



CHINA YUANBANG PROPERTY HOLDINGS LIMITED
(Incorporated in Bermuda)
(Co. Reg. No: 39247)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Statement of Comprehensive Income for the year ended 30 June 2019. These figures have not been audited.

| | Group Year ended | | % Changes |
|---|-----------------------------------|---------------------------------|--------------|
| | 30/6/2019 RMB'000 Unaudited | 30/6/2018 RMB'000 Audited | |
| Revenue | 1,943,703 | 1,027,838 | 89.1 |
| Cost of sales | (1,638,587) | (900,099) | 82.0 |
| Gross profit | 305,116 | 127,739 | 138.9 |
| Other income and gains | 69,497 | 43,938 | 58.2 |
| Fair value adjustments on investment properties | 584 | 4,507 | (87.0) |
| Selling expenses | (40,969) | (56,343) | (27.3) |
| Administrative expenses | (99,282) | (66,382) | 49.6 |
| Other operating expenses | (46,440) | (30,389) | 52.8 |
| Operating profit | 188,506 | 23,070 | 717.1 |
| Finance costs | (2,602) | (2,273) | 14.5 |
| Profit before income tax | 185,904 | 20,797 | 793.9 |
| Income tax expense | (95,279) | (74,535) | 27.8 |
| Profit/ (loss) for the year | 90,625 | (53,738) | N.M |
| Other comprehensive income, net of tax items, that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of financial statements of foreign operations | 5,206 | 1,665 | 212.7 |
| Total comprehensive income/ (expense) for the year | 95,831 | (52,073) | N.M |
| Profit/ (loss) attributable to: | | | |
| Owners of the Company | 87,938 | (46,703) | N.M |
| Non-controlling interests | 2,687 | (7,035) | N.M |
| | 90,625 | (53,738) | N.M |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 93,144 | (45,038) | N.M |
| Non-controlling interests | 2,687 | (7,035) | N.M |
| | 95,831 | (52,073) | N.M |

* Not Meaningful

The Group's profit before income tax is arrived at after charging/(crediting):

| | Group | |
|---|------------|------------|
| | Year ended | |
| | 30/06/2019 | 30/06/2018 |
| | RMB'000 | RMB'000 |
| | Unaudited | Audited |
| Amortisation of land use rights | 288 | 287 |
| Depreciation of property, plant and equipment | 5,934 | 7,905 |
| Interest charges on financial liabilities carried at amortised cost | 75,303 | 77,538 |
| Less: amount capitalised in properties held under development | (72,701) | (75,265) |
| | 2,602 | 2,273 |
| Interest income | (25,978) | (2,329) |
| Write-down of properties held for sale to net realisable value | 15,765 | 5,153 |
| Gain on disposals of property, plant and equipment | (9) | (87) |
| Provision for impairment of other receivables | 16,159 | 2,407 |
| Provision for impairment of loan receivables | 6,496 | - |
| Provision for impairment of account receivables | 477 | - |
| Loss on disposals of investment properties | - | 507 |

1(b)(i) Statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| Statements of Financial Position | Group | | Company | |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 30/6/2019 RMB'000 Unaudited | 30/6/2018 RMB'000 Audited | 30/6/2019 RMB'000 Unaudited | 30/6/2018 RMB'000 Audited |
| ASSETS AND LIABILITIES | | | | |
| Non-current assets | | | | |
| Interests in subsidiaries | - | - | 134,381 | 134,381 |
| Property, plant and equipment | 108,163 | 107,299 | - | - |
| Investment properties | 587,600 | 586,800 | - | - |
| Land use rights | 9,806 | 10,094 | - | - |
| Deposit paid | 120,000 | 85,000 | - | - |
| Loan receivables | 40,070 | 18,800 | - | - |
| Deferred tax assets | 40,913 | 34,065 | - | - |
| | 906,552 | 842,058 | 134,381 | 134,381 |
| Current assets | | | | |
| Properties held under development | 439,918 | 1,708,654 | - | - |
| Properties held for sale | 1,252,513 | 1,378,865 | - | - |
| Accounts receivable | 59,157 | 35,721 | - | - |
| Prepayments, deposits paid and other receivables | 570,246 | 752,032 | 1,483 | 1,406 |
| Due from subsidiaries | - | - | 324,300 | 335,699 |
| Contract assets/ due from customers for contract work | 31,165 | 22,444 | - | - |
| Loan receivable | 109,269 | 6,152 | - | - |
| Cash and bank balances | 123,147 | 180,310 | - | - |
| | 2,585,415 | 4,084,178 | 325,783 | 337,105 |
| Current liabilities | | | | |
| Accounts payable | 504,671 | 654,664 | - | - |
| Contract liabilities/ receipts in advance | 562,832 | 1,310,959 | - | - |
| Accruals, deposits received and other payables | 412,013 | 951,950 | 1,989 | 9,888 |
| Interest-bearing bank and other borrowings | 431,595 | 268,244 | - | - |
| Income tax payable | 165,340 | 197,515 | - | - |
| | 2,076,451 | 3,383,332 | 1,989 | 9,888 |
| Net current assets | 508,964 | 700,846 | 323,794 | 327,217 |
| Total assets less current liabilities | 1,415,516 | 1,542,904 | 458,175 | 461,598 |
| Non-current liabilities | | | | |
| Interest-bearing bank and other borrowings | 359,749 | 490,979 | - | - |
| Deferred tax liabilities | 140,016 | 139,876 | - | - |
| | 499,765 | 630,855 | - | - |
| Net assets | 915,751 | 912,049 | 458,175 | 461,598 |
| EQUITY | | | | |
| Equity attributable to owners of the Company | | | | |
| Share capital | 133,882 | 133,882 | 133,882 | 133,882 |
| Reserves | 552,893 | 487,938 | 324,293 | 327,716 |
| | 686,775 | 621,820 | 458,175 | 461,598 |
| Non-controlling interests | 228,976 | 290,229 | - | - |
| Total equity | 915,751 | 912,049 | 458,175 | 461,598 |

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

| As at 30/06/2019 | | As at 30/06/2018 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 431,595 | - | 244,504 | 23,740 |

Amount repayable after one year

| As at 30/06/2019 | | As at 30/06/2018 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 331,974 | 27,775 | 490,979 | - |

Details of any collateral

As at 30 June 2019, the Group's interest-bearing borrowings from banks and other financial institutions of RMB270.3 million (2018: RMB217.3 million) and other borrowings of RMB493.2 million (2018: RMB518.2 million) were secured by the pledge of the Group's properties held under development, properties held for sale, bank deposits and investment properties of RMB104.3 million, RMB858.9 million, RMB3.4 million and RMB584.3 million (2018: RMB384.9 million, RMB1,004.9 million, RMB4.7 million and RMB517.4 million), respectively.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | |
|---|------------------|-----------------|
| | Year ended | Year ended |
| | 30/6/2019 | 30/6/2018 |
| | RMB'000 | RMB'000 |
| | Unaudited | Audited |
| Cash flows from operating activities | | |
| Profit before income tax | 185,904 | 20,797 |
| Adjustments for: | | |
| Amortisation of land use rights | 288 | 287 |
| Depreciation of property, plant and equipment | 5,934 | 7,905 |
| Fair value adjustments on investment properties | (584) | (4,507) |
| Interest expense | 2,602 | 2,273 |
| Interest income | (25,978) | (2,329) |
| Gain on disposals of property, plant and equipment | (9) | (87) |
| Loss on disposals of investment properties | - | 507 |
| Impairment loss on other receivables | 16,159 | 2,407 |
| Impairment loss on loan receivables | 6,496 | - |
| Impairment loss on account receivables | 477 | - |
| Write-down of properties held for sales | 15,765 | 5,153 |
| Operating profit before working capital changes | 207,054 | 32,406 |
| Increase in properties held under development | (55,679) | (199,559) |
| Decrease in properties held for sale | 1,508,798 | 386,702 |
| Increase in accounts receivable | (29,570) | (2,919) |
| Decrease in prepayments, deposits paid and other receivables | 119,834 | 10,945 |
| Increase in contract assets/ due from customer for contract work | (4,885) | (22,444) |
| (Decrease)/ increase in account payables | (149,993) | 117,092 |
| (Decrease)/ increase in contract liabilities/ receipts in advance | (796,685) | 116,750 |
| Decrease in accruals, deposits received and other payables | (541,374) | (194,347) |
| Cash generated from operations | 257,500 | 244,626 |
| Income taxes refunded/ paid | (120,506) | (49,673) |
| Interest received | 542 | 877 |
| <i>Net cash generated from operating activities</i> | 137,536 | 195,830 |
| Cash flows from an investing activity | | |
| Increase in loan receivables | (113,600) | (23,500) |
| Increase in deposit paid | (35,000) | (85,000) |
| Proceeds from disposals of investment properties | - | 6,400 |
| Increase in restricted bank deposits | 964 | 95,782 |
| Purchases of property, plant and equipment | (8,227) | (10,649) |
| Proceeds from disposal of property, plant and equipment | 343 | 108 |
| <i>Net cash used in investing activities</i> | (155,520) | (16,859) |

Cash flows from financing activities

| | | |
|---|-----------------|------------------|
| Interest paid | (75,303) | (2,273) |
| Proceeds from bank and other borrowings | 281,383 | 244,169 |
| Repayments of bank and other borrowings | (249,794) | (669,871) |
| <i>Net cash used in financing activities</i> | (43,714) | (427,975) |
| Net decrease in cash and cash equivalents | (61,698) | (249,004) |
| Effect on exchange translation | 5,499 | 1,665 |
| Cash and cash equivalents at beginning of period | 161,351 | 408,690 |
| Cash and cash equivalents at end of period | 105,152 | 161,351 |

| | Group | |
|---|----------------|----------------|
| | Year ended | |
| | 30/6/2019 | 30/6/2018 |
| | RMB'000 | RMB'000 |
| | Unaudited | Audited |
| Cash and bank balances | 123,147 | 180,310 |
| Less: Restricted bank deposits | (17,995) | (18,959) |
| Cash and cash equivalents for the purpose of statement of cash flows | 105,152 | 161,351 |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | Share capital RMB'000 | Share premium* RMB'000 | Capital reserve* RMB'000 | Merger reserve* RMB'000 | Revaluation reserve* RMB'000 | Statutory reserve* RMB'000 | Translation reserve* RMB'000 | Retained profits* RMB'000 | Non-controlling Interests RMB'000 | Total Equity RMB'000 |
|---|--------------------------|---------------------------|-----------------------------|----------------------------|---------------------------------|-------------------------------|---------------------------------|------------------------------|--------------------------------------|-------------------------|
| At 30 June 2017 and 1 July 2017 (Audited) | 133,882 | 302,585 | - | 20,720 | 10,293 | 93,892 | 2,399 | 103,087 | 297,264 | 964,122 |
| Loss for the year | - | - | - | - | - | - | - | (46,703) | (7,035) | (53,738) |
| Other comprehensive income | | | | | | | | | | |
| - Exchange differences on translation of financial statements of foreign operations | - | - | - | - | - | - | 1,665 | - | - | 1,665 |
| Total comprehensive income for the year | - | - | - | - | - | - | 1,665 | (46,703) | (7,035) | (52,073) |
| At 30 June 2018 (Audited) | 133,882 | 302,585 | - | 20,720 | 10,293 | 93,892 | 4,064 | 56,384 | 290,229 | 912,049 |
| At 30 June 2018 (Audited) | 133,882 | 302,585 | - | 20,720 | 10,293 | 93,892 | 4,064 | 56,384 | 290,229 | 912,049 |
| Adjustment on adoption of IFRS 15 | - | - | - | - | - | - | - | 1,957 | 1,880 | 3,837 |
| Adjustment on adoption of IFRS 9 | - | - | - | - | - | - | - | (31,688) | (14,278) | (45,966) |
| At 1 July 2018 | 133,882 | 302,585 | - | 20,720 | 10,293 | 93,892 | 4,064 | 26,653 | 277,831 | 869,920 |
| Profit for the year | - | - | - | - | - | - | - | 87,938 | 2,687 | 90,625 |
| Other comprehensive income | | | | | | | | | | |
| - Exchange differences on translation of financial statements of foreign operations | - | - | - | - | - | - | 5,206 | - | - | 5,206 |
| Total comprehensive income for the year | - | - | - | - | - | - | 5,206 | 87,938 | 2,687 | 95,831 |
| Deemed acquisition of non-controlling interests | - | - | 1,542 | - | - | - | - | - | (51,542) | (50,000) |
| Transfer to statutory reserve | - | - | - | - | - | 3,322 | - | (3,322) | - | - |
| At 30 June 2019 (Unaudited) | 133,882 | 302,585 | 1,542 | 20,720 | 10,293 | 97,214 | 9,270 | 111,269 | 228,976 | 915,751 |

* These reserve accounts comprise the consolidated reserves of approximately RMB552,893,000 (2018: RMB487,938,000) in the consolidated statement of financial position.

| Company | Share capital RMB'000 | Share premium** RMB'000 | Contributed surplus** RMB'000 | Accumulated losses** RMB'000 | Total RMB'000 |
|--|--------------------------|-------------------------------|-------------------------------------|------------------------------------|------------------|
| At 1 July 2017 (Audited) | 133,882 | 304,474 | 35,064 | (9,886) | 463,534 |
| Loss for the year and total comprehensive income for the year | - | - | - | (1,936) | (1,936) |
| At 30 June 2018 (Audited) | 133,882 | 304,474 | 35,064 | (11,822) | 461,598 |
| At 1 July 2018 (Audited) | 133,882 | 304,474 | 35,064 | (11,822) | 461,598 |
| Loss for the year and total comprehensive income for the year | - | - | - | (3,423) | (3,423) |
| At 30 June 2019 (Unaudited) | 133,882 | 304,474 | 35,064 | (15,245) | 458,175 |

** These reserve accounts comprise the Company's reserves of approximately RMB324,293,000 (2018: RMB327,716,000) in the statement of financial position of the Company.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is as at the end of the current financial period reported on and as at the end of the immediately preceding financial year.

There were no subsidiary holdings and treasury shares and the Company does not have any share that may be issued on conversion of any outstanding convertibles as at 30 June 2019 and as at 30 June 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 |
| Total number of issued shares | 69,400,000 | 69,400,000 | 69,400,000 | 69,400,000 |
| Less: Treasury shares | - | - | - | - |
| Total number of issued shares excluding treasury shares | 69,400,000 | 69,400,000 | 69,400,000 | 69,400,000 |

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 30 June 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the following new IFRSs effective for the financial period beginning 1 July 2018. The adoption of these new IFRSs did not give rise to significant change to the financial statement except for below:

(i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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. The Group recognised revenue when it has satisfied its performance obligation. Management is of the view that the adoption of the standard has no significant impact on the financial position or financial performance of the Group.

Contract liability

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

Prior to the adoption of IFRS 15, the Group recognised its contract liabilities as receipt in advance from customers in the consolidated statement of financial position. Upon the

adoption of IFRS 15, reclassifications have been made from receipts in advance to contract liabilities.

As of 1 July 2018, an increase in contract liabilities of approximately RMB1,310,959,000 and a decrease in receipts in advance of approximately RMB1,310,959,000 were recognised.

(ii) IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces the existing incurred loss model with a forward-looking expected credit loss (“ECL”) model. The Group will now be required to consider historic, current and forward-looking information (including macro-economic data). This will result in the earlier recognition of credit losses as it will no longer be appropriate for the Group to wait for an incurred loss event to have occurred before credit losses are recognized.

In accordance with the specific transitional provisions set out in IFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment under ECL model) to items that existed as of the date of initial application (i.e. 1 July 2018) on a retrospective basis based on the facts and circumstances that existed as at 1 July 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of IAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of IFRS 9 has been recognised as adjustments to the opening retained profits and other component of equity as at 1 July 2018.

The Group applied the IFRS 9 simplified approach to measure ECLs which recognises lifetime ECLs for all account receivables. Loss allowance for other financial assets at amortised cost is measured on 12-month ECL basis unless they had been significant increase in credit risk since initial recognition.

The following table shows the adjustments for each individual line item in the consolidated statement of financial position as at 1 July 2018 on adoption of IFRS 9.

| Consolidated Statement of Financial Position (extracted) | 30 June 2018 RMB'000 | IFRS 9 RMB'000 | 1 July 2018 RMB'000 |
|---|---------------------------------|---------------------------|--------------------------------|
| Non-current assets | | | |
| Loan receivables | 18,000 | - | 18,000 |
| Deferred tax assets | 34,065 | 13,651 | 47,716 |
| Current assets | | | |
| Accounts receivable | 35,721 | (5,656) | 30,065 |
| Prepayments, deposits paid and other receivables | 752,032 | (45,793) | 706,239 |
| Loan receivables | 24,952 | (8,153) | 16,799 |
| Equity | | | |
| Retained earnings | 56,384 | (31,674) | 24,710 |
| Non-controlling interests | 290,229 | (14,277) | 275,952 |

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | Group | |
|--------------------------------------|------------|------------|
| | Year ended | |
| | 30/06/2019 | 30/06/2018 |
| Profits/ (Losses) per ordinary share | | |
| (a) Basic (RMB dollar) | 1.27 | (0.67) |
| (b) Fully diluted (RMB dollar) | N/A | N/A |

Notes:

The calculation of basic profits per ordinary share is based on the profit for the year attributable to owner of the Company of approximately RMB87,938,000 (FY2018: loss for the year attributable to owner of approximately RMB46,703,000) and the ordinary shares of 69,400,000 (FY2018: ordinary shares of 69,400,000) in issue during the year.

Diluted earnings per ordinary share for the year ended 30 June 2019 and 30 June 2018 was not presented as there was no potential dilution of the Group's ordinary share capital.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 30/06/2019 | 30/06/2018 | 30/06/2019 | 30/06/2018 |
| Net asset value per ordinary share based on issued share capital at the end of the year (RMB dollars) | 9.90 | 8.96 | 6.60 | 6.65 |

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Review of performance

Revenue

The Group's revenue for the year ended 30 June 2019 ("FY2019") was RMB1,943.7 million compared to RMB1,027.8 million in FY2018, an increase of RMB915.9 million. The Group's revenue in FY2019 was mainly attributable to more property units handed over to buyers for Xilang Project namely Ming Yue Shui An (明月水岸), Tonghua City Project namely Hou De Zai Wu (厚德載物) and Huadu Project (Phases I and II) namely Shan Qing Shui Xiu (山清水秀).

For FY2019, the Group has handed over 1,050 residential units of Shan Qing Shui Xiu, 85 residential units of Ming Yue Shui An and 1,927 residential units of Hou De Zai Wu.

Cost of sales

The Group recorded cost of sales of RMB1,638.6 million for FY2019 which was RMB738.5 million higher compared to RMB900.1 million in FY2018. The increase in cost of sales by 82.0% was in tandem with the increase in revenue.

Gross profit

The Group recorded a gross profit of RMB305.1 million for FY2019 which was RMB177.4 million higher compared to RMB127.7 million in FY2018. The increase in gross profit margin from 12.4% in FY2018 to 15.7% in FY2019 was mainly due to handover of units of Ming Yue Shui An and Shan Qing Shui Xiu which had a higher gross profit margin.

Other income and gains

The Group recorded other income and gains of RMB69.5 million for FY2019 which was RMB25.6 million higher compared to RMB43.9 million in FY2018. The increase was comprised

- 1) increase in both the admission ticket sales and in-park recreation income of Batai Mountain National Park of RMB21.1 million (FY2018: RMB16.6 million) for the year. The increase in tourism income was mainly due to the Group's effort in promoting the national park.
- 2) interest income amounting to RMB 26.0 million derived from the loan made to to Guangzhou Jiadi Xindu Development Co., Ltd and Kaiping Qingshi Auto Parts Co., Limited.

Fair value adjustments on investment properties

The Group recorded RMB0.6 million arising from fair value adjustments on the Group's investment properties in FY2019 compared to a gain of RMB4.5 million in FY2018 based on the valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 29 August 2019. As both the rental income and occupancy rate have remained stable, the fair value adjustments on investment properties increased slightly by RMB0.6 million.

Selling expenses

The Group recorded selling expenses of RMB41.0 million for FY2019 which was RMB15.3 million lower compared to RMB56.3 million in FY2018. The decrease was mainly attributable to lower sales commission expenses (FY2019: RMB29.8 million; FY2018: RMB40.7 million) following the restructuring of the Group's sales compensation plan.

Administrative expenses

The Group recorded administrative expenses of RMB99.3 million for FY2019 which were RMB32.9 million higher compared to RMB66.4 million in FY2018. The increase was mainly due to a one-off compensation amounting to RMB 27.7 million paid to the buyers of the 394 residential unit buyers of Ming Yue Shui An and Shan Qing Shui Xiu. The compensation was due to delay in completing the interior renovation works, which led to a delay in the handover of the said units.

Other operating expenses

The Group recorded other operating expenses of RMB46.4 million for FY2019 which were RMB16.0 million higher compared to RMB30.4 million in FY2018. The expenses mainly comprised:

- (i) direct expenses such as staff cost, repair and maintenance, amounting to RMB15.7 million (FY2018: RMB14.3 million) in relation to the operation of Batai Mountain National Park;
- (ii) an impairment loss of account, loan and other receivables amounting to RMB 23.1 million (FY2018: RMB 2.4 million). The impairment loss of account, loan and other receivables was resulted from the application of IFRS 9 at the beginning of the financial year. The Group has recognised an impairment loss based on results of the Expected Credit Loss model.

Finance costs

The Group recorded finance cost of RMB2.6 million for FY2019 which was RMB0.3 million higher compared to RMB2.3 million in FY2018. The interest expenses were mainly attributable to the other borrowings which were used for working capital purposes during the year. Finance costs for borrowings which were used for project financing were capitalised under the relevant projects accordingly.

Income tax expense

The breakdown of income tax expense is as follows:

| | FY2019 RMB'000 | FY2018 RMB'000 |
|--------------------------|----------------------|----------------------|
| Current income tax - PRC | | |
| - Enterprise income tax | 67,339 | 39,138 |
| - Land appreciation tax | 20,992 | 18,597 |
| | <u>88,331</u> | <u>57,735</u> |
| Deferred tax - PRC | 6,948 | 16,800 |
| Total income tax expense | <u><u>95,279</u></u> | <u><u>74,535</u></u> |

The Group recorded an income tax expense of RMB95.3 million for FY2019 which was RMB20.8 million higher compared to RMB74.5 million in FY2018. The amount mainly represented the provision of PRC enterprise income tax ("EIT") of RMB67.3 million, land appreciation tax ("LAT") of RMB21.0 million and deferred tax expenses of RMB6.9 million provided for the year.

The increase in provision of PRC EIT from last year was due to the increase in assessable profits during the year. The provision of LAT was higher for FY2019 due to the significant appreciation of the properties in Ming Yue Shui An and Shan Qing Shui Xiu.

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

Profit for the year

Profit before tax in FY2019 was RMB185.9 million an increase of RMB165.1 from RMB20.8 million in FY2018. The Group recorded a net profit of RMB90.6 million compared to a net loss of RMB53.7 million in FY2018. This was mainly due to the reasons above.

Cash flows analysis

For FY2019, the Group recorded RMB137.5 million of cash inflow from operating activities which was mainly attributable to the decrease in properties held for sale.

Net cash outflow from investing activities in FY2019 of RMB155.5 million was mainly due to increase in loan receivable of RMB113.6 million.

Net cash outflow from financing activities in FY2019 of RMB43.7 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 RMB123.1 million.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Consolidated Financial Position as at 30 June 2019

Non-current assets

As at 30 June 2019, the Group had non-current assets of RMB906.6 million, representing an increase of RMB64.5 million compared to RMB842.1 million as at 30 June 2018. The increase was mainly attributable to :

- (i) the payment of balance deposit of RMB35.0 million for the possible acquisition of an equity interest in a company that holds the development rights to a 32,566.64 sqm. land parcel in Huadu District of Guangzhou. The total deposit paid till date is RMB120.0million. The said transaction is awaiting approval from the relevant regulatory authorities to re-develop the land.
- (ii) increase in deferred tax assets of RMB 6.8 million due to recognition of provision for impairment
- (iii) The increase in loan receivables of RMB 21.3 million made to Guangzhou Jiadi Xindu Development Co., Ltd. (“Jiadi Xindu”).

The total loan receivable as at 30 June 2019 of RMB 40.1 million relates to an interest-bearing loan to Jiadi Xindu. The loan is secured by income of Jiadi Xindu’s property development projects in Guangzhou. The loan was made to secure the rights for the Group to participate in Jiadi Xindu’s future property development projects, namely a commercial property development project in Zhongshan, Guangdong Province with land area of 2,727.7sqm, and two tourist projects in Beidaihe, Liaoning Province and Hainan Province.

Current assets

As at 30 June 2019, the Group’s current assets stood at RMB2,585.4 million, representing a decrease of RMB1,498.8 million compared to RMB4,084.2 million as at 30 June 2018. The decrease was mainly attributable to the decrease in properties held under development by RMB1,268.8 million. The decrease in properties under development was mainly due to the transfer of properties under development to properties held for sale in FY2019.

The loan receivables which amounting to RMB 109.3 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 2019, the Group’s current liabilities stood at RMB2,076.5 million, representing a decrease of RMB1,306.8 million, compared to RMB3,383.3 million as at 30 June 2018.

The decrease in current liabilities was mainly due to the net effect of (i) an increase in borrowings by RMB163.4 million due to reclassification of current portion of long-term borrowings to current liabilities accordingly to maturity date; (ii) a decrease in contract liabilities by RMB748.2 million due to handover of pre-sale units of Shan Qing Shu Xiu, Ming Yue Shui An and Hou De Zai Wu. (iii) decrease in deposit received from buyers by RMB 459.4 million due to more properties were handed over to customers. (iv) income tax payables decreased by RMB 32.2 million due to settlement of income tax expenses during the year.

Non-current liabilities

As at 30 June 2019, the Group’s non-current liabilities stood at RMB499.8 million, representing a decrease of RMB131.1 million, compared to RMB630.9 million as at 30 June

2018. This was mainly due to long-term interest-bearing bank and other borrowings classified to current liabilities during the year.

Total equity

As at 30 June 2019, the equity attributable to owners of the Company increased by RMB 65.0 million from RMB 621.8 million as at 30 June 2018 to RMB RMB 686.8 million as at 30 June 2019. The increase in equity attributable to owners of the Company was mainly due to the net profit during the year.

The Group's equity stood at RMB915.8 million, representing a increase of RMB3.8 million, compared to RMB912.0 million as at 30 June 2018. The increase in equity is the net effect of he Group's net profit for the year and a decrease in non-controlling interest.

In FY2019, the Group acquired of a further 46% equity interest in its 51% owned subsidiary, Tonghua Litong Real Estate Development Co., Limited ("Tonghua Litong"), from the non-controlling shareholder for a consideration of RMB50 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Heightened trade tensions between the United States and China have heightened the economic uncertainty. If the dispute between the world's two largest economies is prolonged and escalates further, it is inevitable that China's GDP would be impacted and buyers may delay or become cautious in investing in real estate properties.

Despite the challenging environment, the Central Government continues to promote the development of urbanisation and promotion of the "Guangdong-Hong Kong-Macao Greater Bay Area", the property market for the said region is expected to continue developing at a steady pace as per National Bureau of Statistics Official data which indicated new home prices increased by 4.2% year-on-year in July 2019.

The Group has been focusing its property development in Guangdong province for over 10 years and will continue to do so in Guangzhou so as to benefit from the dynamic economic growth of the Greater Bay Area.

Details of the occupancy and take-up rates of the Group's major existing projects which had obtained pre-sale certificates as at 30 June 2019 are as follows:

| | Shan Qing Shui Xiu (山清水秀) | Ming Yue Jin An (明月金岸) | Ming Yue Shui An (明月水岸) | Hou De Zai Wu (厚德载物) |
|--|------------------------------|---------------------------|----------------------------|-------------------------|
| Total units available for sales | 2,686 | 713 | 1,419 | 5,650 |
| Total units handed over to buyers as of 30 June 2019 | 1,425 | 478 | 855 | 3,448 |
| Percentage of handed over | 53% | 67% | 60% | 61% |
| Pre-sale units not handed over to buyers as at 30 June 2019 | | | | |
| - Residential unit | 128 | 2 | 6 | 422 |
| - Carpark unit | 7 | 6 | 85 | 5 |
| - Commercial unit | N/A | N/A | N/A | 19 |
| Pre-sale value received not handed over to buyers as at 30 June 2019 | RMB210.9 million | RMB2.9 million | RMB23.4 million | RMB203.7 million |

Note: The Group's Aqua Lake Grand City Project and Ming Yue Xing Hui has recorded near 100% of the residential units handed over to buyers and thus, it will not be reflected in the above table.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the full year results ended 30 June 2019 as the Group wishes to conserve its cash for operational purpose.

PART II -ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Properties development is the only business segment of the Group. No geographical segment analysis was presented as the Group's revenue was derived in the PRC. Accordingly, no separate business and geographical segment information was prepared.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 15. A breakdown of sales.**

Not applicable

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable

- 17. General mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii)**

The Company does not have any IPT mandate.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any during the year |
|----------|-----|--|--|--|
| Lin Yeju | 50 | Spouse of Mr Chen Jianfeng, Substantial Shareholder. | Non-Executive Director and Chairman of the Board - 2015 Executive Director of Nanchang Changhao Real Estate Consultancy Co. Ltd., a wholly-owned subsidiary of the Group - 2008 | Nil |

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Lin Yeju
Non-Executive Chairman

29 August 2019