accounting, finance, business or management experience, industry knowledge necessary to meet the Group's objectives. The Board is also diversified in gender with one female director as its board member. None of the Directors on the Board is related and does not have any relationship with the Group or its related companies or its 5% shareholders or its officers who could interfere or to be reasonably perceived to interfere with the exercise of their independent judgements, save for Madam Lin Yaju, who is the spouse of Mr. Chen Jianfeng, a substantial shareholder of the Company.

The Board, with the concurrence of the NC, is of the view that the current size of the Board is appropriate for the Board to discharge its duties and responsibilities effectively taking into account the nature and scope of the Group's operations. Each Director has been appointed on the strength of his or her calibre, experience and stature and is expected to bring a diversity of experience and expertise to contribute to the development of the Group's strategy and performance of its business.

The Company is committed to building a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

The Board has adopted a diversity policy to appoint members of the Board from diverse and varied skills, experience, gender and knowledge. Selection of candidates will be based on a range of diversity perspectives as mentioned above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Company adopts the principle of collective decisions process and hence, no individual or smaller group of individuals dominates the Board's decision-making process. Given the present scope and nature of the Company's operations, the Board considers its current size and profile of its members, whose core competencies, qualifications, skills and experience are diverse, extensive and complementary, to be appropriate. Collectively and individually, the Directors act in good faith and exercise due diligence and care in the course of their deliberations and, at all times, consider objectively the interest of the Company and its shareholders.

*Provision 2.4 Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.*

The IDs meet for discussions, where warranted, without the presence of Management or the Executive Directors and provide feedback to the Board as appropriate.

## Chairman and Chief Executive Officer ("CEO")

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.***

*Provision 3.1 The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.*

*Provision 3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.*

The posts of Chairman and CEO are held by Madam Lin Yaju and Mr. Ouyang Sheng respectively and they are not related to each other.

# Corporate Governance Report

In keeping with the Principle, there is a clear separation of the roles and responsibilities between the Chairman and the CEO in writing. The separation of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties and accountability.

Madam Lin Yeju, the Non-Executive Chairman, provides leadership to the Board. She sets the meeting agenda in consultation with the CEO and CFO and also ensures that Directors are provided with accurate, timely and clear information. The Chairman also oversees the compliance with the corporate governance guidelines.

Mr. Ouyang Sheng works on the Group's property development strategies, identifying new business opportunities and overseeing the day-to-day operations of the Group. He reports to the Board on the Group's operations and performance and he also leads the key management and executes plans in the implementation of the Board's decisions.

All major decisions made by the CEO have to be endorsed by the Board. There is an independent element on the Board with the three Independent Directors out of six Directors of the Company to enable independent exercise of objective judgement in the affairs of the Group. As such, the Board believes that there are adequate safeguards and checks in place to ensure that the decision-making process by the Board is independent and based on collective decision-making, without any one person being able to exercise considerable concentration of power or influence.

*Provision 3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.*

The Lead Independent Director, Mr Teo Yi-Dar, is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman, CEO or Chief Financial Officer are inappropriate or inadequate. The Lead Independent Director also co-ordinates meeting with other Independent Directors as and when required, without the presence of Management, and provides feedback to the Chairman.

## Board Membership

**Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

*Provision 4.1 The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:*

- (a) *the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;*
- (b) *the process and criteria for evaluation of the performance of the Board, its board committees and directors;*
- (c) *the review of training and professional development programmes for the Board and its directors; and*
- (d) *the appointment and re-appointment of directors (including alternate directors, if any)*

## Corporate Governance Report

*Provision 4.2 The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.*

The NC is regulated by a set of written terms of reference. The NC comprises all independent Directors. Members of the NC are:

Chong Soo Hoon Sean (*Chairman*)  
Teo Yi-Dar  
Xia Weichang

The NC meets at least once a year.

The principal functions of the NC are as follows:

- (a) review and determine the appropriate size and structure for the Board, taking into account the scope and nature of operations of the Group;
- (b) review and recommend to the Board nomination of Directors to fill up any vacancies in the Board;
- (c) review and recommend for re-appointment and re-election to the Board, having regard to the Director's contribution and performance (eg. attendance, level of participation, business performance of the Group);
- (d) ensure that all Directors submit themselves for re-election at regular intervals;
- (e) review the overall performance and effectiveness of the Board, Board committees and the Directors;
- (f) review and evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company, particularly competing time commitments that are faced when the Directors have multiple Board representations;
- (g) review on an annual basis the independence of Directors, bearing in mind the circumstances set forth in the CG2018 and any other salient factors;
- (h) review succession plans, in particular, for the Chairman, the CEO and key management personnel;
- (i) oversee the induction, orientation and training and professional development for any new and the existing Directors.

Apart from undertaking the above activities, the NC has considered and adopted where appropriate the below during FY2020:

- a. reviewed the NC's terms of reference to align it with the CG2018;
- b. putting in place formal procedures and implementing the evaluation the performance of individual directors besides the current practice of evaluating the Board, Board Committees and informal assessment of each individual directors;
- c. reviewed key management succession planning for the Group's principal subsidiary.



# Corporate Governance Report

*Provision 4.3 The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.*

## Appointment and Re-appointment of Directors

In accordance with the Company's Bye-Laws, each Director is required to retire at least once in every three years and all newly appointed Directors by the Board will have to retire at the next Annual General Meeting ("AGM") following their appointments. The retiring Directors are eligible for re-election as Directors at the AGM.

Pursuant to Bye-law 86(1) of the Company's Bye-laws, Mdm Lin Yeju and Mr Xia Weichang will be retiring at the forthcoming AGM. Both Mdm Lin Yeju and Mr Xia Weichang have signified their consent to remain in office.

The NC having considered the attendance, participation and candour of Mdm Lin Yeju and Mr Xia Weichang at the Board and Board Committee meetings, in particular, their contributions to the oversight, management of the decision-making process regarding the business and operations of the Group, had nominated them for re-election at the forthcoming AGM.

The Board has accepted the NC's recommendation. Mdm Lin Yeju and Mr Xia Weichang have abstained from voting on any resolutions and/or participation in the deliberations regarding their respective re-election as a Director.

Key information regarding the Directors are provided on pages 19 to 20 of this Annual Report.

Information regarding the Directors nominated for re-election, including the information required under Appendix 7.4.1 of the listing rules can be found on pages 21 to 23 of the Annual Report.

## Process for Appointment of New Directors

The NC has put in place a "Process for Selection and Appointment of New Directors", which provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability and recommendation for nomination to the Board. The NC reviews the needs of the Board by considering the scope and nature of the operations of the Group and also assesses whether additional competencies are required in the area where the appointment of new Directors is concerned.

Prospective candidates are sourced through recommendation from Board members, business associates or professional search firms. The curriculum vitae and other particulars/documents of the nominee or candidate will be reviewed by the NC. Potential candidates are then short-listed by the NC and interviewed by the NC to assess their suitability and availability before making a recommendation for appointment to the Board.

In reviewing and recommending to the Board any new Director appointments, the NC considers: (a) the candidate's independence, in the case of the appointment of an Independent Director; (b) the composition requirements for the Board or Board Committees as the case may be; (c) the candidate's track record, experience and capabilities and such other relevant factors as may be determined by the NC which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

In the case of the appointment of an Executive Director, he will be provided a service agreement for an initial period of one year, setting out the terms and conditions of his appointment, while for a Non-Executive Independent Director, a formal letter of appointment will be issued, setting out the terms and conditions of his appointment.

# Corporate Governance Report

*Provision 4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.*

The NC determines annually, and as and when circumstances require, based on a Confirmation of Independence form completed by the Independent Director to confirm his independence, having regard to the circumstances or independence criteria set forth in Provision 2.1 of the Code. Director who has served on the Board for nine years or more will need to complete a separate checklist ("the Checklist") for the NC's review.

The NC has reviewed the Confirmation and the Checklist and has determined that each Independent Director remains independent. Please see elaboration of the above compliance as provided under Provision 2.1. The Board is in accord with the NC's determination.

*Provision 4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.*

On competing time commitments faced by Directors who have multiple Board representations, the NC besides procuring written confirmations from the Independent Directors of the Company, the NC also considered their level of participation at meetings and whether they have given sufficient time and attention in addressing matters or issues raised to the Board.

The NC is of the view that putting a maximum limit on the number of listed company board representations is arbitrary, given that time requirements for each company vary, and every individual is made differently, thus one should not be presumptive as sufficiency of time cannot be objectively determined in all situations. The Board and the NC have concluded that such multiple Board representations, if any, do not hinder each Director from carrying out his duties as a Director of the Company. With the attendance of the Directors at Board and Board Committee meetings for FY2020, the NC is also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurs with the view of the NC.

## Board Performance

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

*Provision 5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.*

*Provision 5.2 The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.*

The NC believes that performance of the whole Board, the Board Committees and individual Directors are assessed and reflected in their proper guidance, oversight, able leadership and support that they lend to Management.

The NC has adopted a structured process in assessing the performance of the Board, Board Committees and individual Directors. This process encompasses all Directors to complete the Evaluation Questionnaires, setting out the performance criteria determined by the NC. The criteria take into consideration factors such as Board size and composition, information flow to the Board, Board procedures, Board accountability, Board meetings participation, matters concerning CEO/Senior management and standard of conduct of the Board members.

# Corporate Governance Report

The respective Board Committees Evaluation Questionnaires focus on a set of criteria, which includes membership, conduct of the committee's meetings, training and resources, fulfillment of its duties and responsibilities in accordance with its terms of reference, standards of conduct and communications with shareholders. The performance criteria will not be changed from year to year unless circumstances deem it necessary for any of the criteria to be changed and the onus should be on the Board to justify the decision.

The individual Director Evaluation Questionnaires take into account individual Director's attendance, adequacy of preparation at meetings, industry and business knowledge, contribution and conduct.

The evaluation exercise provided feedback from each Director, his views on the Board and Board Committees, procedures, processes and effectiveness of the Board and Board Committees as a whole. The results of the Board and Board Committees Performance Evaluation are collected and presented to the NC for discussion together with comparatives from the previous year's results.

The results of the annual assessment revealed consistently good ratings, showing the effectiveness of the Board and Board Committees for FY2020. Overall, the NC is satisfied with the performance evaluation results. There were indications of areas of strengths and those that could be improved further. No significant problems had been identified. The NC had discussed the results with the Board and the Board had agreed to work on these areas that require improvements. All NC members have abstained from the voting and review of any matter in connection with the assessment of his performance.

The NC will continue to evaluate the process for such review, its effectiveness and development from time to time.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

***Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

*Provision 6.1 The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:*

- (a) a framework of remuneration for the Board and key management personnel; and
- (b) the specific remuneration packages for each director as well as for the key management personnel.

*Provision 6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.*

The RC, regulated by a set of written terms of reference, comprises entirely of the following Independent Directors:

Xia Weichang (*Chairman*)  
Teo Yi-Dar  
Chong Soo Hoon Sean

The RC meets at least once annually.

# Corporate Governance Report

The principal functions of the RC are as follows:

- (a) recommend to the Board a framework of remuneration for the Directors, CEO and key management personnel;
- (b) determine specific remuneration packages and terms of employment for each Director, CEO and key management personnel, including renewal of service agreements;
- (c) review and recommend Directors' fees for Independent Directors, taking into account factors such as their effort and time spent and their responsibilities;
- (d) recommend to the Board long term incentive schemes which may be set up from time to time;
- (e) review whether the Executive Directors, CEO and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time; and
- (f) carry out other duties as may be agreed by the RC and the Board.

There was no external expert advice sought for FY2020. The RC will seek external expert advice on remuneration matters if and when required.

*Provision 6.3 The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.*

The RC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits-in-kind. In the review of remuneration packages for the Directors and the key management personnel with an aim to be fair and to avoid rewarding poor performance, before making any recommendation to the Board.

The RC also reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors and key management personnel.

The RC's recommendations are submitted for endorsement by the entire Board. No Director is involved in deciding his/her own remuneration. Each member of the RC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

*Provision 6.4 The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.*

The RC has full authority to engage any external professional adviser on matters relating to remuneration, if the need arises.

The RC did not require the services of an external remuneration consultant during FY2020.

# Corporate Governance Report

## Level and Mix of Remuneration

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

*Provision 7.1 A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.*

*Provision 7.2 The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.*

The Independent Directors receive directors' fees taking into account various factors such as their contributions, effort and time spent, work undertaken and their responsibilities. In light of possible economic impact due to the current COVID-19 situation, the RC had recommended a lower amount of S\$104,000 as Directors' fees for the financial year ending 30 June 2021, payable half-yearly in arrears. The Directors' fees are subject to approval by shareholders at the Company's forthcoming AGM.

The Executive Directors do not receive Directors' fees.

The Non-Executive Chairman, Madam Lin Yeju, is not entitled to Director's fee as she is remunerated from the Group's subsidiary for her executive role.

*Provision 7.3 Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.*

In setting remuneration packages, the Group's relative performance, performance of the individuals concerned, employment conditions within the same industry are considered.

The employment of the Executive Directors is on a 1-year term pursuant to their respective service agreements and are automatically renewed annually.

In the service agreements of the Executive Directors, there is a termination/resignation notice period of not less than three months and do not contain onerous removal clauses. The service agreements may also be terminated if any of the Executive Directors commits a breach of the service agreements, such as being convicted of an offence involving fraud or dishonesty or being an adjudicated bankrupt. The Company does not have any contractual provisions in the service agreements of the Executive Directors to allow the Company to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. The RC will when appropriate, review the need to adopt such provisions.

No Director is involved in deciding his own remuneration. Each of Mr Teo Yi-Dar, Mr Chong Soo Hoon Sean and Mr Xia Weichang being RC members, abstained from deliberation and voting in respect of their own remuneration.

# Corporate Governance Report

## Disclosure on Remuneration

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

*Provision 8.1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:*

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.

The level and mix of each individual Director's and the CEO's remuneration for FY2020 is as follows:

Directors	Directors				Total RMB'000
	fees RMB'000	Salary RMB'000	Bonus RMB'000	Benefits <sup>1</sup> RMB'000	
Lin Yeju	–	396	–	9	405
Ouyang Sheng*	–	626	–	9	635
Zhou Jiangtao	–	516	–	9	525
Teo Yi-Dar	275	–	–	–	275
Chong Soo Hoon Sean	250	–	–	–	250
Xia Weichang	125	–	–	–	125

\* Executive Director and CEO

Note 1: compulsory payment of social insurance in China.

As part of its responsibilities, the RC reviews the remuneration of each of the Directors and key management personnel's remuneration packages annually and makes recommendations to the Board for approval. The RC ensures that their remuneration commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group.

The Group's Key Management Personnel in Remuneration Band

	Salary	Bonus	Benefits	Total
Below S\$250,000				
Huang Tak Wai, CFO and Company Secretary	100%	–	–	100%
He Hongyan, Finance Manager	100%	–	–	100%
Long Xiaolin, Human Resources Manager	100%	–	–	100%

Notwithstanding Provision 8.2 of the CG2018, there was only three key management personnel (who are not Directors or the CEO) during FY2020.

The total remuneration paid to the above Group's key management personnel was RMB1,195,000 for FY2020. There were no post-employment benefit granted to the Directors, the CEO and the top three key management personnel.



## Corporate Governance Report

*Provision 8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.*

Mr Chen Jianfeng who was appointed as a director and legal representative of Guangdong Yuanbang Real Estate Development Co Ltd., a principal subsidiary, during the year; is a substantial shareholder of the Company. Mr. Chen Jianfeng is also spouse of Mdm Lin Yeju, Non-executive, Non-Independent Chairman of the Company. Mr Chen Jianfeng does not draw any remuneration from the Group. Save as disclosed, there are no employees who are substantial shareholders of the Company, or immediate family members of a Director, the CEO, a substantial shareholder of the Company, whose remuneration exceeds S\$100,000 during the year.

*Provision 8.3 The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.*

### The China Yuanbang Share Option Scheme

The China Yuanbang Share Option Scheme (the "Scheme") was approved and adopted by the shareholders of the Company at a Special General Meeting on 28 June 2010. The objectives of the Scheme adopted are as follows:

- (a) to motivate each participant to optimise his performance standards and efficiency and to maintain a high level of contributions to the Group;
- (b) to retain key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instill loyalty and a stronger identification by the participants to the long-term prosperity of the Company;
- (d) to attract potential employees with relevant skills and experience to join and contribute to the Group and to create value for the shareholders of the Company;
- (e) to align the interests of the participants with the interests of the shareholders of the Company; and
- (f) to recognise the contributions of the Non-Executive Directors to the success of the Group.

The Scheme is administered by the Share Option Scheme Committee comprising the following persons:

Xia Weichang (*Chairman*)  
Chong Soo Hoon Sean  
Teo Yi-Dar

The Share Option Scheme Committee has the power to determine, *inter alia*, the eligible persons to be granted options under the Scheme, the number of options to be granted, the quantum of discount to the exercise price of options granted, if any, and to recommend any modifications to the Scheme, where necessary.

There were no options granted during FY2020 and the said scheme has expired on 28 June 2020.

Please refer to pages 48 to 49 for details of the Scheme.

# Corporate Governance Report

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

**Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

*Provision 9.1 The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.*

The Board acknowledges that it is responsible for ensuring the Group has in place a sound system of internal controls. It is however, impossible to preclude all errors and irregularities, as a system is designed to manage rather than eliminate risks, and therefore can provide only reasonable and not absolute assurance against material misstatements or losses, errors or misjudgments, fraud or other irregularities.

Having considered the Group's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. Currently, the AC and the Board assume responsibility for the risk management function.

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management has adopted a Risk Management framework ("the Framework"). The Framework is reviewed on a half-yearly basis taking into account changes in the business and operation environments. A risk register identifying the key risks, determining key owners for the risks identified and the mitigation controls were put in place. Management reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

To ensure that internal controls and risk management processes are adequate and effective, the Group has engaged Mazars CPA Limited, the Group's internal auditors ("IA") to review the risk management process during the year. This is on top of the annual internal audit of the Group which covers the review of financial, operational and compliance controls functions of the Group. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by Management on the recommendations made by the internal and external auditors.

*Provision 9.2 The Board requires and discloses in the company's annual report that it has received assurance from:*

- (a) *the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and*
- (b) *the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.*

Based on the various management controls in place, the reports from the internal and external auditors and reviews by Management, the Board with the concurrence of the AC is of the opinion that the Group's risk management and internal controls systems addressing the financial, operational, compliance and information technology control risks were adequate and effective during the year. Management will continue to focus on improving the standard of internal controls and corporate governance.

# Corporate Governance Report

For FY2020, the Board has obtained assurance from:

- (a) the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the CEO and other Key Management Personnel who are responsible, that the Group's risk management systems and internal control systems are adequate and effective.

## Audit Committee

**Principle 10: The Board has an Audit Committee which discharges its duties objectively.**

*Provision 10.1 The duties of the AC include:*

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;
- (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;
- (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and
- (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

*Provision 10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.*

*Provision 10.3 The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.*

*Provision 10.4 The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.*

The AC comprises three members, all of whom are Independent Directors:

Teo Yi-Dar (Chairman)  
Xia Weichang  
Chong Soo Hoon Sean

The AC members have numerous years of experience in senior management positions and have sufficient financial management expertise to discharge their responsibilities.

## Corporate Governance Report

The AC will meet quarterly in a year and as and when deemed appropriate to carry out its functions. The AC does not comprise any former partner or director of the external auditors within the previous two years or who hold any financial interest in the auditing firm.

The AC assists the Board in discharging its responsibilities to safeguard the Group's assets, maintaining adequate accounting records, and developing and maintaining an effective system of internal controls, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group.

For FY2020, the AC has performed the following in accordance with its terms of reference:

- (a) met with both the internal and the external auditors to review the audit plans, and discussed the results of their audit findings, evaluation of the Group's system of internal accounting controls, their letter to Management and Management's responses;
- (b) reviewed the Group's financial results and announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audits, compliance with accounting standards, the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
- (c) in the review of the financial statements for FY2020 the AC had discussed with Management and the external auditors on significant issues, assumptions that impact the financial statements and key audit matters. The key audit matters as reported by the external auditors are disclosed in pages 62 to 67 under the Auditor's Report;
- (d) reviewed with the internal auditors, the internal control procedures and ensured co-ordination between the internal and external auditors and Management, and reviewed the assistance given by Management to the auditors, and discussed problems and concerns, if any;
- (e) met with the internal and external auditors, without the presence of Management. Both the internal and external auditors had confirmed that they had received the full co-operation of Management and no restrictions were placed on the scope of the respective audits;
- (f) conducted a review of the non-audit services provided by the external auditors. The AC had noted that no non-audit services were rendered by the external auditors during the year under review and the external auditors had affirmed their independence in this respect. The audit fees paid to the external auditors for FY2020 amount to approximately RMB856,000;
- (g) considered the appointment or re-appointment of the internal and external auditors and made recommendations to the Board on their nomination for re-appointment, as well as reviewing their remuneration;

The AC had recommended the re-appointment of Moore Stephens LLP, Public Accountants and Chartered Accountants, Singapore ("MS LLP"), to act as the Company's Auditors to comply with Rule 712 of the SGX-ST Listing Manual in relation to the appointment of a suitable auditing firm to meet the Company's audit obligations at the forthcoming AGM of the Company. The AC was satisfied that the resources and experience of MS LLP, the Audit Engagement Partner and her team assigned to the audit were adequate to meet its audit obligations given the size and complexity of the Group;

MS LLP provides regular updates and briefings to the AC and changes to accounting standards and other financial issues to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any;

# Corporate Governance Report

- (h) reviewed Interested Person Transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- (i) reviewed arrangements by which staff of the Group and any other person may in confidence, raise concerns about fraudulent activities, malpractices or improprieties within the Group which may cause financial or non-financial loss to the Company, in a responsible and effective manner. The Group has in place a whistle-blowing policy to ensure independent investigations of such matters and for appropriate follow up action. There was no incident of whistle-blowing reported for FY2020;
- (j) reviewed the risks profile register documented and maintained by Management;
- (k) kept abreast of accounting standards and issues that could potentially impact the Group's financial reporting through quarterly updates and advice from the external auditors;
- (l) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm to audit its accounts and its foreign-incorporated subsidiaries. The Group's significant subsidiaries are disclosed under Note 12 to the Financial Statements on pages 104 to 108 of this Annual Report.

The AC met four times during the year under review. Details of AC members and their attendance at meetings are provided on page 27.

*Provision 10.5 The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.*

## Internal Audit

The internal audit function is outsourced to Mazars CPA Limited. The IA reports directly to the Chairman of the AC on audit matters and to Management on administrative matters. The role of the IA is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures and undertaking investigations as directed by the AC. The AC assesses the adequacy and effectiveness of the internal audit function on an annual basis. For FY2020, the AC is satisfied with the independence, adequacy and effectiveness of the internal audit function.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

***Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

*Provision 11.1 The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.*

At the AGM or the Special General Meeting ("SGM"), shareholders will be given the opportunity to voice their views and to seek clarification on issues relating to the Group's business outlined in the AGM/SGM notice. Shareholders are encouraged to attend shareholders' meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend these meetings, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms which are sent together with the Annual Reports or Circulars. The duly completed and signed proxy form must be submitted at least 48 hours before the shareholders' meeting at the Company's Share Transfer Agent's address.

## Corporate Governance Report

*Provision 11.2 The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are “bundled”, the company explains the reasons and material implications in the notice of meeting.*

Each item of special business included in the notice of the general meetings will be accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions will be proposed for substantially separate issues at a general meeting.

*Provision 11.3 All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders’ queries about the conduct of audit and the preparation and content of the auditors’ report. Directors’ attendance at such meetings held during the financial year is disclosed in the company’s annual report.*

The Board, including the Chairmen of the NC, AC, RC and Share Option Scheme Committee, external auditors attend the AGM to address questions that shareholders may have concerning the Group.

*Provision 11.4 The company’s Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.*

Pursuant to the Company’s Bye-laws, a poll may be demanded by the Chairman of the general meeting or by at least two (2) members or any member present in person or by proxy representing not less than one-tenth of the total voting rights of all members having the rights to vote at the meeting.

All resolutions at the Company’s general meetings will be voted way of a poll to better reflect shareholders’ interest pursuant to Rule 730(A)(2) of the Listing Manual. The detailed results would be announced via SGXNet after the conclusion of the general meetings.

An independent scrutineer is also appointed to validate the vote tabulation procedures. The detailed voting results, including the total number of votes cast for or against each resolution tabled and the respective percentages, will be announced to SGX-ST via SGXNet on the same day after the conclusion of the meetings.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

In view of the COVID-19 situation, the Company will be conducting the AGM via electronic means and therefore, alternative arrangements will be made to take into account the online nature of the annual general meeting, further information of which is set out in the notice of the AGM dated 15 October 2020.

As shareholders are unable to attend the meeting in person, shareholders will appoint the Chairman of the meeting as proxy to vote on their behalf at the AGM and submit questions relating to the business of the meeting in advance. Please refer to the notice of the AGM dated 15 October 2020 for further information.

*Provision 11.5 The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.*

The minutes of the general meetings are prepared by the Company Secretary, and include substantial comments or queries from shareholders and responses from the Board members and Management. Minutes of these meetings will be made available upon shareholders’ request. Under the Alternative Meeting Arrangements, minutes of a general meeting will be published via the Company’s website and SGXNet within one month from the date of the general meeting.



# Corporate Governance Report

*Provision 11.6 The company has a dividend policy and communicates it to shareholders*

Dividend policy

The Group does not have a dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit, growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as determined by the Board.

Having reviewed the Group's FY2020 financial performance, no dividend has been declared or recommended for FY2020 as the Group wishes to conserve its cash for operational use. For any declaration of dividends, the details of dividend payment would be disclosed via the release of financial results announcements through SGXNet.

***Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

*Provision 12.1 The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.*

In line with continuous disclosure obligations pursuant to the SGX-ST listing requirements, the Group is mindful of the need to have regular and proactive communication with its shareholders. It is the Board's policy that the shareholders be informed of the major developments that impact the Group. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as promptly as possible.

Information is communicated to shareholders on a timely basis through:

- (a) SGXNet announcements and press releases, if any;
- (b) annual reports or circulars that are prepared and issued to all shareholders;
- (c) quarterly and annual financial statements containing a summary of the financial information and affairs of the Group for the period under review;
- (d) notices of and explanatory notes for AGM and Special General Meetings; and
- (e) corporate website of the Company at <http://www.yuanbang.com>

*Provision 12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.*

The Company does not have an investor relations policy. Other than communicating with shareholders at general meetings, shareholders may raise questions to the Company through the Company's website of which the Company may respond to such questions. The Company will review the need for analyst briefings, investor roadshows or Investors' Day briefings when appropriate.

Following recent amendments to the Listing Rules of SGX-ST ("Amended Listing Rules") which took effect from 7 February 2020, the Company had on 14 February 2020 announced that it will cease quarterly reporting ("QR") with effect from 7 February 2020. The Company has been practicing timely release of announcements and providing voluntary updates to shareholders and will continue to comply with its continuing disclosure obligations to keep shareholders updated when appropriate. In view of the cessation of QR, the Company and the Group will focus on long-term perspective on growth and will release the financial results on a half-yearly basis in accordance with the Amended Listing Rules.

Further, as announced in the regulatory announcement dated 11 May 2020, the Singapore Exchange Regulation has removed the Minimum Trading Price ("MTP") rule for Mainboard issuers with effect from 1 June 2020. The Company had on 14 May 2020 announced via SGXNet that it will no longer need to satisfy the exit criteria and apply from removal of the MTP watch-list.

# Corporate Governance Report

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

**Principle 13:** *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

*Provision 13.1* The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

*Provision 13.2* The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

*Provision 13.3* The company maintains a current corporate website to communicate and engage with stakeholders.

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Group are served.

The Group has identified key stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations such as customers, suppliers, employees, regulators, shareholders and investors.

The Company ensure engagement and communication with the relevant stakeholders through the various means to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. Details of the areas of focus, methods of engagement and stakeholders' response can be found in our Sustainability Report on pages 53 to 60 of this Annual Report.

The Company maintains its corporate website (<http://www.yuanbang.com>) to communicate and engage with stakeholders.

### Anti-Fraud Policy and Code of Conduct

The Company's Anti-Fraud Policy and Code of Conduct set out the principles to guide its employees and Directors in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Group, its customers, suppliers, competitors and the community.

## SECURITIES TRANSACTIONS

The Group has adopted an internal compliance code of conduct to provide guidance to its Directors, key officers and employees regarding dealings in the Group's securities and implications of insider trading in compliance with Rule 1207(19) of the SGX-ST Listing Manual (the "Securities Code").

In line with the Group's Securities Code, the Company, Directors, key officers and employees of the Group are prohibited from dealing in securities of the Company two weeks before the release of the quarterly results (whether on a voluntary basis or if required to do so under the relevant Listing Rules) and at least one month before the release of the full year results and at all times, if in possession of unpublished price-sensitive information. The Securities Code also discourages trading on short-term consideration. The Group confirmed that it had adhered to its policy for securities transactions for FY2020.

## MATERIAL CONTRACTS

Save for the service agreements entered into between the Company and the Executive Director and CEO, there were no other material contracts of the Company, or its subsidiaries involving the interests of the Chairman, CEO, any Director or controlling shareholder subsisting during FY2020.

# Corporate Governance Report

## INTERESTED PERSON TRANSACTIONS (“IPTs”)

The Group has established procedures to ensure that IPTs are reported in a timely manner to the AC and such transactions are conducted on an arm’s length basis and are not prejudicial to the interests of the shareholders.

The IPTs during FY2020 is set out below:

<b>Name of Interested Person</b>	<b>Nature of Relationship</b>	<b>Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)</b>	<b>Aggregate value of all IPTs conducted under the shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
Kaiping Qingshi Auto Parts Co. Ltd <sup>1</sup> (“Kaiping Qingshi”)	Mr Zhou Jiangtao, Executive Director, holds an effective 28.6% equity interest in Kaiping Qingshi	RMB29,406,000	NA

*Note 1:* An interest bearing development loan of RMB23.5 million was made to Kaiping Qingshi which the Executive Director, Mr Zhou Jiangtao holds an effective 28.6% equity interest. The purpose of the loan was to fund the initial re-development of a parcel of land in Kaiping City of Guangdong Province held by Kaiping Qingshi. It is the Group’s intent to eventually participate in the redevelopment of the said land.

The IPT above does not exceed the threshold limits under Chapter 9 of the Listing Manual of SGX-ST and no announcement or shareholders’ approval was therefore required.

# Directors' Report

The Directors present their report to the members together with the audited consolidated financial statements of China Yuanbang Property Holdings Limited (元邦房地產控股有限公司) (the "Company" and together with its subsidiaries, the "Group") for the financial year ended 30 June 2020.

## DIRECTORS

The Directors of the Company in office at the date of this report are:

### Non-Executive Director:

Lin Yeju

### Executive Directors:

Ouyang Sheng

Zhou Jiangtao

### Independent Directors:

Teo Yi-Dar (*Lead Independent Director*)

Chong Soo Hoon Sean

Xia Weichang

## THE CHINA YUANBANG SHARE OPTION SCHEME

The China Yuanbang Share Option Scheme (the "Scheme") was approved and adopted by shareholders of the Company at a Special General Meeting on 28 June 2010.

### Eligibility

Employees, Executive Directors and Non-Executive Directors of the Group who have attained the age of 21 years are eligible to participate in the Scheme at the absolute discretion of the Share Option Scheme Committee. Persons who are controlling shareholders and their respective associates (as defined in the SGX-ST Listing Manual) shall not be eligible to participate in the Scheme.

Madam Lin Yeju, who is the spouse of a controlling shareholder of the Company, and her respective associates (as defined in the SGX-ST Listing Manual) shall not be eligible to participate in the Scheme.

### Size of the China Yuanbang Share Option Scheme

The total number of shares over which options may be granted by the Share Option Scheme Committee pursuant to the Scheme on any date, when added to the number of shares issued and issuable and/or transferred and transferable in respect of:

- (a) all options granted under the Scheme; and
- (b) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force,

shall not exceed 15% of the number of all issued shares (excluding treasury shares) on the day immediately preceding such date of grant.

## Directors' Report

### Exercise price

Under the Scheme, the Share Option Committee has the discretion to grant options at:

- (a) a price that is equivalent to market price ("Market Price"), being the price equal to the average of the last dealt prices for a share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive market days immediately prior to the relevant date of grant ("Market Price Options"); or
- (b) a price that is set at a discount to the Market Price, provided always that the maximum discount shall not exceed 20% of the Market Price, and the prior approval of shareholders of the Company shall have been obtained in a separate resolution ("Incentive Options").

### Exercise of options

A Market Price Option shall only be exercisable by a participant after the first anniversary of the date of grant of that Market Price Option, provided always that:

- (a) in the case where such Market Price Option is granted to an employee or Executive Director of the Group, the Market Price Option shall be exercised before the tenth anniversary of the relevant date of grant; and
- (b) in the case where such Market Price Option is granted to a Non-Executive Director of the Group, the Market Price Option shall be exercised before the fifth anniversary of the relevant date of grant.

An Incentive Option shall only be exercisable by a participant after the second anniversary of the date of grant of that Incentive Option, provided always that:

- (a) in the case where such Incentive Option is granted to an employee or Executive Director of the Group, the Incentive Option shall be exercised before the tenth anniversary of the relevant date of grant; and
- (b) in the case where such Incentive Option is granted to a Non-Executive Director of the Group, the Incentive Option shall be exercised before the fifth anniversary of the relevant date of grant.

Any unexercised options shall immediately lapse and become null, void and of no effect and the relevant participant shall have no claim whatsoever against the Company.

### Grant of options and outstanding options

During the financial year ended 30 June 2020, no option to take up the unissued shares of the Company was granted, and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year ended 30 June 2020. The Scheme has expired on 28 June 2020.

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the year was the Company or any of its subsidiaries a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

# Directors' Report

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings, an interest in shares of the Company or its related corporations either on 30 June 2020, or on 21 July 2020, were as follows:

Directors	Shares beneficially held by Directors		Shareholdings in which Directors are deemed to have an interest		
	At	At	At	At	At
	1.07.2020	30.06.2020 and 21.07.2020	1.07.2019	30.06.2020	21.07.2020
Lin Yeju	–	–	35,826,700	35,826,700	35,826,700
Ouyang Sheng	–	–	–	–	–
Zhou Jiangtao	–	–	–	–	–
Teo Yi-Dar	–	–	–	–	–
Chong Soo Hoon Sean	–	–	–	–	–
Xia Weichang	–	–	–	–	–

The Singapore Exchange Listing Manual requires a company to provide a statement as at the 21st day after the end of the financial year, showing the direct and deemed interest of each Director of the Company in the share capital of the Company.

*Note 1:* Madam Lin is deemed to be interested in all the shares in the Company that her spouse, Mr Chen Jianfeng, is interested in. Mr Chen Jianfeng has a direct interest in 32,040,000 shares in the Company and a deemed interest in 3,786,700 shares in the Company.

## DIRECTORS' INTERESTS IN CONTRACTS

The service agreements of the Executive Directors are for a one year period and will continue thereafter year to year until terminated by not less than three months' notice in writing served by either party on the other.

Apart from the foregoing and save as disclosed in the financial statements, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## AUDIT COMMITTEE

The Audit Committee has reviewed the overall scope of both internal and external audits and the assistance given by Management to the auditors. The AC has also met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal controls and internal accounting controls. Further details regarding the Audit Committee are set out in the Corporate Governance Report on pages 41 to 43 of this annual report.



# Directors' Report

## INDEPENDENT AUDITORS

The auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board,

**Lin Yeju**

*Non-Executive Chairman*

25 September 2020

**Zhou Jiangtao**

*Director*

# Statement by Directors

We, Lin Yeju and Zhou Jiangtao, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors:

- (i) the accompanying statement of financial position of the Company and the consolidated financial statements of the Group, are drawn up so as to give a true and fair view of the Company and of the Group as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

**Lin Yeju**  
*Non-Executive Chairman*

**Zhou Jiangtao**  
*Director*

25 September 2020

# Sustainability Report

In alignment with the Singapore Exchange (SGX) Phased Approach for sustainability reporting, we have reviewed our material factor assessments based on the top material topics identified as very important to the Group and its stakeholders.

We adopt the internationally recognized Global Reporting Initiative (GRI) Standard in accordance to GRI Core reporting guidelines.

The report covers China Yuanbang Property Holdings Limited (the “Company” or together with its subsidiaries, the “Group”) for the period 1 July 2019 to 30 June 2020.

## BOARD SUSTAINABILITY STATEMENT

The COVID-19 pandemic has been a major disruptor to the world with far-reaching economic and social impact across all industries. Our business has also been affected with slowdown in projects and sales. We had responded expeditiously in our efforts to adapt and adjust to the evolving situation.

Sustainability continues to be an important consideration and crucial approach to create long-term value for customers, employees and investors of the Group and even the vast community.

The Group perseveres to create positive impact on the environment and society, strives to set a role model for the community and achieve an optimal balance in environmental protection, the society and corporate governance, caring about employees and community contributions during the course of business.

## SUSTAINABILITY APPROACH

While our primary objective is to deliver economic returns to our stakeholders, we have put in place sustainable practices for long term gains within a framework of good corporate governance.

The Group firmly believes that ethics and integrity is the cornerstone of a company’s sustainable development. The Group has zero tolerance toward behaviour such as bribery, extortion, fraud and money-laundering in any form. The directors, management and all employees must comply with all relevant laws and regulations promulgated by the State and regional governments in relation to the prevention of bribery, extortion, fraud and money laundering. The policies and procedures such as Anti-Fraud Policy and “Code of Conduct of Employees” provide that employees are prohibited from using their authority granted by work authority for personal gain, theft, affray, fraud, bribery, extortion and other matters that are in violation of the system of the Company.

Due to the nature of our business, we outsource the property construction to external contractors. We engage 80 construction contractors in various locations in China providing labour and machine intensive services of approximately RMB470 million. These contractors manage all operations in the construction sites of our property development projects. Our core team of professionals works closely with these contractors to maintain and achieve the highest achievable quality standards in environmental and socioeconomic compliance. The Group has been receiving various awards over the years in recognition for our operational excellence and quality development.

During the COVID-19 outbreak, our operations were stopped from February to mid-April 2020 upon the resumption of businesses. During this period, we communicate using online channels to ensure the health and safety of all stakeholders.

There have been no significant changes in our organization’s size, structure, ownership, or supply chain in the past year.

# Sustainability Report

## STAKEHOLDER ENGAGEMENT

Stakeholder engagement is necessary to communicate and receive feedback for information within and outside the company. It is also required as part of the sustainability process to identify and determine material factors for economic, environment, social and governance.

Key Stakeholders	Engagement Methods	Topics
<b>Investors, Shareholders, Media</b>	AGM and EGM Annual reports SGX announcements Press releases Corporate website Online	Financial statements New business development
<b>Regulatory Bodies</b>	Email communication	Financial results Announcements
<b>Customers</b>	Advertisements Service hotlines Corporate website Online	New projects for sale
<b>Business Partners</b>	Meetings Corporate website Online	New and ongoing projects
<b>Employees</b>	Staff meetings Online	Employee policies

# Sustainability Report

## MATERIALITY ASSESSMENT

We have reviewed and maintained the key material topics as Economic Performance, Environmental Compliance and Socioeconomic Compliance.

The Materiality Assessment Matrix is used to determine the impact of EESG factors by identifying the material factors according to the level of impact and importance on the organization and our stakeholders.

**Materiality Assessment Matrix**

Impact/Importance to Stakeholders	Impact/Importance to China Yuanbang		
	Very Important	Somewhat Important	Not Important
	<ul style="list-style-type: none"> <li>Materials</li> <li>Energy</li> <li>Water</li> <li>Biodiversity</li> <li>Emissions</li> <li>Effluents &amp; Waste</li> </ul>	<ul style="list-style-type: none"> <li>Diversity &amp; Equal Opportunity</li> <li>Public Policy</li> <li>Customer Privacy</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Indirect Economic impacts</li> <li>Environmental Compliance</li> <li>Customer Health &amp; Safety</li> <li>Socioeconomic Compliance</li> <li>Ethics &amp; Integrity</li> <li>Governance Structure</li> </ul>
	<ul style="list-style-type: none"> <li>Training and Education</li> <li>Non-Discrimination</li> <li>Security Practices</li> <li>Supplier Social Assessment</li> </ul>		<ul style="list-style-type: none"> <li>Procurement Practices</li> <li>Anti-corruption</li> <li>Employment</li> <li>Labour/Management Relations</li> <li>Occupational, Health &amp; Safety</li> <li>Marketing &amp; Labelling</li> <li>Stakeholder Engagement</li> </ul>
	<ul style="list-style-type: none"> <li>Anti-competitive behaviour</li> <li>Association &amp; Collective Bargaining</li> <li>Child Labour</li> <li>Forced or Compulsory Labour</li> <li>Rights of Indigenous People</li> <li>Human Rights Assessment</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>Market Presence</li> <li>Supplier Environmental Assessment</li> </ul>	
	Not Important	Somewhat Important	Very Important

Using a phased reporting approach, disclosures are made for material topics identified as very important and high impact to both the Group and Stakeholders.

# Sustainability Report

## ECONOMIC PERFORMANCE

The Group financial performance and disclosures are available in the Annual Report. Our long-term profitability and shareholders' value are ensured by taking into account the interests of other stakeholders such as our employees, customers, suppliers and society as a whole.

With regards to financial implications and other risks and opportunities due to climate change that may impact on our economic performance, we do not foresee any exposure in the near future. However we will monitor any regulatory and physical changes, availability of new technologies and challenges pertaining to climate change.

We do not receive or participate in any government financial assistance scheme.

## INDIRECT ECONOMIC IMPACTS

Our real estate projects have provided quality affordable housing and commercial spaces to residents and businesses of new townships, as well as holiday properties in tourist attraction sites. In the course of development, we are involved in infrastructure such as transport facilities, landscaped gardens and communal recreation areas which overall enhance the standard of living and contribute to positive economic growth. In addition, we will study the growth in work-from-home practices with regards to design and online infrastructure for home owners as a new normal.

## ENVIRONMENTAL COMPLIANCE

The Group complies with the Environmental Protection Law of PRC and other relevant laws and regulations in the city where the group operates.

In the property development business, the Group outsources construction works to general contractors which manage all operations in the construction sites. To mitigate any negative effect of construction on the environment, the Group requires its contractors to exercise controls over the emissions of dust in building sites and in the emission of waste gas generated from fuel combustion, in accordance to the Air Pollution Prevention and Control Law of the PRC and other applicable law and regulation related to air pollution in the cities that the Group operate. The Group regularly checks on the performance of contractors via site visit to ensure compliance to our quality and environment policies.

One area of environmental conservation is in reducing energy consumption. By upgrading to energy efficient technologies in our offices and development properties, we will be able to lower our own expenditure and help our customers to lower their utility costs.

In the past year, there is no incidence of significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations.

## CUSTOMER HEALTH & SAFETY

It is our responsibility to ensure the well-being and safety of our customers in all the real estate projects that we develop. We work closely with architects, engineers and builders during the construction and design phase to ensure minimum incidents of non-compliance with health and safety. Structural stability of our buildings is utmost important, as well as fire and emergency safety compliance.

Since 2005, the Group has been awarded by the real estate industry for quality and performance standards. We have no incidents of non-compliance with regulations concerning the health and safety impacts of real estate projects.

The Group's showrooms in Guangzhou and Tonghua were opened progressively for business after resumption of work in late February 2020. For the safety of the customers and staff, only limited customers were allowed to enter into the showrooms at the same time. Furthermore, the sales team had directed more resources to boost online presence with advertisements to attract and invite potential customers to view the Group's property listings through the internet.

# Sustainability Report

## SOCIOECONOMIC COMPLIANCE

Trust is of utmost importance to us and the Group is committed to ethical conduct in doing business. All forms of corruption, extortion, fraud and bribery are prohibited. The Group abides by the Anti-Unfair Competition Law, the Interim Provisions on Prohibiting Commercial Bribery and Anti-Money Laundering Law of the Mainland of China and other laws and regulations that call for integrity and ethical conduct in operating a business.

The Group makes clear its expectations on employees to ensure professional and ethical conduct of all staff. Our employees are informed of the Group's expectations and guidelines in the normal course of business, as well as the applicable laws and regulations related to improper payment, frauds, and money-laundering.

We adopt a whistle-blowing policy and programme, which was formulated and approved by the Board of Directors of the Company. All reports on any misconduct will be duly investigated by an Investigation Committee appointed by the CEO or his designate. The Investigation Committee shall comprise the Head of Internal Audit or an Audit Committee member and two independent managers recommended by the Head of the Human Resources.

The whistle-blowing policy details the protocols of reporting and handling improper or illegal behaviours within the Group that could be detrimental to the interests of shareholders, investors, customers and general public. It emphasizes protection of whistle-blower's identity and confidentiality of reported cases and the information involved, and sets out the available channels and methods for reporting concerns and the procedure of handling reported cases by the Group's designated personnel.

The Audit Committee meets regularly with the Company's senior management to consider the effectiveness of internal controls and risk management of the Company. As far as the Company is aware, no corruption or bribery incidents and fraudulent practices have been brought to the Company's attention during the year.

We have a policy for Occupational Health and Safety, as well as a strict adherence to local laws and regulations on labour and human rights.

There are no incidence of significant fines and non-monetary sanctions for non-compliance with socioeconomic laws and regulations.



# Sustainability Report

## OUR PEOPLE

Our core team comprises of construction professionals, property consultants, project managers, operations and administration staff, sales and marketing personnel, and estate managers. Our employees work within the Group and with contractors and suppliers to ensure that our projects can be completed in time and delivered to our customers to the standard of quality that we promise.

<b>Employees by gender</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Men	153	161	160
Women	102	111	107
<b>Total</b>	<b>255</b>	<b>272</b>	<b>267</b>

<b>Employees by employment type</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Full-time Men	151	159	158
Full-time Women	101	110	106
<b>Total Full-time employees</b>	<b>252</b>	<b>269</b>	<b>264</b>

Part-time Men	2	2	2
Part-time Women	1	1	1
<b>Total Part-time employees</b>	<b>3</b>	<b>3</b>	<b>3</b>

<b>Employees by region</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
China – Sichuan	122	131	130
China – Guangzhou	60	65	61
China – Shandong	5	5	5
China – Huizhou	32	33	33
China – Tonghua	35	37	37
Hong Kong	1	1	1

Our employees are hired under regulated employment contracts and are covered under the company's Social Insurance of the People's Republic of China as follows:

- Endowment Insurance
- Medical Insurance
- Unemployment Insurance
- Employment Injury Insurance
- Maternity Insurance
- Housing Provident Fund

We do not have collective bargaining agreements.

# Sustainability Report

## GRI CONTENT INDEX

GRI Ref	Disclosure	Reference
	<b>Organization Profile</b>	
102-1	Name of the organization	Cover
102-2	Activities, brands, products and services	3
102-3	Location of headquarters	2
102-4	Location of operations	2
102-5	Ownership and legal form	3
102-6	Markets served	3
102-7	Scale of the organization	3 , 53
102-8	Information on employees and other workers	58
102-9	Supply chain	53
102-10	Significant changes to the organization's size, structure, ownership, or supply chain	53
102-11	Precautionary Principle or approach	53-55
102-12	External initiatives	53, 54
102-13	Membership of associations	3
	<b>Strategy</b>	
102-14	Statement from senior decision-maker	53
	<b>Ethics and Integrity</b>	
102-16	Values, principles, standards, and norms of behaviour	53
	<b>Governance</b>	
102-18	Governance structure	25-47
	<b>Stakeholder Engagement</b>	
102-40	List of stakeholder groups	54
102-41	Collective bargaining agreements	58
102-42	Identifying and selecting stakeholders	54
102-43	Approach to stakeholder engagement	46, 54
102-44	Key topics and concerns raised	55
	<b>Reporting Practice</b>	
102-45	Entities included in the consolidated financial statements	62
102-46	Defining report content and topic Boundaries	53
102-47	List of material topics	55
102-48	Restatements of information	NA
102-49	Changes in reporting	NA
102-50	Reporting period	2020
102-51	Date of most recent previous report, if applicable	2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report or its contents	2
102-54	Claims of reporting in accordance with the GRI Standards	Core
102-55	GRI content index	59, 60
102-56	External assurance	NA

# Sustainability Report

GRI Ref	Disclosure	Reference
	<b>Management Approach</b>	
103-1	Explanation of the material topic and its Boundary	53-55
103-2	The management approach and its components	53-55
103-3	Evaluation of the management approach	53-55
	<b>Economic</b>	
201	Economic Performance	56
203	Indirect Economic Impacts	56
205	Anti-corruption	46, 57
	<b>Environmental</b>	
307	Environmental Compliance	56
	<b>Social</b>	
401	Employment	58
416	Customer Health & Safety	56
419	Socioeconomic Compliance	57



**FINANCIAL  
SECTION**

# Independent Auditor's Report

**To the Shareholders of China Yuanbang Property Holdings Limited  
(Incorporated in Bermuda with limited liability)**

## **Report on the Audit of the Financial Statements**

### **OPINION**

We have audited the financial statements of China Yuanbang Property Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA") *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Independent Auditor's Report

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key Audit Matters

### How our audit addressed the key audit matters

#### Valuation of properties held under development and properties held for sale

#### Our response

We refer to Notes 3(i), 3(j), 4(a)(i), 17 and 18 to the consolidated financial statements.

We have assessed on a sample basis, the reasonableness of the estimated construction costs to complete and obtained supporting documents on major inputs. Our audit procedures included, amongst others, reviewing monthly progress reports to assess the progress of each property, reviewing development project cost budgets for potential cost overruns, and obtaining confirmations from sub-contractors to ascertain the extent of construction costs incurred during the financial year.

As at 30 June 2020, the Group had properties held under development ("PUD") and properties held for sale ("PHS") amounting to RMB504,042,000 and RMB1,144,273,000 respectively.

PUD and PHS are stated at the lower of their costs and their net realisable values.

We performed a search for unrecorded liabilities and cost cut-off tests and checked the computations of the foreseeable losses for projects with units which are expected to sell below cost.

The determination of the estimated net realisable value of these PUD and PHS involves significant judgement and is dependent upon the Group's critical estimation of future selling prices of these certain properties and costs to be incurred to complete their projects.

We assessed the appropriateness of the basis of determining net realisable values of the PUD and PHS and the key assumptions used by management to determine net realisable values, including estimated construction costs to complete.

The valuation of PUD and PHS is identified as a key audit matter due to the magnitude of the carrying amount as of 30 June 2020 and the significant judgement involved in estimating their net realisable values.

We evaluated the reasonableness of expected future selling prices used in the above net realisable value assessments, by comparing them to recently-transacted prices and prices of comparable properties located in the same vicinity taking into account post-balance sheet date sales and also publicly available information on PRC property prices.

#### Our findings

We found management's judgment on the valuation of the PUD and PHS to be appropriate.

# Independent Auditor's Report

## KEY AUDIT MATTERS (Continued)

### Key Audit Matters

#### Valuation of investment properties

We refer to Notes 3(e), 4(a)(ii) and 14 to the consolidated financial statements.

The Group's investment properties amounted to approximately RMB569,800,000 as at 30 June 2020. This significant category of assets are stated at their fair values based on valuations determined by the independent professional qualified valuer.

The valuation of the investment properties is highly dependent on the underlying assumptions applied and hence, extremely sensitive to changes in key assumptions.

The valuation of investment properties is identified as a key audit matter due to the magnitude of the carrying amount as of 30 June 2020 and the significant judgement involved in the valuation of the investment properties.

### How our audit addressed the key audit matters

#### Our response

We considered the qualifications, competence and objectivity of the professional valuer.

We discussed with management and the professional valuer, and considered the reasonableness of the valuation methodologies used, reviewed the key assumptions and inputs used by the professional valuer in determining the valuation of each property.

We evaluated the reasonableness of the key data and assumptions used in the income approach by the professional valuer, including the sensitivity analysis used.

We also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuer.

We also reviewed the adequacy of the disclosures related to investment properties in Note 14 to the financial statements.

#### Our findings

We found the valuation of investment properties to be reasonable and the disclosures to be appropriate.



# Independent Auditor's Report

## KEY AUDIT MATTERS (Continued)

### Key Audit Matters

#### Recoverability of accounts receivables, loan receivables, other receivables and contract assets

We refer to Notes 3(h), 4(a)(iii), 4(a)(iv), 16, 19, 20, 21 and 33(iii) to the consolidated financial statements.

As at 30 June 2020, the Group has accounts receivables, loan receivables, other receivables and contract assets amounting to RMB34,733,000, RMB76,527,000, RMB567,549,000 and RMB32,585,000 respectively. We focused on this area because of the significance and the degree of judgement required in determining these carrying amounts of these balances as at the reporting date.

In accordance with IFRS 9 *Financial Instruments*, the Group assesses periodically and at each financial year end, the expected credit loss associated with its receivables. When there is expected credit loss impairment, the amount and timing of the future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics.

### How our audit addressed the key audit matters

#### Our response

We have obtained an understanding of the Group's processes and key controls relating to the monitoring of receivables and considering their aging to identify collection risks.

We reviewed the reasonableness of significant judgement used by the management in assessing the recoverability of accounts receivables, loan receivables, other receivables and contract assets and their assessment of the recoverability of long outstanding and overdue receivables.

We reviewed management's assessment on the credit worthiness of selected debtors and discussed with key management and the component auditors on the adequacy of the allowance for impairment recorded by the Group.

We checked to subsequent receipts from major debtors after the year end. We obtained documentary evidence, representation and explanations from management to assess the recoverability of long outstanding debts, where applicable.

We also reviewed the adequacy and appropriateness of the impairment charge based on the available information.

#### Our findings

Based on our audit procedures, we found management's assessment of the recoverability of accounts, loan and other receivables and contract assets to be reasonable and the disclosures to be appropriate.

## OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditor's Report

## RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms Lao Mei Leng.

**Moore Stephens LLP**  
*Public Accountants and  
Chartered Accountants*

Singapore  
25 September 2020

# Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2020

	Notes	2020 RMB'000	2019 RMB'000
<b>Revenue</b>	6	<b>577,148</b>	1,943,703
Cost of sales		<b>(365,037)</b>	(1,638,587)
<b>Gross profit</b>		<b>212,111</b>	305,116
Other income and gains	6	<b>57,988</b>	69,497
Fair value adjustments on investment properties	14	<b>(17,800)</b>	584
Selling expenses		<b>(10,633)</b>	(40,969)
Administrative expenses		<b>(61,148)</b>	(99,282)
Provision for impairment of other receivables	20	<b>(17,166)</b>	(16,159)
Provision for impairment of loan receivables	16	<b>(332)</b>	(6,496)
Provision for impairment of accounts receivables	19	<b>–</b>	(477)
Other operating expenses		<b>(20,072)</b>	(23,308)
<b>Operating profit</b>	7	<b>142,948</b>	188,506
Finance costs	8	<b>(16,625)</b>	(2,602)
<b>Profit before income tax</b>		<b>126,323</b>	185,904
Income tax expense	9	<b>(70,583)</b>	(95,279)
<b>Profit for the year</b>		<b>55,740</b>	90,625
<b>Other comprehensive income, net of tax</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		<b>5,222</b>	5,206
<b>Total comprehensive income for the year</b>		<b>60,962</b>	95,831
<b>Profit attributable to:</b>			
Owners of the Company		<b>46,010</b>	87,938
Non-controlling interests		<b>9,730</b>	2,687
		<b>55,740</b>	90,625
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>51,232</b>	93,144
Non-controlling interests		<b>9,730</b>	2,687
		<b>60,962</b>	95,831
		<b>RMB</b>	RMB
<b>Earnings per share for profit attributable to owners of the Company during the year</b>			
– Basic and diluted	11	<b>0.66</b>	1.27

# Statements of Financial Position

As at 30 June 2020

	Notes	Group		Company	
		2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Interests in subsidiaries	12	–	–	<b>134,381</b>	134,381
Property, plant and equipment	13	<b>105,469</b>	108,163	–	–
Investment properties	14	<b>569,800</b>	587,600	–	–
Land use rights	15	<b>9,529</b>	9,806	–	–
Deposit paid	20	<b>120,000</b>	120,000	–	–
Loan receivables	16	–	40,070	–	–
Deferred tax assets	26	<b>45,542</b>	40,913	–	–
		<b>850,340</b>	906,552	<b>134,381</b>	134,381
<b>Current assets</b>					
Properties held under development	17	<b>504,042</b>	439,918	–	–
Properties held for sale	18	<b>1,144,273</b>	1,252,513	–	–
Accounts receivables	19	<b>34,733</b>	59,157	–	–
Prepayments, deposits paid and other receivables	20	<b>493,349</b>	570,246	<b>1,501</b>	1,483
Due from subsidiaries	12	–	–	<b>325,477</b>	324,300
Contract assets	21	<b>32,585</b>	31,165	–	–
Loan receivables	16	<b>76,527</b>	109,269	–	–
Cash and bank balances	22	<b>80,510</b>	123,147	–	–
		<b>2,366,019</b>	2,585,415	<b>326,978</b>	325,783
<b>Current liabilities</b>					
Accounts payable	24	<b>411,803</b>	504,671	–	–
Contract liabilities	23	<b>548,870</b>	562,832	–	–
Accruals, deposits received and other payables	24	<b>166,384</b>	412,013	<b>3,051</b>	1,989
Interest-bearing bank and other borrowings	25	<b>113,073</b>	431,595	–	–
Income tax payable		<b>253,157</b>	165,340	–	–
		<b>1,493,287</b>	2,076,451	<b>3,051</b>	1,989
<b>Net current assets</b>		<b>872,732</b>	508,964	<b>323,927</b>	323,794
<b>Total assets less current liabilities</b>		<b>1,723,072</b>	1,415,516	<b>458,308</b>	458,175
<b>Non-current liabilities</b>					
Interest-bearing bank and other borrowings	25	<b>573,291</b>	359,749	–	–
Deferred tax liabilities	26	<b>135,568</b>	140,016	–	–
		<b>708,859</b>	499,765	–	–
<b>Net assets</b>		<b>1,014,213</b>	915,751	<b>458,308</b>	458,175

# Statements of Financial Position

As at 30 June 2020

	Notes	Group		Company	
		2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	27	<b>6,255</b>	133,882	<b>6,255</b>	133,882
Reserves	28	<b>761,757</b>	552,893	<b>452,053</b>	324,293
		<b>768,012</b>	686,775	<b>458,308</b>	458,175
<b>Non-controlling interests</b>		<b>246,201</b>	228,976	–	–
<b>Total equity</b>		<b>1,014,213</b>	915,751	<b>458,308</b>	458,175

On behalf of the Board of Directors

**Lin Yeju**  
Non-Executive Chairman

**Zhou Jiangtao**  
Director

# Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2020

## Group

	Equity attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium*	Capital reserve*	Merger reserve*	Contributed surplus*	Revaluation reserve*	Statutory reserve*	Translation reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 27)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)			
At 1 July 2019	133,882	302,585	1,542	20,720	-	10,293	97,214	9,270	111,269	686,775	228,976	915,751
Profit for the year	-	-	-	-	-	-	-	-	46,010	46,010	9,730	55,740
Other comprehensive income												
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	5,222	-	5,222	-	5,222
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	5,222	46,010	51,232	9,730	60,962
Capital reduction	(127,627)	-	-	-	127,627	-	-	-	-	-	-	-
Partial disposal of interest in subsidiary to non-controlling interest, without loss of control	-	-	30,005	-	-	-	-	-	-	30,005	7,495	37,500
Transfer to statutory reserve	-	-	-	-	-	-	8,933	-	(8,933)	-	-	-
<b>At 30 June 2020</b>	<b>6,255</b>	<b>302,585</b>	<b>31,547</b>	<b>20,720</b>	<b>127,627</b>	<b>10,293</b>	<b>106,147</b>	<b>14,492</b>	<b>148,346</b>	<b>768,012</b>	<b>246,201</b>	<b>1,014,213</b>

\* These reserve accounts comprise the consolidated reserves of approximately RMB761,757,000 (2019: RMB552,893,000) in the consolidated statement of financial position.



# Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2020

## Group (Continued)

	Equity attributable to owners of the Company								Total	Non-controlling interests	Total equity
	Share capital	Share premium*	Capital reserve*	Merger reserve*	Revaluation reserve*	Statutory reserve*	Translation reserve*	Retained profits*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 27)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)			
<b>At 1 July 2018</b>	133,882	302,585	-	20,720	10,293	93,892	4,064	56,384	621,820	290,229	912,049
Adjustment on adoption of IFRS 15	-	-	-	-	-	-	-	1,957	1,957	1,880	3,837
Adjustment on adoption of IFRS 9	-	-	-	-	-	-	-	(31,688)	(31,688)	(14,278)	(45,966)
Profit for the year	-	-	-	-	-	-	-	87,938	87,938	2,687	90,625
Other comprehensive income – Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	5,206	-	5,206	-	5,206
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	5,206	87,938	93,144	2,687	95,831
Deemed acquisition of non-controlling interests	-	-	1,542	-	-	-	-	-	1,542	(51,542)	(50,000)
Transfer to statutory reserve	-	-	-	-	-	3,322	-	(3,322)	-	-	-
<b>At 30 June 2019</b>	133,882	302,585	1,542	20,720	10,293	97,214	9,270	111,269	686,775	228,976	915,751

# Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2020

## Company

	Share capital RMB'000 (Note 27)	Share premium** RMB'000 (Note 28)	Translation reserve** RMB'000 (Note 28)	Contributed surplus** RMB'000 (Note 28)	Accumulated losses** RMB'000	Total RMB'000
<b>At 1 July 2019</b>	133,882	304,474	–	35,064	(15,245)	458,175
Loss for the year	–	–	–	–	(2,201)	(2,201)
– Exchange differences on translation of financial statements of foreign operations	–	–	2,334	–	–	2,334
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	2,334	–	(2,201)	133
Capital reduction	(127,627)	–	–	127,627	–	–
<b>At 30 June 2020</b>	<b>6,255</b>	<b>304,474</b>	<b>2,334</b>	<b>162,691</b>	<b>(17,446)</b>	<b>458,308</b>
<b>At 1 July 2018</b>	<b>133,882</b>	<b>304,474</b>	–	<b>35,064</b>	<b>(11,822)</b>	<b>461,598</b>
Loss for the year	–	–	–	–	(3,423)	(3,423)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	(3,423)	(3,423)
At 30 June 2019	<b>133,882</b>	<b>304,474</b>	–	<b>35,064</b>	<b>(15,245)</b>	<b>458,175</b>

\*\* These reserve accounts comprise the Company's reserves of approximately RMB452,053,000 (2019: RMB324,293,000) in the statement of financial position of the Company.

# Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

	Notes	2020 RMB'000	2019 RMB'000
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>126,323</b>	185,904
Adjustments for:			
Amortisation of land use rights	7, 15	<b>277</b>	288
Depreciation of property, plant and equipment	7, 13	<b>5,488</b>	5,934
Fair value adjustments on investment properties	14	<b>17,800</b>	(584)
Interest expense	8	<b>16,625</b>	2,602
Interest income	6	<b>(18,610)</b>	(25,978)
Gain on disposals of property, plant and equipment	6	<b>(104)</b>	(9)
Impairment loss on other receivables		<b>17,166</b>	16,159
Impairment loss on accounts receivables		–	477
Impairment loss on loan receivables		<b>332</b>	6,496
Write-down of properties held for sales	7	–	15,765
<b>Operating profit before working capital changes</b>			
Increase in properties held under development		<b>(290,956)</b>	(128,379)
Decrease in properties held for sale		<b>335,834</b>	1,508,798
Decrease/(Increase) in accounts receivables		<b>24,424</b>	(29,525)
Decrease in prepayments, deposits paid and other receivables		<b>59,731</b>	119,604
Increase in contract assets		<b>(1,420)</b>	(4,884)
Decrease in accounts payable		<b>(92,868)</b>	(149,993)
Decrease in contract liabilities		<b>(13,962)</b>	(796,687)
Decrease in accruals, deposits received and other payables		<b>(185,427)</b>	(536,171)
<i>Cash generated from operations</i>			
Income taxes paid		<b>(8,157)</b>	(120,340)
Interest received	6	<b>276</b>	542
<b>Net cash (used in)/generated from operating activities</b>		<b>(7,228)</b>	70,019

# Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

	Notes	2020 RMB'000	2019 RMB'000
<b>Cash flows from investing activities</b>			
Decrease in restricted bank deposits		8,130	964
Increase in loan receivables		–	(113,600)
Decrease in loan receivables		90,814	–
Increase in deposit paid		–	(35,000)
Purchase of property, plant and equipment		(4,030)	(8,228)
Proceeds from disposals of property, plant and equipment		578	343
<b>Net cash generated from/(used in) investing activities</b>		<b>95,492</b>	<b>(155,521)</b>
<b>Cash flows from financing activities</b>			
Interest paid	30	(16,625)	(2,602)
Proceeds from bank and other borrowings	30	329,077	281,383
Repayment of bank and other borrowings	30	(434,383)	(249,794)
<b>Net cash (used in)/generated from financing activities</b>		<b>(121,931)</b>	<b>28,987</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(33,667)</b>	<b>(56,515)</b>
Effect on foreign exchange translation		(840)	316
<b>Cash and cash equivalents at the beginning of year</b>		<b>105,152</b>	<b>161,351</b>
<b>Cash and cash equivalents at the end of year</b>		<b>70,645</b>	<b>105,152</b>
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances		80,510	123,147
Less: Restricted bank deposits		(9,865)	(17,995)
	22	70,645	105,152

# Notes to the Financial Statements

For the financial year ended 30 June 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

## 1. GENERAL INFORMATION

China Yuanbang Property Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 4 December 2006. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Its principal place of business is located at 9th Floor, Yuanbang Building, No. 599 Huangshi West Road, Baiyun District, Guangzhou City, Guangdong Province, People’s Republic of China. The Company’s shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) since 9 May 2007.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries (together with the Company referred as the “Group”) are set out in Note 12 to the financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

The operations of the Company and its subsidiaries are principally conducted in the People’s Republic of China (the “PRC”).

During the financial year, Chen Jianfeng and Lin Yeju by virtue of their substantial shareholdings in the Group are determined to be the controlling shareholders of the Group.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (“IASB”), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST.

The consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company for the year ended 30 June 2020 were approved for issue by the board of Directors (the “Directors”) on 25 September 2020.

## 2. ADOPTION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) ISSUED

### (a) Adoption of New and Revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group and the Company have adopted all the new and revised IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 July 2019. Except for the adoption of IFRS 16 Leases, the effect of which is discussed below, the adoption of the new and revised IFRSs has had no material financial impact on the financial statements of the Group.

#### *IFRS 16, Leases*

IFRS 16 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives*; and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 requires lessees to recognise right-of-use (“ROU”) assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The ROU asset is depreciated and interest expense is recognised on the lease liability. Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the ROU assets and lease liabilities. ROU assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 2. ADOPTION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) ISSUED (Continued)

### (a) Adoption of New and Revised IFRSs (Continued)

#### *IFRS 16, Leases (Continued)*

- a) For all contracts entered into before 1 July 2019 and that were previously identified as leases under IAS 17 and IFRIC 4, the Group is exempted from having to reassess whether pre-existing contracts contain a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 July 2019.
- b) The Group has, on a lease-by-lease basis:
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
  - relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
  - excluded initial direct costs in the measurement of the ROU asset at the date of initial application; and
  - used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- c) The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### *Impact on lessee accounting*

On 1 July 2019, the Group has applied a modified retrospective approach that does not restate comparative information. The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets and lease liabilities for the leases were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. As at 1 July 2019, the impact of the adoption of IFRS 16 is not significant to the financial information of the Group.

#### *Impact on lessor accounting*

There are no significant changes to the accounting by the Group as a lessor.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 2. ADOPTION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) ISSUED (Continued)

### (b) New/amended IFRSs that have been issued but not yet effective

At the date of authorisation of these financial statement, the following new or amended IFRSs which are potentially relevant to the Group’s financial statements have been issued but are not yet effective and have not been early adopted by the Group:

Description	Effective date (Annual period beginning on or after)
<i>Amendments to references to the conceptual frameworks in IFRS standards</i>	1 January 2020
<i>Amendments to IAS 1 and IAS 8, Definition of Material</i>	1 January 2020
<i>Amendments to IFRS 3, Definition of a Business</i>	1 January 2020
<i>Amendments to IFRS 10 and IAS 28, Sales or contribution of assets between an investor and its associate or joint venture</i>	Deferred indefinitely, early application is still permitted
<i>Amendments to IFRS 16, COVID-19 Related Rent Concessions</i>	1 June 2020
<i>Annual improvements to IFRS Standards 2018–2020 Cycle</i>	1 January 2022
<i>Amendment to IFRS 3 Business Combination, Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendment to IAS 16 Property, Plant and Equipment, Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to IAS 37 Provisions – Onerous Contracts, Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to IAS 1, Classification of Liabilities as Current and Non-Current</i>	1 January 2023

The directors of the Company expect that the adoption of the new and revised IFRSs above will have no material impact on the financial statements of the Group and the financial position of the Company in the period of initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied all the years presented unless otherwise stated. The adoption of new or amended IFRSs and the impacts on the Group’s financial statements, if any, are disclosed in Note 2.

The financial statements have been prepared under the historical cost basis except for investment properties, which are stated at their fair values as explained in accounting policies below.

The consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are presented in RMB, which is the Company’s functional and presentation currency and all values presented are rounded to the nearest thousand (“RMB’000”) as indicated.

It should be noted that the accounting estimates and assumptions are used in preparing these financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Basis of Consolidation and Business Combination

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June each year.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss.

The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represents a present ownership interest in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Basis of Consolidation and Business Combination (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Upon loss of control of a subsidiary through distribution of shares in the subsidiary to the shareholders of the Company where the subsidiary is ultimately controlled by the same parties both before and after the distribution, the Group (a) derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and (b) measures the distribution and the liability to distribute at the carrying amount of the net assets to be distributed.

### (c) Subsidiaries

Subsidiaries are entities over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### (d) Property, Plant and Equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses (*Note 3(g)*). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the period in which they are incurred.

Depreciation is calculated on straight-line method to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Leasehold buildings	20 years
Leasehold improvements	10 years
Parks and other properties	20 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	5 to 8 years

The assets' estimated residual values, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (d) Property, Plant and Equipment (Continued)

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

Construction in progress represents geological park under construction and is stated at cost less any impairment losses, and is not depreciated. Construction in progress is reclassified to the appropriate category of property, plant and equipment when the construction work is completed and ready for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal or retirement is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

### (e) Investment Properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the statement of financial position reflect the prevailing market conditions at the reporting date.

Gain or loss arising from either a change in fair value or the sale of investment properties is included in profit or loss for the period in which it arises.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity but to the extent that the increase reverses a previous impairment loss for the same property, it is recognised in profit or loss. On subsequent disposal, the revaluation surplus included in equity is transferred directly to retained profits.

For a transfer from inventories of properties to investment properties that is carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Leases

#### *Accounting policies applicable from 1 July 2019*

##### *The Group as lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets in "Property and equipment" and "lease liabilities" in the statement of financial position.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Leases (Continued)

#### *Accounting policies applicable from 1 July 2019 (Continued)*

##### *The Group as lessee (Continued)*

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

##### *Short-term lease and lease of low-value assets*

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payment on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

##### *The Group as lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Income arising from these leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the rental income.

Sub-lease arrangements where the Group acts as an intermediate lessor are classified as finance or operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset. Where the Group has applied the short-term exemptions to the head lease, then the sub-lease will be classified as an operating lease.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Leases (Continued)

#### *Accounting policies applicable prior to 1 July 2019*

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

#### *The Group as lessee*

- i. Leases where substantially all risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the period in which they are incurred.
- ii. Leasehold interests in land are up-front payments to acquire the land use rights. The payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line method over the lease term.

Certain leasehold interests in land are included in properties held under development and properties held for sale (*Notes 17 and 18*).

#### *The Group as lessor*

The accounting policy applicable to the Group as a lessor in the comparative period was the same as under IFRS16.

### (g) Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment and interests in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (i.e. the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Financial Assets

#### *Classification and Measurement*

The Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

#### *Initial Recognition*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Accounts receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Financial assets measured at amortised costs are presented as "deposit paid", "loan receivables", "accounts receivables", "deposits paid and other receivables", "due from subsidiaries", "contract assets", "and "cash and bank balances" on the statement of financial position.

#### *Subsequent Measurement*

##### a) Debt instruments

Debt instruments mainly comprise of "deposit paid", "loan receivables", "accounts receivables", "deposits paid and other receivables", "due from subsidiaries", "contract assets", "and "cash and bank balances". Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset.

#### *Financial assets measured at amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Impairment losses are deducted from the gross carrying amount of these assets and are presented as separate line item in the statement of profit or loss.

Interest income is recognised on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Financial Assets (Continued)

#### *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with the following financial instruments:

- financial assets measured at amortised costs; and
- contract assets (as defined in IFRS 15);

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### *Simplified approach – Account receivables and contract assets*

The Group applies the simplified approach to provide ECLs for all account receivables and contract assets as permitted by IFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### *General approach – Loan receivables and other receivables*

The Group applies the general approach to provide for ECLs on its loan receivables and other receivables, which require the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Group's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Financial Assets (Continued)

#### *Impairment (Continued)*

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired.

Evidence that a financial asset is credit-impaired includes the observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession(s) that the lender(s) would not otherwise consider (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties

##### *Measurement of ECLs*

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

##### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

##### *Recognition and derecognition*

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Financial Assets (Continued)

#### *Recognition and derecognition (Continued)*

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### (i) Properties Held under Development

Properties held under development which are held for future sale in the ordinary course of business are included in current assets and comprise certain land held under operating lease and capitalised depreciation of certain property, plant and equipment, and borrowing costs capitalised and aggregate cost of development, materials and supplies, wages, and other expenses ("development costs"). Properties held under development are stated at the lower of cost and net realisable value. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition; and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

On completion, the properties are transferred to properties held for sale. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated selling expenses.

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

### (j) Properties Held for Sale

In case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

### (k) Cash and Cash Equivalents

For the purpose of consolidated statement of cash flows presentation, cash and cash equivalents comprise cash at banks and in hand, demand deposits, less restricted bank deposits which are repayable on demand and form an integral part of the Group's cash arrangement.

For the purpose of statements of financial position classification, cash and bank balances comprise cash at banks and in hand and demand deposits repayable on demand with any banks or other financial institutions. Cash includes deposits denominated in foreign currencies.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (l) Financial Liabilities

The Group's financial liabilities include accounts payable, accruals, refundable deposits received and other payables and interest-bearing bank and other borrowings.

Management determines the classification of its financial liabilities at initial recognition depending on the purpose for which the financial liabilities were incurred.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's policy on borrowing costs.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

#### ***Accounts payable, accruals, refundable deposits received and other payables***

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost, using effective interest method.

#### ***Interest-bearing bank and other borrowings***

These are recognised initially at fair value, net of transaction costs incurred and subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

These are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### (m) Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. When the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

All provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefit is remote.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Provisions and Contingent Liabilities (Continued)

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

### (n) Financial Guarantees issued

Financial guarantees are measured initially at their fair values and, if not designated as at FVPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with expected credit loss model under IFRS 9.
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of IFRS 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover. Loss allowances for ECLs for financial guarantees issued are presented in the Group's statement of financial position as "interest-bearing bank and other borrowings".

Intra-group transactions with regards to the financial guarantees are eliminated on consolidation.

### (o) Share Capital and Share Premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issuance of share over the par value. Any transaction costs associated with the issuing of shares are deducted from the share premium (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to the equity transaction.

Where any Group's entities purchase the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

### (p) Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (p) Foreign Currency Translation (Continued)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

Exchange differences recognised in profit or loss of Group's entities separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into RMB at the closing rates.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

### (q) Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is recognised in the income statement as follows:

#### *i. Revenue from sale of properties held for sale*

Revenue arising from sale of properties held for sale is recognised when the Group satisfied a performance obligation by transferring the promised goods to the customer, which is when the customer obtains control of the goods. A performance obligation is satisfied at a point in time. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities as contract liabilities and are not recognised as revenue.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (q) Revenue Recognition (Continued)

#### ii. Revenue from construction contracts

The Group constructs properties under long-term contracts with customers. Such contracts are entered into before construction of the properties begins. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms. The Group constructs and sells properties under long-term contracts with customers. Such contracts are entered into before construction of the properties begins. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

For construction of properties whereby the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for performance completed to date, revenue from construction of commercial properties is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS15.

For construction of properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, usually upon transfer of legal title.

The Group becomes entitled to invoice customers for construction of properties based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract (e.g. sales commission) are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (q) Revenue Recognition (Continued)

#### *iii. Rental income from investment properties*

Rental income from investment properties is recognised in profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### *iv. Admission ticket and in-park recreation income*

Admission ticket and in-park recreation income is recognised when tickets are accepted and surrendered by the customer. Revenue from tickets sold for use at a future date is deferred until the tickets have been surrendered or have expired. Admission ticket and in-park recreation income is recognised when the tickets are sold to customers and when services are provided.

#### *v. Building management fee income*

Building management fee income are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### *vi. Income from hotel, food and beverage*

Income from hotel, food and beverage are recognised when the relevant goods and services are delivered.

### (r) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to financial statements. Interim dividends are simultaneously proposed and declared and consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

### (s) Borrowing Costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (s) Borrowing Costs (Continued)

The Group determines the amount of borrowing costs from the general borrowings eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Group capitalises during a period does not exceed the amount of borrowing costs it incurred during that period.

### (t) Income Tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws that have been enacted or substantially enacted in countries where the Company and subsidiaries operate by the end of the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under IAS 40 *Investment Property*. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale. Based on the assessment of the presumption, the Group determines that their investment properties are recovered through sales and the presumption is not rebutted.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (t) Income Tax (Continued)

Changes in deferred tax assets or liabilities are recognised in profit or loss or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- i. the Group has the legally enforceable right to set off the recognised amounts; and
- ii. intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- i. the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entities; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### (u) Retirement Benefits

#### a. Retirement benefits to employees

Pensions to employees are provided through a defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The Group participates the defined contribution scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (u) Retirement Benefits (Continued)

#### a. Retirement benefits to employees (Continued)

Pursuant to the relevant regulations in the PRC, the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligation of all existing and future retired employees in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above, which is limited to the fixed percentage contribution payable. Contributions under the Scheme are recognised as an expense in profit or loss as employees rendered services during the year.

#### b. Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

#### c. Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group restructuring costs involve the payment of termination benefits.

### (v) Related Parties

- a. A person or a close member of that person's family is related to the Group if that person:
  - i. has control or joint control over the Group;
  - ii. has significant influence over the Group; or
  - iii. is a member of the key management personnel of the Group or of a parent of the Company.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group or the Company, directly or indirectly, including any Directors (whether executive or otherwise) of the Group or the Company.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (v) Related Parties (Continued)

- b. An entity is related to the Group if any of the following conditions apply:
- i. the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. both entities are joint ventures of the same third party.
  - iv. one entity is a joint venture of a third party and the other entity is an associate of the third entity.
  - v. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - vi. the entity is controlled or jointly controlled by a person identified in (a).
  - vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parents.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- i. that person's children and spouse or domestic partner;
- ii. children of that person's spouse or domestic partner; and
- iii. dependents of that person or that person's spouse or domestic partner.

### (w) Segment Reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

The measurement policies the Group uses for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### (a) Critical Accounting Estimates and Assumptions

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

#### *i. Properties held under development and properties held for sale*

Properties held under development and properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Provision is made when net realisable value of properties held for sale is assessed below the cost.

Management determines the net realisable value by using prevailing market data such as most recent sale transactions and cost to completion from gross development value assuming satisfactory completion. These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

The carrying amounts of the Group's properties held under development and properties held for sale as at 30 June 2020 were approximately RMB504,042,000 and RMB1,144,273,000 (2019: RMB439,918,000 and RMB1,252,513,000) respectively.

#### *ii. Investment properties*

Investment properties are stated at fair value as estimated by the management based on the valuation performed by an independent external valuer and are in accordance with Note 3(e). In determining the fair value, the valuer has based on a method of valuation which involves certain assumptions stated in Note 14. In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions.

The fair value measurement of investment properties utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: quoted prices in active markets for identical items (unadjusted);
- Level 2: observable direct and indirect inputs other than Level 1 inputs; and
- Level 3: unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

For more detail information in relation to the fair value measurement of the investment properties, please refer to Note 14.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (a) Critical Accounting Estimates and Assumptions (Continued)

#### iii. *Loss allowance for accounts receivables and contract assets*

The Group uses a provision matrix to calculate ECLs for accounts receivables and contract assets. The provision rate is based on days past due for groupings of various customer segments that have similar loss patterns.

The provision rate is initially based on the Group's historical observed default rates. The Group will calibrate the rates to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The information about the ECLs on the Group's accounts receivables and contract assets as at 30 June 2020 are disclosed in Notes 19 and 21 respectively.

#### iv. *Loss allowance for loan and other receivables*

In determining the ECL, management has taken into account the historical default experience and the financial positions of the debtors, adjusted for factors that are specific to the debtor and general economic conditions of the industry in which the subsidiary, related companies and immediate holding company operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for loan and other receivables. The above assessment is after taking into account the current financial positions of the entities.

The Group's credit risk exposure for loan and other receivables are set out in Note 33(iii) to the financial statements. Accordingly, for the purpose of impairment assessment for loan and other receivables, the loss allowance is measured at an amount equal to 12-month ECL as disclosed in Note 33(iii) to the financial statements.

The carrying amounts of the Group's loan and other receivables as at 30 June 2020 are disclosed in Notes 16 and 20 respectively.

#### v. *Estimates of current tax and deferred tax*

The Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provision in the period in which such determination is made.

Moreover, the Group is subject to land appreciation tax ("LAT") in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on the management's best estimates according to the understanding of the tax rules.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (a) Critical Accounting Estimates and Assumptions (Continued)

#### vi. *Estimates of current tax and deferred tax (Continued)*

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax expense in the periods in which such estimate is changed. The outcome of their actual utilisation may be different.

At 30 June 2020, the carrying amount of the Group's income tax payables were approximately RMB253,157,000 (2019: RMB165,340,000).

At 30 June 2020, the carrying amount of deferred tax assets and deferred tax liabilities were approximately RMB45,542,000 and RMB135,568,000 (2019: RMB40,913,000 and RMB140,016,000) respectively.

#### vi. *Impairment of investments in subsidiaries*

The Company and Group follow the guidance of IAS 36 in determining whether an investment in subsidiaries are impaired. This determination requires significant judgement which involves estimation uncertainty. The Company evaluates, among other factors, the extent to which the recoverable amount of an investment is less than its carrying amount and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amount of investment in subsidiaries, at the end of the financial year is disclosed in Note 12 to the financial statements.

### (b) Critical Judgement in applying the Accounting Policies

#### *Revenue recognition*

The Group has recognised revenue from sale of properties held for sale during the year as disclosed in Note 6. The assessment of when an entity has transferred the control for promised goods to customer requires examination of the circumstances of the transaction. In most cases, the transfer of control for promised goods coincides with the transfer of the legal title or the passing of possession to the buyer or when a completion certificate is issued by the relevant government authorities. The Group believes that its recognition basis of sales as set out in Note 3(q) is appropriate and is the current practice in the PRC.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 5. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Company's Executive Directors in order to allocate resources and assess performance of the segment. For the years presented, Executive Directors have determined that the Group has only one single business component/reportable segment as the Group is principally engaged in the business of sale and lease of properties for which is the basis to allocate resources and assess performance.

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are located. In the opinion of the Directors, the majority of the Group's operation and centre of management are sourced from its subsidiaries in Guangzhou, the PRC, and that the operation base of the Group is domiciled in the PRC, as one geographical location. Therefore no analysis of geographical information is presented.

The Group's revenue from external customers is mainly sourced from the PRC. There is no independent and individual customer that contributed to 10% or more of the Group's revenue for the years ended 30 June 2020 and 30 June 2019.

## 6. REVENUE AND OTHER INCOME AND GAINS

An analysis of the Group's revenue for the year disaggregated by type of revenue streams and by reportable segments and other income and gains is as follows:

	Group	
	2020	2019
	RMB'000	RMB'000
<b>Revenue</b>		
<i>Recognised at a point in time, derived from the PRC</i>		
Proceeds from sale of properties held for sale	567,598	1,937,429
<i>Recognised over time, derived from the PRC</i>		
Proceeds from construction contract	9,550	6,274
	<b>577,148</b>	1,943,703
<b>Other income and gains</b>		
Interest income from bank deposits	276	542
Interest income from loan receivables	18,334	25,436
Admission ticket and in-park recreation income	12,022	20,844
Rental income from investment properties	17,435	16,544
Building management fee income	3,059	3,615
Income from hotel, food and beverage	329	297
Gain on disposals of property, plant and equipment	104	9
Others	6,429	2,210
	<b>57,988</b>	69,497

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 7. OPERATING PROFIT

	Group	
	2020 RMB'000	2019 RMB'000
Operating profit is arrived at after charging/(crediting):		
Auditor's remuneration		
– Audit service	856	835
– Non-audit service	–	–
	<b>856</b>	835
Amortisation of land use rights (Note 15)	277	288
Cost of sales		
– Cost of properties held for sale	347,739	1,593,542
– Cost of construction contract	6,793	6,062
– Write-down of properties held for sales to net realisable value	–	15,765
	<b>354,532</b>	1,615,369
Depreciation of property, plant and equipment (Note 13)	5,488	5,934
Property management fee	1,563	429
Rental expenses (low value assets)	443	378
Direct operating expenses arising from investment properties	487	559
Advertising and promotion expenses	1,038	3,730
Commission expenses	5,865	29,824
Entertainment expenses	6,126	7,167
Legal and professional fees	4,176	4,193
Travelling expenses	1,447	2,961
Net exchange loss	15	31
Staff costs, including Directors' remuneration (Note)		
– Wages and salaries, allowances and benefits in kind	27,993	34,864
– Retirement scheme contribution	4,080	5,709
Less: amount capitalised in		
– Properties held under development	(1,950)	(1,997)
	<b>30,123</b>	38,576
Other taxes	3,462	22,403

Note: Included in administrative expenses, selling expenses and other operating expenses of approximately RMB25,961,000, RMB2,212,000 and RMB1,950,000 (2019: RMB26,389,000, RMB5,869,000 and RMB6,318,000) respectively are staff costs for the Group.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 8. FINANCE COSTS

	Group	
	2020	2019
	RMB'000	RMB'000
Loans from banks and other financial institutions	20,003	17,605
Other loans	58,387	57,698
	<b>78,390</b>	75,303
Less: amount capitalised in properties held under development	<b>(61,765)</b>	(72,701)
	<b>16,625</b>	2,602

The weighted average capitalisation rate of borrowings was 10.56% (2019: 9.82%) per annum for the year.

## 9. INCOME TAX EXPENSE

		Group	
		2020	2019
	Notes	RMB'000	RMB'000
<b>Current income tax – PRC</b>			
– Enterprise Income Tax (“EIT”)	(a)	58,927	67,172
– Land Appreciation Tax (“LAT”)	(b)	20,733	20,993
		<b>79,660</b>	88,165
<b>Deferred tax – PRC</b> (Note 26)		<b>(9,077)</b>	7,114
<b>Total income tax expense</b>		<b>70,583</b>	95,279

Notes:

- (a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2019: 25%).
- (b) Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost and land use rights, borrowing costs, value-added tax and all property development expenditures. The tax is incurred upon transfer of property ownership. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sale of commercial properties is not eligible for such exemption.

Pursuant to the rules and regulations of the Bermuda, the Group is not subject to any taxation under jurisdictions of the Bermuda.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 9. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	Group	
	2020 RMB'000	2019 RMB'000
Profit before income tax	126,323	185,904
Tax on profit before income tax, calculated at the rate applicable to profits in the PRC	31,581	46,476
Tax effect of non-deductible expenses	20,347	23,485
Provision for LAT	20,733	20,993
Tax effect on EIT of LAT payable	(5,183)	(5,248)
Effect of tax loss not recognised	3,118	1,956
Others	(13)	7,617
Total income tax expense	70,583	95,279

## 10. DIVIDENDS

The Directors do not recommend the payment of final dividend for the years ended 30 June 2020 and 2019.

## 11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB46,010,000 (2019: RMB87,938,000) and on 69,400,000 (2019: 69,400,000) ordinary shares in issue during the year.

The diluted earnings per share is the same as the basic earnings per share, as the Group has no dilutive potential shares during the current and prior years.

## 12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES

	Company	
	2020 RMB'000	2019 RMB'000
Unlisted investments, at cost	134,381	134,381
Due from subsidiaries	325,477	324,300

Amounts due from subsidiaries are non-trade, interest-free, unsecured and repayable on demand.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

Particulars of the subsidiaries, each of which is a limited liability company, were as follows:

Name	Place of incorporation/ registration	Principal activities and principal place of business	Effective percentage of equity interest held by the Company	
			2020 %	2019 %
<b>Directly held:</b>				
Rich Luck Group Limited	British Virgin Islands ("BVI")	Investment holding, Hong Kong ("HK")	<b>100</b>	100
<b>Indirectly held:</b>				
Guangdong Yuanbang Real Estate Development Co., Ltd. ("Guangdong Yuanbang")*	PRC	Property development, management and investment holding, PRC	<b>100</b>	100
Guangzhou Yuanbang Real Estate Development Co., Ltd.*	PRC	Property development and investment holding, PRC	<b>96</b>	96
Guangzhou Changhao Real Estate Consultancy Co., Ltd.*	PRC	Property sales and marketing and investment holding, PRC	<b>60</b>	60
Nanchang Changhao Real Estate Consultancy Co., Ltd.*(a)	PRC	Property sales and marketing, PRC	–	100
Spirit World Holdings Limited	BVI	Investment holding, HK	<b>100</b>	100
Aqualake Holdings Limited	BVI	Investment holding, HK	<b>51</b>	51
New Zhong Yuan (Nanchang) Real Estate Co., Ltd. ("New Zhong Yuan")*	PRC	Property development and management, PRC	<b>51</b>	51
Aqualake (HK) Group Limited	HK	Investment holding, HK	<b>51</b>	51
Guangzhou Guangjin Real Estate Development Co., Ltd.*	PRC	Property development, PRC	<b>100</b>	100
Wanyuan Yuanbang Resort Development Co., Ltd. ("Wanyuan Resort")*	PRC	Resort development and investment holding, PRC	<b>57</b>	82
Wanyuan Dabashan Tourism Co., Ltd.*(b)	PRC	Tourism development, PRC	<b>57</b>	82

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# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration	Principal activities and principal place of business	Effective percentage of equity interest held by the Company	
			2020 %	2019 %
<b>Indirectly held:</b> (Continued)				
Wanyuan Yuanbang Property Development Co., Ltd.*(b)	PRC	Property development, PRC	<b>57</b>	82
Wanyuan Mingyue Bashan Hotel Management Co., Ltd.*(b)	PRC	Hotel business and tourism development, PRC	<b>57</b>	82
Wanyuan Yuanbang Property Management Co., Ltd.*(b)	PRC	Property management, PRC	<b>57</b>	82
Wanyuan Yuanbang Modern Agricultural Development Co., Ltd.*(b)	PRC	Agricultural tourism development, PRC	<b>57</b>	82
Tonghua Litong Real Estate Development Co., Ltd. ("Tonghua Litong")*	PRC	Property development, PRC	<b>94</b>	94
Huizhou Nanhao Speaker Co., Ltd.*	PRC	Property development, PRC	<b>75</b>	75
Huizhou The Jins Hardware Electronics Co., Ltd*	PRC	Property development, PRC	<b>75</b>	75
Huizhou Mengte Clothing Co., Ltd*	PRC	Property development, PRC	<b>75</b>	75
Huizhou Shaoyang Family Property Co., Ltd*	PRC	Property development, PRC	<b>75</b>	75
Weihai City Golden Harbor Real Estate Development Co., Ltd ("Weihai City Golden Harbor")*	PRC	Property development, PRC	<b>75</b>	75
Guangzhou Guangfu Property Development Co., Ltd.*	PRC	Property development, PRC	<b>100</b>	100
Guangzhou Yuanfu Real Estate Development Co., Ltd.*	PRC	Property development, PRC	<b>100</b>	100
Guangzhou Yuanbang Market Operations Management Co., Ltd.*	PRC	Property management, PRC	<b>100</b>	100
Rushan Fuyunlai Industry Co., Ltd.*/**	PRC	Tourism development, PRC	<b>100</b>	100

\* The English translation of the company name is for reference only, the official name of these companies are in Chinese.

\*\* As at 30 June 2020, the registered capital has not been fully paid.

(a) deregistered on 5 September 2019.

(b) held by Wanyuan Resort

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

The financial statements of the above subsidiaries for the year ended 30 June 2020 have been audited by Da Hua Certified Public Accountants, PRC for the purpose of incorporation into the Group's financial statements.

In the previous financial year, the above subsidiaries for the year ended 30 June 2019 have been audited by Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong for the purpose of incorporation into the Group's financial statements.

Set out below are the summarised financial information for the subsidiaries that had non-controlling interests which is material to the Group, before any intragroup elimination. In the opinion of the Directors, the remaining non-disclosed non-controlling interests are individually immaterial.

	New Zhong Yuan		Tonghua Litong		Weihai City Golden Harbor		Wanyuan Resort subgroup	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
<b>Non-controlling interests percentage</b>	<b>49%</b>	49%	<b>6%</b>	6%	<b>25%</b>	25%	<b>43%</b>	18%
<b>Summarised statement of financial position</b>								
<b>As at 30 June</b>								
<b>Current</b>								
Assets	665,671	691,797	861,540	874,719	237,583	298,902	231,243	173,005
Liabilities	(73,324)	(125,521)	(585,868)	(648,345)	(269,155)	(298,773)	(287,095)	(244,149)
<b>Total net current assets/(liabilities)</b>	<b>592,347</b>	566,276	<b>275,672</b>	226,374	<b>(31,572)</b>	129	<b>(55,852)</b>	(71,144)
<b>Non-current</b>								
Assets	7,040	6,555	(7,841)	(5,686)	6,297	367	92,652	94,194
Liabilities	(8,703)	(8,703)	(136,000)	(141,000)	(18,661)	(36,011)	(50,115)	(22,000)
<b>Total net non-current (liabilities)/assets</b>	<b>(1,663)</b>	(2,148)	<b>(143,841)</b>	(146,686)	<b>(12,364)</b>	(35,644)	<b>42,537</b>	72,194
<b>Net assets/(liabilities)</b>	<b>590,684</b>	564,128	<b>131,831</b>	79,688	<b>(43,936)</b>	(35,515)	<b>(13,315)</b>	1,050
<b>Accumulated non-controlling interests</b>	<b>289,435</b>	276,423	<b>7,910</b>	4,781	<b>(10,984)</b>	(8,879)	<b>(5,725)</b>	189
<b>Summarised statement of comprehensive income</b>								
<b>For the year ended 30 June</b>								
Revenue	100,948	56,973	319,018	882,095	19,283	-	-	-
Profit/(Loss) before income tax	65,803	7,494	69,366	49,840	(12,794)	(15,449)	(14,365)	(9,132)
Income tax expense	(39,247)	(19,131)	(17,223)	(9,540)	4,373	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>26,556</b>	(11,637)	<b>52,143</b>	40,300	<b>(8,421)</b>	(15,449)	<b>(14,365)</b>	(9,132)
<b>Total comprehensive income/(loss) allocated to non-controlling interests</b>	<b>13,012</b>	(5,702)	<b>3,129</b>	2,418	<b>(2,105)</b>	(3,862)	<b>(6,177)</b>	(1,644)
<b>Dividends paid to non-controlling interests</b>	<b>-</b>	-	-	-	-	-	-	-

No dividends were paid to non-controlling interests for the financial years ended 30 June 2020 and 2019.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

	New Zhong Yuan		Tonghua Litong		Weihai City Golden Harbor		Wanyuan Resort subgroup	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
<b>Summarised statement of cash flows</b>								
<b>For the year ended 30 June</b>								
Cash flows generated from/ (used in) operating activities	5,462	10,632	(22,502)	176,955	7,780	(1,802)	(13,302)	4,036
Cash flows generated from/ (used in) investing activities	-	65,219	(2,008)	(4,884)	-	-	(3,437)	-
Cash flows generated from/ (used in) financing activities	-	7,561	(5,000)	(136,223)	(10,605)	188,517	13,531	(2,000)
<b>Net cash inflow/(outflow)</b>	<b>5,462</b>	<b>83,412</b>	<b>(29,510)</b>	<b>35,848</b>	<b>(2,825)</b>	<b>186,715</b>	<b>(3,208)</b>	<b>2,036</b>

During the financial year ended 30 June 2020, the Group disposed of 25% equity interest in Wanyuan Resort to an independent third party, reducing its continuing interest to 57%. As at current year end, the equity interest in Wanyuan Resort is 57%. The Group's effective interest in Wanyuan Resort's subsidiaries was also reduced from 82% to 57% correspondingly. The proceeds from disposal were fully received in prior year.

In the previous financial year ended 30 June 2019, the Group acquired of additional equity interest in its 51% owned subsidiary, Tonghua Litong, from the non-controlling shareholder for a consideration of RMB50,000,000. As at 30 June 2019, the equity interest in Tonghua Litong was 94%.

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings RMB'000	Leasehold improvements RMB'000	Parks and other properties RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Group</b>							
<b>Year ended 30 June 2020</b>							
Opening net carrying amount	10,141	1,049	76,742	2,606	2,902	14,723	108,163
Additions	-	19	-	289	-	3,722	4,030
Disposals	-	-	-	(45)	(93)	(336)	(474)
Transfer	-	-	1,638	-	-	(1,638)	-
Depreciation	(293)	(529)	(4,376)	(344)	(708)	-	(6,250)
<b>Closing net carrying amount</b>	<b>9,848</b>	<b>539</b>	<b>74,004</b>	<b>2,506</b>	<b>2,101</b>	<b>16,471</b>	<b>105,469</b>
<b>At 30 June 2020</b>							
Cost	16,443	26,423	87,099	11,491	24,283	16,471	182,210
Accumulated depreciation	(6,595)	(25,884)	(13,095)	(8,985)	(22,182)	-	(76,741)
<b>Net carrying amount</b>	<b>9,848</b>	<b>539</b>	<b>74,004</b>	<b>2,506</b>	<b>2,101</b>	<b>16,471</b>	<b>105,469</b>



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold buildings RMB'000	Leasehold improvements RMB'000	Parks and other properties RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Group</b>							
<b>Year ended 30 June 2019</b>							
Opening net carrying amount	10,440	1,998	58,179	2,846	4,152	29,684	107,299
Additions	-	-	-	330	23	7,875	8,228
Disposals	-	-	-	-	(334)	-	(334)
Transfer	-	-	22,836	-	-	(22,836)	-
Depreciation	(299)	(949)	(4,273)	(570)	(939)	-	(7,030)
<b>Closing net carrying amount</b>	<b>10,141</b>	<b>1,049</b>	<b>76,742</b>	<b>2,606</b>	<b>2,902</b>	<b>14,723</b>	<b>108,163</b>
<b>At 30 June 2019</b>							
Cost	16,443	26,404	85,461	12,103	25,674	14,723	180,808
Accumulated depreciation	(6,302)	(25,355)	(8,719)	(9,497)	(22,772)	-	(72,645)
<b>Net carrying amount</b>	<b>10,141</b>	<b>1,049</b>	<b>76,742</b>	<b>2,606</b>	<b>2,902</b>	<b>14,723</b>	<b>108,163</b>

The leasehold buildings of the Group are located at Guangzhou, Guangdong Province, the PRC with lease terms expiring in 2052 (2019: 2052).

As 30 June 2020, certain parks and other properties of the Group with carrying amount of approximately RMB41,356,000 (2019: RMB43,694,000) and certain construction in progress of the Group with carrying amount of approximately RMB2,752,000 (2019: RMB2,752,000) were pledged to secure loans from banks and other financial institutions of the Group (Note 25(a)).

At 30 June 2020, certain properties of the Group amounting to RMB18,365,000 (2019: RMB18,365,000) for which the Group is still in the process of obtaining the property ownership certificates. In the opinion of the Directors, the Group has obtained the right to use these other properties. As advised by the Group's PRC legal adviser, there is no legal impediment for the Group to obtain these property ownership certificates and respective land use rights certificates.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation charges have been included in:

	Group	
	2020	2019
	RMB'000	RMB'000
Consolidated statement of financial position		
– Capitalised in properties held under development	192	188
– Capitalised in construction in progress under property, plant and equipment	570	908
	<b>762</b>	1,096
Consolidated statement of comprehensive income (Note 7)		
– Selling expenses	15	128
– Administrative expenses	5,473	5,806
	<b>5,488</b>	5,934
	<b>6,250</b>	7,030

## 14. INVESTMENT PROPERTIES

	Group	
	2020	2019
	RMB'000	RMB'000
Carrying amount at beginning of the year	587,600	586,800
Addition	–	216
Fair value adjustments	(17,800)	584
Carrying amount at end of the year	<b>569,800</b>	587,600

Investment properties included leasehold interests in land located in the PRC with lease terms expiring from 2052 to 2058 (2019: 2052 to 2058). For the years ended 30 June 2020 and 2019, certain investment properties of the Group were leased out to non-related parties for rental income under operating lease (Note 6).

At 30 June 2020, certain investment properties of the Group with carrying amount of approximately RMB566,500,000 (2019: RMB584,300,000) were pledged to secure loans from banks and other financial institutions of the Group (Note 25(a)).

Investment properties are leased to third parties under operating leases. During the financial year, rental income from these investment properties amounted to RMB17,435,000 (2019: RMB16,544,000); and direct operating expenses amounted to RMB487,000 (2019: RMB559,000).

The fair value of the investment properties as at 30 June 2020 and 2019 was revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLLS"), an independent qualified professional valuer who have the relevant experience in the location and category of properties being valued, which were based on the income approach by taking into account the net rental income derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations, size and other conditions.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 14. INVESTMENT PROPERTIES (Continued)

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	Group	
	2020 RMB'000	2019 RMB'000
Opening balance (level 3 recurring fair value)	587,600	586,800
Addition	–	216
Change in fair value of investment properties	(17,800)	584
Closing balance (level 3 recurring fair value)	569,800	587,600
Change in unrealised (loss)/gain for the year included in profit or loss for assets held at 30 June	(17,800)	584

The following table shows the significant unobservable inputs used in the valuation model:

Properties	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Range of Unobservable inputs	
					2020	2019
Commercial offices	3	Income approach	Reversionary yield	The higher the reversionary yield, the lower the fair value	5.00%	5.00%
			Reversionary monthly rental income (RMB/sq.m)	The higher the reversionary monthly rental income, the higher the fair value	50.00 – 100.00	50.00 – 100.00
Retail units	3	Income approach	Reversionary yield	The higher the reversionary yield, the lower the fair value	5.00%	5.00%
			Reversionary monthly rental income (RMB/sq.m)	The higher the reversionary monthly rental income, the higher the fair value	22.00 – 732.00	29.00 – 664.00
Industrial units	3	Income approach	Reversionary yield	The higher the reversionary yield, the lower the fair value	6.50%	6.50%
			Reversionary monthly rental income (RMB/sq.m)	The higher the reversionary monthly rental income, the higher the fair value	9.00	9.00

There was no change to the valuation techniques during the financial years ended 30 June 2020 and 2019.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 15. LAND USE RIGHTS

	Group	
	2020	2019
	RMB'000	RMB'000
<b>At the beginning of the year</b>		
Cost	12,316	12,316
Accumulated amortisation	(2,510)	(2,222)
Net carrying amount	9,806	10,094
<b>For the year ended</b>		
Opening net carrying amount	9,806	10,094
Amortisation ( <i>Note 7</i> )	(277)	(288)
Closing net carrying amount	9,529	9,806
<b>At the end of the year</b>		
Cost	12,316	12,316
Accumulated amortisation	(2,787)	(2,510)
Net carrying amount	9,529	9,806

Land use rights represented leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2072 (2019: 2042 to 2072).

At 30 June 2020, all land use rights of the Group were pledged as security for the borrowings from banks and other financial institutions (*Note 36(a)*). Such borrowings are repayable in 2021.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 16. LOAN RECEIVABLES

	Group	
	2020	2019
	RMB'000	RMB'000
Fixed-rate loan receivables		
– related party	29,406	28,712
– third party	62,102	135,276
	<b>91,508</b>	163,988
Less: Allowance for impairment		
– related party	(8,952)	(2,565)
– third party	(6,029)	(12,084)
	<b>(14,981)</b>	(14,649)
Net amount	<b>76,527</b>	149,339
Analysed as:		
Current	76,527	109,269
Non-current	–	40,070
	<b>76,527</b>	149,339

The loan receivables due from a related party, of which its legal representative is the executive director of the Company is interest bearing at 16% per annum and secured by the related party's proceeds from the sales of its property development projects. The loan was originally repayable by 20% and 80% of the principal amount at the 12 months immediately following the drawdown date and within 18 months from drawdown date respectively in accordance with the term of loan agreement. During the current financial year, the Group renegotiated the repayment term and the loan is repayable in February 2021.

The loan receivables due from a third party is interest bearing at 16% per annum and repayable every six months by October 2020. The loan is secured by the third party's proceeds from the sales of its property development projects. Subsequent to the current year end, the third party has made partial repayment of approximately RMB12,000,000 according to the loan repayment schedule.

The below table reconciles the impairment loss of loan receivables for the years ended 30 June 2020 and 2019:

	Group	
	2020	2019
	RMB'000	RMB'000
At 1 July	14,649	–
Add:		
Additional impairment recognised at 1 July 2018 on initial application of IFRS 9	–	8,153
Reversal of impairment loss	(6,055)	–
Provision for impairment loss	6,387	6,496
At 30 June	<b>14,981</b>	14,649

At 30 June 2020, the Group has determined the loss allowance for loan receivables of approximately RMB14,981,000 (2019: RMB14,649,000). Net impairment loss of RMB332,000 (2019: RMB6,496,000) has been recognised in profit or loss during the year ended 30 June 2020.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 17. PROPERTIES HELD UNDER DEVELOPMENT

	Group	
	2020 RMB'000	2019 RMB'000
Leasehold interests in land located in the PRC	78,824	117,021
Development costs	215,367	224,447
Borrowing costs capitalised	209,851	98,450
	<b>504,042</b>	439,918

Leasehold interests in land are located in the PRC and have lease terms expiring from 2045 to 2082 (2019: 2045 to 2082).

At 30 June 2020, certain properties held under development with carrying amounts of approximately Nil and RMB61,618,000 (2019: RMB2,417,000 and RMB93,090,000) were pledged to secure loans from banks and other financial institutions (*Note 25(a)*) and other loans (*Note 25(b)*) respectively of the Group.

At 30 June 2020, properties held under development amounted to approximately RMB147,654,000 (2019: RMB312,591,000) are expected to be recovered within 12 months. On completion, the properties are transferred to properties held for sale.

At 30 June 2019, certain properties held under development with a carrying amount of approximately RMB34,324,000 were frozen by court under lawsuits (*Note 24*). During the current financial year, certain properties held under development have been completed and transferred to properties held for sales (*Note 18*).

## 18. PROPERTIES HELD FOR SALE

	Group	
	2020 RMB'000	2019 RMB'000
Gross carrying amount	1,144,273	1,255,424
Less: Write down to net realisable value	–	(2,911)
Net carrying amount	<b>1,144,273</b>	1,252,513

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2081 (2019: 2042 to 2081).

At 30 June 2020, certain properties held for sale with carrying amounts of approximately RMB398,287,000 (2019: RMB858,870,000) was pledged to secure other loans (*Note 25(b)*) of the Group respectively.

At 30 June 2020, certain properties held for sale with carrying amounts of approximately RMB5,984,000 (2019: RMB6,461,000) was pledged as security for borrowings from banks and other financial institutions extended to Meihahuang, a contractor of the Group (*Note 36(b)*).

The write down to net realisable value is determined with reference to the estimated future selling prices of certain slow-moving properties held for sale.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 18. PROPERTIES HELD FOR SALE (Continued)

During the year ended 30 June 2019, the cost of sales included an amount of RMB15,765,000 in respect of write-downs of properties held for sale to net realisable value. No write-down of properties held for sale was recognised for the year ended 30 June 2020. No reversal of any write down of inventory had been recognised for the years ended 30 June 2020 and 2019.

At 30 June 2020, certain properties held for sale which were transferred from properties held under development with a carrying amount of approximately RMB19,921,000 (2019: RMB Nil) were frozen by court under lawsuits (Note 24).

## 19. ACCOUNTS RECEIVABLES

	Group	
	2020	2019
	RMB'000	RMB'000
Accounts receivables	40,867	65,291
Less: Impairment losses recognised	(6,134)	(6,134)
	<b>34,733</b>	59,157

Receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

At 30 June 2020, accounts receivables included the amount of approximately RMB32,730,000 (2019: RMB32,730,000) representing the receivable due from the purchaser of a property in Aqua Lake Grand City. In June 2018, the Group commenced a legal proceeding against the purchaser and certain equity holders of the purchaser (collectively referred to as the "Defendants") as they had breached the sale and purchase agreement for failing to settle outstanding balance of consideration of approximately RMB32,730,000 (2019: RMB32,730,000). The Group demanded repayment of the outstanding consideration of approximately RMB32,730,000 from the Defendants, and further claimed a sum of approximately RMB23,160,000, being the default interest and penalty for breaching the agreement and the cost of legal proceeding. In June 2019, the Supreme People's Court of Jiangxi Province adjudicated that the Defendants should pay the full amount of RMB32,730,000 to the Group. The Group is still in the process of demanding for the receivables balances from the Defendants as of 30 June 2020.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 19. ACCOUNTS RECEIVABLES (Continued)

The below table reconciles the impairment loss of accounts receivables for the years ended 30 June 2020 and 2019:

	Group	
	2020 RMB'000	2019 RMB'000
At 1 July	6,134	45
Add:		
Additional impairment recognised at 1 July 2018 on initial application of IFRS 9	–	5,612
Provision for impairment loss	–	477
At 30 June	6,134	6,134

At 30 June 2020, the Group had determined the loss allowance for accounts receivables to be approximately RMB6,134,000 (2019: RMB6,134,000). Management had assessed that there has not been a significant increase in credit risk since initial recognition and therefore, no additional allowance for impairment loss on accounts receivables is required during the financial year ended 30 June 2020 (2019: impairment loss of RMB477,000).

The Group did not hold any collateral as security or other credit enhancements over the accounts receivables.

The Directors considered that the fair values of accounts receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these amounts have short maturity periods on their inception at the reporting date.

## 20. PREPAYMENTS, DEPOSITS PAID AND OTHER RECEIVABLES

	Notes	Group		Company	
		2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Non-current asset:					
Deposit paid	(a)	120,000	120,000	–	–
Current assets:					
Prepayments	(b)	45,800	39,448	–	–
Deposits paid	(c)	1,159	8,295	–	–
Other receivables	(d)	539,331	598,278	1,501	1,483
Less: Impairment loss recognised for other receivables		(92,941)	(75,775)	–	–
		493,349	570,246	1,501	1,483



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 20. PREPAYMENTS, DEPOSITS PAID AND OTHER RECEIVABLES (Continued)

Notes:

- (a) At 30 June 2020 and 2019, the deposit paid represented the payment made to independent third party for the possible acquisition of interest in a land use right in respect of land parcel in Guangzhou.
- (b) At 30 June 2020 and 2019, prepayments substantially represented the advances made to the subcontractors for purchase of construction materials.
- (c) At 30 June 2019, the balance mainly represented the deposit paid of approximately RMB5,000,000 for the proposed development of certain land parcels in Conghua City, Guangdong Province. The amount had since been refunded to the Group as at 30 June 2020, pursuant to the unsuccessful land tender.
- (d) At 30 June 2020, other receivables included the amounts of approximately RMB282,350,000 (2019: RMB282,350,000) due from certain companies which are related to the non-controlling equity owners of New Zhong Yuan. The balances are interest-free, repayable on demand and secured by the equity interest in New Zhong Yuan held by the non-controlling equity owners.

Except for the above, other receivables with carrying amount of approximately RMB149,375,000 (2019: RMB98,251,000) are unsecured, interest-free and repayable on demand and/or to be set off against construction costs.

At 30 June 2020, the Group had determined the loss allowance for other receivables to be approximately RMB92,941,000 (2019: RMB75,775,000), which included an impairment loss allowance of RMB36,403,000 (2019: RMB32,456,000) on other receivables due from companies related to the non-controlling equity owners of New Zhong Yuan. Impairment loss allowance of RMB17,166,000 (2019: RMB16,159,000) was recognised in profit or loss during the year ended 30 June 2020.

The carrying amounts of other receivables approximate their fair values as these financial assets which are measured at amortised cost, are assumed to approximate their fair values due to the relatively short-term maturity of these financial instruments.

The below table reconciles the impairment loss of other receivables for the years ended 30 June 2020 and 2019:

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
At 1 July	75,775	13,593	–	–
Add:				
Additional impairment recognised at 1 July 2018 on initial application of IFRS 9	–	46,023	–	–
Provision for impairment loss	17,166	16,159	–	–
At 30 June	92,941	75,775	–	–

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 21. CONTRACT ASSETS

	Group	
	2020	2019
	RMB'000	RMB'000
Contract assets	<b>32,585</b>	31,165

Contract assets relate to revenue representing the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to account receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.

Movement in the contract assets during the year is disclosed as follows:

	Group	
	2020	2019
	RMB'000	RMB'000
As at 1 July	<b>31,165</b>	–
Reclassified from due from customer for contract work	–	22,444
Arising during the year	<b>1,420</b>	8,721
As at 30 June	<b>32,585</b>	31,165

Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the contract assets at the end of the reporting period is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

Management has assessed no allowance for impairment loss on contract assets is required during the financial year ended 30 June 2020.

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2020 is approximately RMB1,300,000. The Group expects to recognise RMB1,300,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2020 in the financial year ended 30 June 2021.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 22. CASH AND BANK BALANCES

	Notes	Group 2020 RMB'000	2019 RMB'000
Cash and bank balances	(a)	80,510	123,147
Less:			
Deposits pledged against banking facilities granted to the mortgagees	(b)	(2,980)	(9,455)
Deposits restricted for bank and other loans	(c)	(1,526)	(3,196)
Deposits restricted for acquisition of land		(5,359)	(5,344)
		(9,865)	(17,995)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows		70,645	105,152

Notes:

- (a) Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (b) The deposits were pledged to certain banks as securities in the PRC as detailed in Note 36. These banks provided mortgage loans to purchasers for acquisition of properties from the Group. The pledge will last for the period from the date of draw-down of mortgage loans to the date when the individual building ownership certificates are granted to the property purchasers. Such charges will be released upon the certificates are granted to the property purchasers.
- (c) At 30 June 2020, the bank deposits represented amounts of approximately RMB1,526,000 (2019: RMB3,196,000) (Note 25(a)) with floating interest rates ranging from 0.08% to 0.30% (2019: 0.08% to 0.30%) per annum were pledged against bank loans. The pledge will last for the period from the date of draw down of secured bank loans to the date when the bank loans are fully settled which is not later than September 2031 (2019: not later than September 2031).

At 30 June 2020, the Group had deposits and cash denominated in RMB amount to approximately RMB80,481,000 (2019: RMB123,130,000), which were deposited with the banks in the PRC or held in hand. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

## 23. CONTRACT LIABILITIES

	Group 2020 RMB'000	2019 RMB'000
Contract liabilities	548,870	562,832

	Group 2020 RMB'000	2019 RMB'000
Revenue recognised in the current year that was included in the contract liabilities at the beginning of the year	303,753	–
Increase due to cash received, excluding amount recognised as revenue during the year	289,791	562,832

Contract liabilities represented instalments of sale proceeds received from the buyers in connection with the Group's pre-sale of properties.

Contract liabilities are recognised as revenue when the Group delivers the units.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 24. ACCOUNTS PAYABLE/ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Accounts payable	411,803	504,671	–	–
Accruals	26,049	55,824	3,051	1,989
Refundable deposits made by property purchasers	88,256	264,217	–	–
Other payables (Note)	52,079	91,972	–	–
	<b>166,384</b>	412,013	<b>3,051</b>	1,989

Note: At 30 June 2020, other payables included the amount of approximately RMB17,795,000 (2019: RMB26,566,000) representing the accruals made for the settlement of the legal actions against the Group. The Group was made a defendant in lawsuits brought by three (2019: four) subcontractors of the Group's property development project (the "Plaintiffs"), in respect of claim disputes between the Group and the Plaintiffs (the "Petition"). It was alleged in the Petition, inter alia, that the Group still had an aggregate outstanding payment of RMB17,795,000 (2019: RMB26,566,000) (the "Claims") to the Plaintiffs in respect of the extra costs and default interest incurred for previous construction contracts between the Plaintiffs and the Group.

At 30 June 2019, a total of 79 residential units of property held under development amounted to approximately RMB34,324,000 (Note 17) was frozen by the court until the Group settle the Claims, together with default interest and relevant costs. During the current financial year, 30 of the units have been transferred and taken over by one of the Plaintiffs. The remaining 49 units were completed and transferred from properties held under development to properties held for sale (Note 18).

As at 30 June 2020, 49 residential units of properties held for sale amounted to approximately RMB19,921,000 (Note 18) remain frozen by the court, as these units have not yet been transferred and taken over by the remaining Plaintiffs. As advised by the Group's PRC legal adviser, the Directors are of the view that the risk and rewards of the 49 frozen units are retained in the Group.

At 30 June 2020 and 2019, other payables of the Group were unsecured, interest-free and repayable on demand.

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	Group	
		2020 RMB'000	2019 RMB'000
Loans from banks and other financial institutions – secured	(a)	220,261	270,301
Other loans – secured	(b)	438,002	493,268
Other loans – unsecured	(c)	28,101	27,775
<b>Total bank and other borrowings</b>		<b>686,364</b>	791,344

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

The analysis of the carrying amount of the bank and other loans is as follows:

	Group	
	2020	2019
	RMB'000	RMB'000
Loans from banks and other financial institutions repayable		
– within one year	27,359	89,958
– in the second to fifth year	99,502	124,343
– over five year	93,400	56,000
	<b>220,261</b>	270,301
Other loans repayable		
– within one year	85,714	341,637
– in the second to fifth year	380,389	151,631
– over five years	–	27,775
	<b>466,103</b>	521,043
<b>Total bank and other borrowings</b>	<b>686,364</b>	791,344
Less: Portion due within one year included under current liabilities	<b>(113,073)</b>	(431,595)
<b>Non-current portion included under non-current liabilities</b>	<b>573,291</b>	359,749

Notes:

- (a) At 30 June 2020, the Group's loans from banks and other financial institutions are secured by the pledge of the Group's property, plant and equipment (Note 13), construction in progress (Note 13), investment properties (Note 14), properties held under development (Note 17), and bank deposits (Note 22).

At 30 June 2020, the Group's loans from banks and other financial institutions are denominated in RMB and certain amounts approximately of RMB27,359,000 (2019: RMB89,958,000) are repayable in full no later than 22 June 2021 (2019: 20 June 2020) and bore interests at certain percentage above the benchmark lending rate of People's Bank of China ("PBOC") per annum. The effective interest rate ranged from 6.37% to 15.00% (2019: 5.39% to 10.12%) per annum.

- (b) At 30 June 2020, the Group's secured other loans are denominated in RMB (2019: RMB).

During the year ended 30 June 2017, Tonghua Litong entered into a loan agreement with a financial institution in the PRC for a principal amount of RMB500,000,000 with bear interest rate of 7.50% per annum, and expires on 20 December 2021. The outstanding amount of the respective loan was RMB136,000,000 (2019: RMB141,000,000) as at 30 June 2020.

The above loan is secured by (i) properties held under development and properties held for sale of Tonghua Litong; and (ii) guarantees by the Group and the owner of non-controlling interests of Tonghua Litong. At 30 June 2020, certain properties held for sale were pledged to secure the other loan as disclosed in Note 18.

At 30 June 2020, the Group's other loans with a carrying amount of approximately RMB21,600,000 (2019: RMB23,100,000) is repayable on 15 November 2020 and bear interest rates at certain percentage above the benchmark lending rate of PBOC. The effective interest rate is 8.31% per annum. The respective other loans were secured by the certain properties held under development as disclosed in Note 17.

On 20 August 2019, Guangdong Yuanbang entered into loan agreement of RMB200,000,000 with a financial institution in the PRC. The loan bore fixed interest rate of 15% per annum, and expires on 22 August 2021. The loan was secured by a leasehold land owned by certain independent third parties and was under personal guarantee executed by the controlling shareholders of the Group.

At 30 June 2020, the Group's remaining other loans bear interest rate ranging from 5.23% to 10.00% and are secured by certain properties held for sale as disclosed in Note 18.

- (c) The loans are denominated in Hong Kong Dollars ("HK\$") and bear fixed interest rate of 9.71% (2019: 9.71%) per annum. The other loans under current portion are repayable from July 2020 to June 2021 (2019: July 2019 to June 2020). The other loans under non-current portion are repayable after 12 months to 60 months (2019: 12 months to 72 months) from the year ended 30 June 2020.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 26. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using principle taxation rate of 25% (2019: 25%) for the year.

The analysis of deferred tax assets/(liabilities) is as follows:

	Group 2020 RMB'000	2019 RMB'000
Deferred tax assets	45,542	40,913
Deferred tax liabilities	(135,568)	(140,016)
Deferred tax liabilities, net	(90,026)	(99,103)

The following are the major deferred tax (liabilities)/assets recognised by the Group and the movements thereon during the year.

	Deferred tax liabilities		Deferred tax assets				Total RMB'000
	Revaluation of investment properties RMB'000	Subtotal RMB'000	LAT RMB'000	Tax losses RMB'000	Impact of adoption of IFRS 9 RMB'000	Subtotal RMB'000	
<b>At 1 July 2018</b>	(139,876)	(139,876)	24,779	9,286	-	34,065	(105,811)
Impact of adoption of IFRS 9	-	-	-	-	13,822	13,822	13,822
(Charged)/Credited to profit or loss (Note 9)	(140)	(140)	(11,862)	4,888	-	(6,974)	(7,114)
<b>At 30 June and 1 July 2019</b>	(140,016)	(140,016)	12,917	14,174	13,822	40,913	(99,103)
(Charged)/Credited to profit or loss (Note 9)	4,448	4,448	(11)	4,640	-	4,629	9,077
<b>At 30 June 2020</b>	(135,568)	(135,568)	12,906	18,814	13,822	45,542	(90,026)

At 30 June 2020, the Directors anticipated that there would be a substantial amount of revenue recognised in the next financial year as some of the property development projects held by the Group were in the final stage of construction as at the reporting date and it would be ready for delivery upon the completion. The Directors expected that it is probable that sufficient taxable profit of certain PRC subsidiaries will be available to allow the benefit of the tax losses of approximately RMB75,256,000 (2019: RMB56,696,000) to be utilised. The deferred tax assets of these tax losses of approximately RMB18,814,000 (2019: RMB14,174,000) have been recognised accordingly. For other subsidiaries that have been loss-making for some time, their deferred tax assets have not been recognised in respect of the estimated unused tax losses. The unused tax losses of the PRC subsidiaries will expire in five years from the reporting date.

According to the implementation rules, a reduced withholding tax rate of 10% will be imposed on dividends distributed to foreign investors of companies in the PRC, unless a lower rate applies for tax-treaty countries.

At the reporting date, deferred tax liabilities in respect of aggregate amount of temporary difference of approximately RMB440,845,000 (2019: RMB408,736,000) associated with undistributed earnings of PRC subsidiaries have not been recognised. At 30 June 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. It is because in the opinion of the Directors, it is not probable that these subsidiaries will distribute their earnings accrued from 1 July 2008 to 30 June 2020 in the foreseeable future. Accordingly, no deferred tax liabilities have been recognised as at 30 June 2020 and 2019.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 27. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
<b>Authorised:</b>				
At the beginning of the financial year	300,000	588,812	300,000	588,812
Share reorganisation	300,000	(530,738)	–	–
At the end of the financial year	600,000	58,074	300,000	588,812
<b>Issued and fully paid:</b>				
At the beginning of the financial year	69,400	133,882	69,400	133,882
Share reorganisation	–	(127,627)	–	–
At the end of the financial year	69,400	6,255	69,400	133,882

During the current financial year, the Company undertook a reorganisation of its share capital (“Capital Reorganisation”) to reduce the par value of each ordinary share in the capital of the Company from HK\$2.00 to HK\$0.10. The authorised share capital was reduced from HK\$600,000,000, divided into 300,000,000 shares with a par value of HK\$2.00 each to HK\$60,000,000, divided into 600,000,000 shares with par value of HK\$0.10 each.

## 28. RESERVES

### Share premium

The share premium account of the Group/Company represented the premium arising from the issue of shares of the Company at a premium. Under the bye-laws of the Company, the share premium account is not distributable.

### Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the restructuring exercise to rationalise the structure of the Group in the preparation for the initial public offering of the Company’s shares on the SGX-ST on 9 May 2007 (“Restructuring Exercise”). Details of Restructuring Exercise were set out in the Company’s prospectus dated 26 April 2007.

### Contributed surplus

The contributed surplus of the Company represents the difference of RMB35,064,000 between the net tangible asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the Restructuring Exercise and RMB127,627,000 arising from the Capital Reorganisation (Note 27).

The contributed surplus of the Group represents the amount of credit arising from the Capital Reorganisation of RMB127,627,000.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 28. RESERVES (Continued)

### Statutory reserve

The statutory reserve represents the appropriation of profits retained by the PRC subsidiaries. In accordance with PRC accounting standards and regulations and the respective articles of association of the PRC subsidiaries, the PRC subsidiaries are required to appropriate an amount not less than 10% of profit after income tax each year to the statutory reserve, until the balance of the statutory reserve reaches 50% of the registered capital of the PRC subsidiaries. The transfer to this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

### Capital reserve

The capital reserves represent the difference between the consideration and the carrying amount of the net assets attributable to the additional/reduction of interests in subsidiaries being acquired from/disposed to non-controlling interests (*Note 12*).

	Group 2020 RMB'000
Proceeds from sale of 25% ownership interest in Wanyuan subgroup	37,500
Net assets attributable to non-controlling interests	(7,495)
	<b>30,005</b>
	Group 2019 RMB'000
Consideration for acquisition of non-controlling interests in Tonghua Litong	50,000
Decrease in equity attributable to non-controlling interests	(51,542)
	1,542

### Revaluation reserve

Revaluation reserve of the Group represents the difference between the carrying value and fair value of property when an owner-occupied property becomes an investment property which will be carried at fair value.

### Translation reserve

The translation reserve comprises of foreign exchange differences arising from the translation of the financial statements of a subsidiary whose functional currency is different from that of the Group's presentation currency which is RMB and non-distributable.

The translation reserve of the Company comprises of foreign exchange difference arise from the translation of the financial statements of the Company whose functional currency is in Hong Kong Dollar, which is different from its presentation currency of Renminbi.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 29. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- (ii) To support the Group's stability and growth; and
- (iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The capital structure of the Group consists of debts, which mainly includes accounts and other payables and bank and other borrowings disclosed in Notes 24 and 25, respectively, and cash and bank balances, and total equity comprising equity attributable to owners of the Company and non-controlling interests.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

No changes were made in the objectives, policies or processes during the current and previous years. The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners, return capital to owners, issue new shares or raise new debts, or sell assets to reduce debt. The net debts-to-equity ratio at 30 June 2020 and 2019 were as follows:

	<b>Group</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
<b>Current liabilities</b>		
Accounts payable	<b>411,803</b>	504,671
Accruals, deposits received and other payables	<b>166,384</b>	412,013
Interest-bearing bank and other borrowings	<b>113,073</b>	431,595
	<b>691,260</b>	1,348,279
<b>Non-current liabilities</b>		
Interest-bearing bank and other borrowings	<b>573,291</b>	359,749
<b>Total debts</b>	<b>1,264,551</b>	1,708,028
Less: Cash and bank balances	<b>(80,510)</b>	(123,147)
<b>Net debts</b>	<b>1,184,041</b>	1,584,881
<b>Total equity</b>	<b>1,014,213</b>	915,751
<b>Net debts to equity ratio</b>	<b>116.74%</b>	173.07%

Except as disclosed in Note 28 on statutory reserves, the Group is not subject to any other externally imposed capital requirements for the years ended 30 June 2020 and 2019.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### Major non-cash transaction

During the year ended 30 June 2020, certain properties held under development with net carrying amount of approximately RMB227,594,000 (2019: RMB1,398,211,000) were transferred to properties held for sale.

### Reconciliation of liabilities arising from financing activities

	Bank and other borrowings RMB'000 (Note 25)	Interests payables RMB'000
At 1 July 2018	759,223	–
Changes from cash flows:		
Proceeds from bank and other borrowings	281,383	–
Repayments of bank and other borrowings	(249,794)	–
Interest paid	–	(2,602)
	790,812	(2,602)
Other changes:		
Exchange difference	532	–
Interest expenses	–	2,602
At 30 June 2019 and 1 July 2019	<b>791,344</b>	–
Changes from cash flows:		
Proceeds from bank and other borrowings	<b>329,077</b>	–
Repayments of bank and other borrowings	<b>(434,383)</b>	–
Interest paid	–	<b>(16,625)</b>
	<b>686,038</b>	<b>(16,625)</b>
Other changes:		
Exchange difference	<b>326</b>	–
Interest expenses	–	<b>16,625</b>
At 30 June 2020	<b>686,364</b>	–

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 31. CAPITAL COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

	<b>Group</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
Contracted but not provided for in respect of:		
– Construction in progress	<b>19,601</b>	22,312
– Properties held under development	<b>152,340</b>	440,077

The Company did not have any commitments as at 30 June 2020 and 2019.

## 32. LEASE ARRANGEMENTS

### As lessee

As at 30 June 2019, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	Group
	2019
	RMB'000
Not later than one year	490
Later than one year but not later than five years	–
	490

The Group leases a number of properties under operating lease arrangements which run for initial periods of one to three years. None of the leases includes contingent rentals.

As disclosed in Note 2, the Group has adopted IFRS 16 on 1 July 2019. These leases have not been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 1 July 2019 and 30 June 2020, as there are leases of low value assets.

### As lessor

The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of its properties as follows:

	<b>Group</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
Not later than one year	<b>13,001</b>	15,402
Later than one year but not later than five years	<b>9,260</b>	16,333
Later than five years	–	262
	<b>22,261</b>	31,997

The Group leases out certain properties under operating lease arrangements which run for initial periods of one to five years (2019: one to six years), without an option to renew the lease terms at the expiry date.

Certain leases are negotiated with reference to the level of business. The terms of the leases generally also require the tenants to pay security deposits.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has well established risk management policies and guidelines. Moreover, the Directors will meet periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Directors consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

### (i) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises primarily from deposits at banks and bank and other borrowings which bore interests at fixed and floating interest rates. Bank and other borrowings arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and repayment terms of the borrowings outstanding at the end of the reporting period are disclosed in Note 25.

The Group manages interest rate risk by monitoring its interest rate profile on an ongoing basis. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The policies to manage interest rate risk have been followed by the Group since prior year and are considered to be effective.

#### *Sensitivity Analysis*

At 30 June 2020, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit for the year by approximately RMB1,716,000 (2019: RMB1,978,000). The assumed changes have no impact on the Group's other components of equity.

The assumed changes in interest rates are considered to be reasonably possible changes on observation of current market conditions and represent management's assessment of a reasonably possible change in interest rates over the next twelve month period.

The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. The sensitivity analysis for the year ended 30 June 2019 has been prepared on the same basis.

The Company does not have any exposure to interest rate risk at the reporting date.

### (ii) Foreign currency risk

Most of the Group's transactions are carried out in RMB which is the functional currency of most of the group entities. Exposure to currency exchange rates arises from certain of the Group's cash and bank balances denominated in HK\$; while certain other borrowings of the Group are denominated in HK\$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposure regularly and does not consider its foreign exchange risk to be significant.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (ii) Foreign currency risk (Continued)

#### Foreign currency risk exposure

The following table details the Group's exposure at the reporting date to foreign currency risk from the bank balances and other borrowings denominated in a currency other than the functional currency of the Company and its subsidiaries.

	Express in RMB'000	
	2020 HK\$	2019 HK\$
Bank balances	29	17
Other borrowings	(28,101)	(27,775)
Overall net exposure	(28,072)	(27,758)

#### Sensitivity Analysis

The following table indicates the approximate change in the Group's profit for the year in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the reporting date. The assumed changes have no impact on the Group's other components of equity.

	2020		2019	
	Increase/ (Decrease) in foreign exchange rates	Effect on profit for the year RMB'000	Increase/ (Decrease) in foreign exchange rates	Effect on profit for the year RMB'000
HK\$	+5%	(1,404)	+5%	(1,388)
	-5%	1,404	-5%	1,388

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the reporting dates and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date.

The Company is not exposed to any foreign currency risk at the reporting date.

### (iii) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group minimises credit risk by dealing exclusively with high credit rating counterparties. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iii) Credit risk (Continued)

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes internal credit rating, external credit rating, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations, actual or expected significant changes in the operating results of the debtor, significant increases in credit risk on other financial instruments of the same debtor and significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below. The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group determined that its financial assets are credit-impaired when there is significant difficulty of the debtor, a breach of contract, such as a default or past due event, it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation and there is a disappearance of an active market for that financial asset because of financial difficulty.

The Group's credit risk arises primarily from its accounts, loan and other receivables. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (> 30 days).	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired	Lifetime ECL (credit-impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty (> 90 days).	Asset is written off

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iii) Credit risk (Continued)

#### *Cash and cash equivalents*

The cash and cash equivalents are entered into with bank and financial institution counterparties, which are rated BB+ to AA, based on rating agency ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

#### *Accounts receivables and contract assets*

As disclosed in Note 4(a), the Group uses a provision matrix to measure the lifetime expected credit loss allowance for accounts receivables and contract assets. In measuring the expected credit losses, accounts receivables and contract assets are grouped based on their shared credit risk characteristics and numbers of days past due. The expected credit losses on these financial assets are estimated using a provision rate based on the Group's historical credit loss experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Management has assessed that there has not been a significant increase in credit risk since initial recognition, therefore no additional allowance for impairment loss on accounts receivables and contract assets is required during the financial year ended 30 June 2020 (2019: impairment loss of RMB477,000 on accounts receivables). The details of the loss allowance are disclosed in Note 19.

#### *Loan and other receivables*

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

During the current financial year ended 30 June 2020, the Group recognised an allowance for impairment loss of RMB332,000 and RMB17,166,000 (2019: RMB6,496,000 and RMB16,159,000) on loan and other receivables respectively. The details of the loss allowance are disclosed in Notes 16 and 20 respectively.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iii) Credit risk (Continued)

#### *Credit risk exposure and significant credit risk concentration*

The credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal credit rating	ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
<b>Group</b>					
<b>2020</b>					
Accounts receivables (Note 19)	Note 1	Lifetime ECL (Simplified)	40,867	(6,134)	34,733
Deposit paid (Note 20)	Performing	12-month ECL	121,159	–	121,159
Other receivables (Note 20)	Note 1	12-month ECL	539,331	(92,941)	446,390
Contract assets (Note 21)	Performing	Lifetime ECL (Simplified)	32,585	–	32,585
Loan receivables (Note 16)	Note 1	12-month ECL	91,508	(14,981)	76,527
<b>2019</b>					
Accounts receivables (Note 19)	Note 1	Lifetime ECL (Simplified)	65,291	(6,134)	59,157
Deposit paid (Note 20)	Performing	12-month ECL	128,295	–	128,295
Other receivables (Note 20)	Note 1	12-month ECL	598,278	(75,775)	522,503
Contract assets (Note 21)	Performing	Lifetime ECL (Simplified)	31,165	–	31,165
Loan receivables (Note 16)	Note 1	12-month ECL	163,988	(14,649)	149,339

Note 1: The Group have applied the simplified and general approach in IFRS 9 to measure the loss allowance of account and other receivables respectively.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iii) Credit risk (Continued)

#### *Credit risk exposure and significant credit risk concentration (Continued)*

The credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal credit rating	ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
<b>Company</b>					
<b>2020</b>					
Other receivables (Note 20)	Performing	12-month ECL	1,501	–	1,501
Due from subsidiaries (Note 12)	Performing	12-month ECL	325,477	–	325,477
<b>2019</b>					
Other receivables (Note 20)	Performing	12-month ECL	1,483	–	1,483
Due from subsidiaries (Note 12)	Performing	12-month ECL	324,300	–	324,300

#### *Financial guarantee*

The principal risk to which the Group is exposed to is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. The maximum exposure to credit risk in respect of these financial guarantees at the reporting date is disclosed in Note 36.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's future cash flows.

### (iv) Liquidity risk

The Group's objective is to ensure that it has adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iv) Liquidity risk (Continued)

As at 30 June 2020 and 2019, the remaining contractual maturities of the Group's financial liabilities which are based on undiscounted cash flows are summarised below:

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000
<b>Group</b>						
<b>At 30 June 2020</b>						
– Accounts payable	411,803	411,803	411,803	–	–	–
– Accruals, deposits received and other payables	166,384	166,384	166,384	–	–	–
– Interest-bearing bank and other borrowings	686,364	814,522	2,700	26,567	142,579	642,676
	1,264,551	1,392,709	580,887	26,567	142,579	642,676
– Financial guarantee issued maximum amount guaranteed	–	1,260,578	1,260,578	–	–	–
	1,264,551	2,653,287	1,841,465	26,567	142,579	642,676
<b>At 30 June 2019</b>						
– Accounts payable	504,671	504,671	504,671	–	–	–
– Accruals, deposits received and other payables	412,013	412,013	412,013	–	–	–
– Interest-bearing bank and other borrowings	791,344	914,960	27,006	177,924	272,260	437,770
	1,708,028	1,831,644	943,690	177,924	272,260	437,770
– Financial guarantee issued maximum amount guaranteed	–	1,549,305	1,549,305	–	–	–
	1,708,028	3,380,949	2,492,995	177,924	272,260	437,770

The Group has not recognised in these financial statements the corporate guarantees issued for the facilities issued as disclosed in Note 36. The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amounts if these amounts are claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement (Note 33(iii)). However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee that the guaranteed financial receivables held by the counterparty suffer credit losses.

At 30 June 2020 and 2019, the Company held no material financial liabilities and the Company ensure that it maintains sufficient financial support from Group's subsidiaries to meet its liquidity requirements.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iv) Liquidity risk (Continued)

The management has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

### (v) Fair value

The fair values of the Group's financial assets and financial liabilities at amortised costs are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair values of interest-bearing bank and non-current other borrowings are not materially different from their carrying amounts at the reporting date.

At 30 June 2020, no financial assets and financial liabilities are measured at fair value in the statements of financial position (2019: Nil).

## 34. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 June 2020 and 2019 are categorised as follows. See Notes 3(h) and 3(l) for explanations about how the category of financial instruments affects their subsequent measurement.

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
<b>Financial assets</b>				
At amortised cost				
– Accounts receivables, refundable deposits paid and other receivables	602,282	709,955	1,501	1,483
– Due from subsidiaries	–	–	325,477	324,300
– Loan receivables	76,527	149,339	–	–
– Cash and bank balances	80,510	123,147	–	–
	<b>759,319</b>	982,441	<b>326,978</b>	325,783
<b>Financial liabilities</b>				
At amortised cost				
– Accounts payable, accruals, deposits received and other payables	578,187	916,684	3,051	1,989
– Interest-bearing bank and other borrowings	686,364	791,344	–	–
	<b>1,264,551</b>	1,708,028	<b>3,051</b>	1,989

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 35. RELATED PARTY TRANSACTIONS

### (a) Related Party Transaction

Save as disclosed elsewhere in these financial statements, the Group had the following material related party transaction:

Nature of transaction		Group	
		2020 RMB'000	2019 RMB'000
Kaiping Qingshi Auto Parts Co., Ltd.* (Note)	Interest income	2,297	3,760

Note: Mr. Zhou Jiangtao, a director of the Company, is a legal representative of the related company.

\* The English translation of the company name is for reference only, the official name of the company is in Chinese.

### (b) Compensation of Key Management Personnel of the Group:

Included in staff costs are key management personnel compensation of the Group and the Company (including Directors' emoluments) during the financial year as follows:

		Group	
		2020 RMB'000	2019 RMB'000
<b>Directors' emoluments</b>			
	– Director's fee	650	645
	– Salaries and wages, allowances and benefits in kind	1,538	1,513
	– Retirement scheme contributions	27	83
		<b>2,215</b>	<b>2,241</b>
<b>Key management personnel</b>			
	– Salaries and wages, allowances and benefits in kind	1,195	1,228
	– Retirement scheme contributions	36	71
		<b>1,231</b>	<b>1,299</b>

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 36. FINANCIAL GUARANTEE

As at the reporting date, the Group has issued the following guarantees:

- (a) The Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. The outstanding guarantees amounted to approximately RMB661,478,000 (2019: RMB945,205,000) at the current year end. The guarantees provided by the Group to the banks would be released upon (i) the satisfaction of mortgage loans by the purchasers of properties; or (ii) receiving the real estate owner certificates of the respective properties by the banks from the buyers as security for the mortgage loan facilities granted. These real estate ownership certificates would generally be issued within two years after the purchasers take possession of the relevant properties. No provision for the Group's obligation under the guarantees has been made as the Directors considered that it was not probable that the repayments of the loans would be in default. Also, the Directors did not consider it is probable that the Group will sustain a loss under these guarantees during the year as the individual real estate owner certificates have not been issued to the respective buyers yet. In case of defaults, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors. The Directors also considered that the fair value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group in the event the buyer default payments to the banks.
- (b) The Group had given financial guarantee to banks for banking facilities granted to certain contractors of the Group, of maximum amount approximately RMB599,100,000 (2019: RMB604,100,000). No financial guarantee to bank for banking facilities was released during the year ended 30 June 2020 (2019: Nil).

Assets pledged to secure the above banking facilities is disclosed in Note 18.

In the opinion of the Directors, it is unlikely that a claim will be made against the Group and no cash outflow under the financial guarantee contracts at the reporting date, the financial impact arising from the above guarantees is insignificant. Accordingly, they are not accounted for in these financial statements.

## 37. LITIGATION

Save as disclosed elsewhere in these financial statements, the Group does not have any material litigation or claims to be pending or threatened against any members of the Group as at 30 June 2020 and 2019.

## 38. IMPACT OF COVID-19

The COVID-19 pandemic has caused a significant impact to the property market and economic activities in the first half of 2020 in the PRC. Despite the gradual efforts by the Chinese government in lifting its shutdown measures in most of the PRC cities, the property market has remained relatively lukewarm. As management expects the property market in the PRC to remain soft in the next financial year, the Group will remain cautious and exercise prudence in cost control to mitigate against any possible headwinds.

# Shareholders' Information

## STATISTIC OF SHAREHOLDINGS AS AT 18 SEPTEMBER 2020

Authorised share capital	:	HK\$600,000,000
Issued and fully paid-up capital	:	HK\$6,940,000
Class of shares	:	69,400,000 Ordinary shares of HK\$0.10 each
Voting rights	:	One vote per share
Number of Treasury Shares & Subsidiary Holdings	:	Nil

## STATISTICS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	1	0.06	10	0.00
100-1,000	1,048	60.37	482,270	0.69
1,001-10,000	565	32.55	2,022,410	2.92
10,001-1,000,000	115	6.62	8,800,310	12.68
1,000,001 and above	7	0.40	58,095,000	83.71
<b>Total:</b>	<b>1,736</b>	<b>100.00</b>	<b>69,400,000</b>	<b>100.00</b>

## TREASURY SHARES

Pursuant to Rule 1207(9)(f) of the listing manual of the SGX-ST, the Company does not hold any treasury shares or subsidiary holdings.

## TWENTY LARGEST SHAREHOLDERS AS AT 18 SEPTEMBER 2020

No.	Name	No. of Shares	%
1	CHEN JIANFENG	32,040,000	46.17
2	PROVEN CHOICE GROUP LIMITED	12,960,000	18.68
3	CITIBANK NOMINEES SINGAPORE PTE LTD	4,541,500	6.54
4	DBS NOMINEES PTE LTD	4,041,790	5.82
5	LI SIU LING	2,292,200	3.30
6	CHONG SIEN THYE ALBERT	1,118,290	1.61
7	RAFFLES NOMINEES (PTE) LIMITED	1,101,220	1.59
8	LAU WEI PENG	681,320	0.98
9	HSBC (SINGAPORE) NOMINEES PTE LTD	541,800	0.78
10	PHILLIP SECURITIES PTE LTD	497,900	0.72
11	NG SENG CHOO	450,000	0.65
12	TEO YEONG KWEE	420,200	0.61
13	2G CAPITAL PTE LTD	364,300	0.53
14	OU YANG YAN TE	363,280	0.52
15	CHOO KIM HIONG	343,900	0.50
16	UOB KAY HIAN PTE LTD	213,500	0.31
17	ESW CAPITAL MARKETS PTE LTD	204,000	0.29
18	KWAN CHEE SENG	204,000	0.29
19	NG CHUEN GUAN	204,000	0.29
20	TAN CHAI KIEW	200,000	0.29
		62,783,200	90.47

## Shareholders' Information

### SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Chen Jianfeng	32,040,000	46.17	3,786,700 <sup>(1)</sup>	5.46
Lin Yeju <sup>(2)</sup>	–	–	35,826,700	51.63
Proven Choice Group Limited <sup>(3)</sup>	12,960,000	18.68	–	–
Wang Lin Jia <sup>(3)</sup>	–	–	12,960,000	18.68

Notes:

- (1) Shares held by DBS Nominees Pte Ltd.
- (2) Madam Lin Yeju is deemed to be interested in all the Shares that her spouse, Mr Chen Jianfeng, is interested in Mr Chen Jianfeng has a direct interest of 32,040,000 Shares and a deemed interest of 3,786,700 Shares.
- (3) Proven Choice Group Limited is an investment company incorporated in the British Virgin Islands. It is wholly-owned by Mr. Wang Lin Jia who is not related to any Directors or Substantial Shareholders.

### PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 29.69% of the Company's issued ordinary shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "Meeting" or "AGM") of CHINA YUANBANG PROPERTY HOLDINGS LIMITED (the "Company") will be held by way of electronic means on Friday, 30 October 2020 at 10:30 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 30 June 2020 together with the Auditors' Report thereon.

**(Resolution 1)**

2. To re-elect the following Directors of the Company pursuant to Bye-law 86(1) of the Company's Bye-laws:

(i) Mdm Lin Yeju

**(Resolution 2)**

(ii) Mr Xia Weichang

**(Resolution 3)**

- *Mdm Lin Yeju will, upon re-election as a Director of the Company, remain as Chairperson of the Board. Detailed information on Mdm Lin required pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") can be found in the Annual Report.*
- *Mr Xia Weichang will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Mr Xia will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information on Mr Xia required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.*

3. To approve the payment of Directors' fees of S\$104,000/- for the financial year ending 30 June 2021, to be paid half-yearly in arrears. (FY2020: S\$130,000/-).

**(Resolution 4)**

4. To re-appoint Moore Stephens LLP, Public Accountants and Chartered Accountants, Singapore as the Company's Auditors and to authorise the Directors to fix their remuneration.

**(Resolution 5)**

5. To transact any other ordinary business which may be transacted at an Annual General Meeting.



# Notice of Annual General Meeting

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

### 6. SHARE ISSUE MANDATE

That pursuant to Rule 806 of the Listing Manual (“Listing Manual”) of the SGX-ST, authority be given to the Directors of the Company to allot and issue ordinary shares (“shares”) in the Company whether by way of rights, bonus or otherwise (including shares as may be issued pursuant to any Instruments (as defined below) made or granted by the Directors while this resolution is in force notwithstanding that the authority conferred by this resolution may have ceased to be in force at the time of issue of such shares) and/or make or grant offers, agreements or options or otherwise issue convertible securities (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares at any time and upon such terms and conditions and for such purpose and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a *pro rata* basis to all shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);
- (b) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) as at the time of the passing of this Resolution, after adjusting for:
  - (i) new shares arising from the conversion or exercise of convertible securities;
  - (ii) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Listing Manual; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;

# Notice of Annual General Meeting

## AS SPECIAL BUSINESS (Continued)

### 6. SHARE ISSUE MANDATE (Continued)

- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Bye-Laws of the Company; and
- (d) unless revoked or varied by the Company in a general meeting, such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law or by the Bye-Laws to be held, whichever is earlier.

See Explanatory Note (i)

**(Resolution 6)**

By Order of the Board

**Huang Tak Wai**  
Company Secretary

15 October 2020

### Explanatory Notes to Resolution to be passed –

- (i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting or the date by which such Annual General Meeting is required by law or the Bye-Laws to be held or such authority is varied or revoked by the Company in a general meeting, (whichever is earlier), to allot and issue shares (including shares to be issued in pursuance of Instruments made or granted pursuant to the Resolution) up to an amount not exceeding fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to twenty per cent. (20%) may be issued other than on a *pro rata* basis.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of shares.

# Notice of Annual General Meeting

## Notes:

1. The Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. A Member/Depositor entitled to attend and vote at the Annual General Meeting (the "Meeting") must appoint the Chairman of the Meeting to attend and vote in his/her stead. The Chairman of the Meeting, as proxy, need not be a member/depositor of the Company.
2. Due to the Government prevailing regulations to prevent the spread of COVID-19, Members/Depositors shall attend the Annual General Meeting (the "Meeting") **via electronic means only**. If a Member being a Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act of Singapore) wishes to vote at the Meeting, then he/she/it should complete the Depositor Proxy Form appointing the Chairman of the Meeting as proxy and deposit the duly completed Depositor Proxy Form at the Singapore Share Transfer Agent, B.A.C.S. Private Limited, 8 Robinson Road #03-00, ASO Building, Singapore 048544 or sent by email to [main@zicoholdings.com](mailto:main@zicoholdings.com) at least forty-eight (48) hours before the time of the Meeting.
3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

## Participation in the Annual General Meeting ("AGM") via "live" webcast or "live" audio feed

1. As the AGM will be held by way of electronic means, Members/Depositors will **NOT** be able to attend the AGM in person. All Members/Depositors or their corporate representatives (in the case of Members/Depositors which are legal entities) will be able to participate in the AGM proceedings by accessing a "live" webcast or listening to a "live" audio feed. To do so, Members/Depositors are required to pre-register their participation in the AGM ("Pre-registration") at this link: <https://agm.conveneagm.com/cybagm2020> ("AGM Registration and Q&A Link") **by 10:30 a.m. on 28 October 2020** ("Registration Deadline") for verification of their status as Members/Depositors (or the corporate representatives of such Members/Depositors).
2. Upon successful verification, each such Member/Depositor or its corporate representative will receive an email by **5:00 p.m. on 29 October 2020**. The email will contain instructions to access the "live" webcast or "live" audio feed of the AGM proceedings. Members/Depositors or their corporate representatives must not forward the email to other persons who are not Members/Depositors and who are not entitled to participate in the AGM proceedings. Members/Depositors or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 1 above but do not receive an email by **5:00 p.m. on 29 October 2020** may contact the Company for assistance at [main@zicoholdings.com](mailto:main@zicoholdings.com).

## Voting by proxy

3. Members/Depositors may only exercise their voting rights at the AGM via proxy voting (see paragraphs 4 and 5 below).
4. Members/Depositors who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the Meeting as their proxy to do so on their behalf, indicating how the Member/Depositor wished to vote for or vote against or abstain from voting on each resolution.
5. The duly executed proxy form must be deposited at the office of the **Singapore Share Transfer Agent at B.A.C.S. Private Limited, 8 Robinson Road #03-00, ASO Building, Singapore 048544** or sent by email to [main@zicoholdings.com](mailto:main@zicoholdings.com) not less than forty-eight (48) hours before the time appointed for the holding of the AGM.
6. Please note that Members/Depositors will not be able to vote through the "live" webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

# Notice of Annual General Meeting

## Voting by proxy – (Continued)

7. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **at least seven (7) working days before the AGM (i.e. by 10:00 a.m. on 21 October 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.**

## Submission of questions prior to the AGM

8. Members/Depositors may submit questions related to the resolutions to be tabled at the AGM during Pre-registration via the AGM Registration and Q&A Link by 10:30 a.m. on 23 October 2020 so that they may be addressed before or during the AGM proceedings.
9. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received either before or during the AGM. The Company will publish the minutes of the AGM on SGXNet within one month after the date of AGM.
10. Please note that Members/Depositors will not be able to ask questions at the AGM “live” during the webcast and the audio feed, and therefore it is important for Members/Depositors to pre-register their participation in order to be able to submit their questions in advance of the AGM.

## Important reminder

**Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Members/Depositors are advised to regularly check the Company’s announcements released on SGXNet for updates on the AGM. Further, in light of the current COVID-19 measures, which may make it difficult for Members/Depositors to submit completed proxy forms by post, Members/Depositors are strongly encouraged to submit completed proxy forms electronically via email.**

## Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the Annual General Meeting and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the Annual General Meeting in accordance with this Notice, a Member/Depositor of the Company consents to the collection, use and disclosure of the Member’s/Depositor’s personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the Annual General Meeting (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to Members/Depositors (or their corporate representatives in the case of Members/Depositors which are legal entities) to the live webcast or live audio feed of the Annual General Meeting proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from Members/Depositors received before the Annual General Meeting and if necessary, following up with the relevant Members/Depositors in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.



# China Yuanbang Property Holdings Limited

(Company Registration Number: 39247)  
(Incorporated in Bermuda on 4 December 2006)

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