

CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No.: 39247)

RESPONSES TO QUERIES FROM SGX-ST

The Board of Directors of China Yuanbang Property Holdings Limited (the "**Company**" or together with its subsidiaries, the "**Group**") refers to the Company's announcement released to SGX-ST on 17 April 2020 titled "Appointment of Director and Legal Representatives of the Group's subsidiaries".

The following information is in response to the SGX-ST's queries dated 21 April 2020.

- 1) We refer to the Company's announcement on 17 April 2020 titled "Appointment of Director and Legal Representatives of the Group's subsidiaries". We note that Mr Chen Jianfeng was appointed as the legal representative of all of the company's PRC subsidiaries. It was noted disclosed that both him and his company, Guangdong Hongda Construction and Installation Co., Ltd were found guilty by Guangzhou Baiyun District Court on 23 Sep 2015 of providing monetary favors totaling RMB850,000 to certain then-employees of China Southern Airlines Co Ltd between 2001 to 2006 when Guangdong Hongda Construction and Installation Co., Ltd. was contracted to construct Guangzhou Baiyun Airport's administration block. Guangdong Hongda Construction and Installation Co., Ltd. was fined RMB350,000 and Mr Chen was incarcerated for 9 months till 10 Oct 2015." Please provide specific details on his specific role which led to his incarceration.

Response: Mr Chen Jianfeng ("Mr Chen") was the founder and legal representative of Guangdong Hongda Construction and Installation Co., Ltd ("Guangdong Hongda"). Guangdong Hongda was one of the successful bidders for the construction of the Guangzhou Baiyun Airport's administration block project. Both Mr Chen and Guangdong Hongda were found guilty of providing monetary favours totaling RMB850,000 to certain then-employees of China Southern Airlines Co Ltd to secure the construction contract. Mr Chen was responsible for the judgement imposed by the Guangzhou Baiyun District Court on 23 September 2015 ("the Judgement") as he was the legal representative of Guangdong Hongda then.

- 2) We refer to Listing Rule 720 read with Listing Rule 210(5). Listing Rule 210(5) requires that the character and integrity of the directors, management and controlling shareholders of the issuer will be a relevant factor for consideration. Noting the background and track record of Mr Chen Jianfeng, please provide the Nominating Committee's view that he is suitable to be Executive Director and Legal Representative of the Group's subsidiaries? Please robustly provide strong justification on the NC's and the Board's basis that the appointment is in compliance with Listing Rule 720.

Response: The Nominating Committee and the Board are of the view that Mr Chen is suitable to be the executive director and legal representative of the Group's subsidiaries and his appointment is in compliance with Listing Rule 720, after taking into consideration of the followings:-

- (i) Other than the Judgement which happened more than 10 years ago, Mr Chen has not been involved in any other legal proceedings.
 - (ii) Mr Chen is not disqualified from holding any directorships in the PRC. The China's Industry and Commerce Bureau did not object the appointment of Mr Chen to be a director and legal representative of the PRC subsidiaries namely Guangdong Yuanbang Real Estate Development Co. Ltd ("GDYB") and Guangzhou Yuanbang Real Estate Development Co., Ltd ("GZYB").
 - (iii) Mr Chen is an experienced veteran in the property development industry in the PRC and has extensive business network. The Group will benefit from having Mr Chen joining on the board of the Group's subsidiaries namely GDYB, GZYB and RichLuck Group Limited ("Rich Luck") (incorporated in the British Virgin Islands) as well as acting as the legal representative of GDYB and GZYB.
 - (iv) The fact that the banks in the PRC have specifically requested Mr Chen to be appointed as the legal representative of the Group's subsidiaries shows that the banks continue to have trust and faith in Mr Chen's character and integrity.
- 3) To disclose the specific safeguards and internal controls put in place by the Board and the AC to ensure that the Company has effective and adequate internal controls relating to its operational, financial, compliance, IT risks and its risk management processes as a result of Mr Chen Jianfeng's appointment as the legal representative of the significant subsidiaries of the Company.

Response: In tandem with Mr Chen's appointment as the legal representative, the Group has put in place the following safeguards and internal controls to strengthen its corporate governance:

- (i) The Company's Executive Directors, Mr Zhou Jiangtao ("Mr Zhou") and Mr Ouyang Sheng (Mr Ouyang") were also appointed to the respective Boards together with Mr Chen. The decision making in these subsidiaries will be by way of a majority of votes to be governed by their respective constitution.
- (ii) The internal audit function of the Company is outsourced to Mazars CPA Ltd ("Mazars") who reports to the Audit Committee on internal control matters and to the Chief Executive Officer on administrative matters. Mazars who is the Company's internal auditors, will rotate its scope of work among the Group's subsidiaries to cover the various control aspects in operational, financial, compliance, IT risks and risk management process.

GDYB, one of the three subsidiaries of which Mr Chen was appointed to, is considered a principal subsidiary of the Group.

- 4) Please disclose full details of his CV since 10 Oct 2015 to date.

Response: From 10 Oct 2015 till current date, Mr Chen is not employed other than his recent appointment as director and legal representative of the Group's subsidiaries mentioned in above response 2(ii).

- 5) Please disclose details of Mr Chen Jianfeng's interests in other entities and state whether any of these entities have businesses which are competing or complementary to the principal operations of the Company and whether this will result in any conflicts. Please substantiate the Board's views and disclose the basis for its views.

Response: Save for his shareholding in the Company, Mr Chen currently does not have any interests in other entities.

- 6) It was stated "Mr Chen Jianfeng has also been appointed as legal representative for GDYB and GZYB in place of Mdm Lin. This change is to facilitate the Group effort's in negotiating bank loans/facilities with banks in China as they would view more favourably when the legal representative is also the main controlling shareholder of the Group. GDYB is considered a principal subsidiary of the Group." Please disclose the specific details of what loans/facilities is the Company is negotiating for with the banks in China as well as the identity of the lenders.

Response: The Group is negotiating a RMB 100 million new bank loan to finance its new property development project in Kaiping.

The following table shows the banks that the Group is in contact with and its existing loans with them:

Lender	Principle Amount	Use of Proceeds
Bohai International Trust Co., Ltd	RMB 200 million	For the development of phase III of Shan Qing Shui Xiu
Guangdong Huaxing Bank Co., Ltd	RMB 100 million	For the development of phase III of Shan Qing Shui Xiu
China Guangfa Bank	RMB 24.4 million	For business operation
Total	RMB 324.4 million	

- 7) Please disclose the use of proceeds from these loans/facilities obtained by the Company and full details of these loans and the identities of the lenders.

Response: Please refer to question 6).

- 8) Please elaborate further on why the Company is of the view that the banks will view the Company more favourably when the legal representative is also the main controlling shareholder of the Group.

Response: Due to the COVID-19 situation, banks generally have more stringent requirements when extending loan facilities. The banks in the PRC are of the view that the legal representative is personally liable for any loans undertaken by a company.

- 9) Please elaborate on the reason why Mdm Lin needs to be replaced by Mr Chen Jianfeng as Executive Directors of the subsidiaries on top of being the legal representative.

Response: According to the PRC Law, either the Board Chairman, executive director, or a senior manager of a company can be appointed as legal representative. Hence, Mr Chen has to be appointed as both director and legal representative.

Mdm Lin is the spouse of Mr Chen. The stepping down of Mdm Lin would allow Mr Zhou and Mr Ouyang to comprise the majority of the relevant subsidiaries' board. The Company also wished to inform that Mdm Lin has relinquished her position as director of GDYB, GZYB and Rich Luck.

BY ORDER OF THE BOARD

Huang Tak Wai
Chief Financial Officer / Company Secretary

Date: 23 April 2020