



CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 39247)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim consolidated statement of profit or loss and other comprehensive income

	Notes	Group 6 months ended			Group 12 months ended		
		30/6/2022 RMB'000	30/6/2021 RMB'000	% Changes	30/6/2022 RMB'000	30/6/2021 RMB'000	% Changes
Revenue	3	9,586	317,614	(97.0)	79,180	500,291	(84.2)
Cost of sales		(6,530)	(223,326)	(97.1)	(50,786)	(344,010)	(85.2)
Gross profit		3,056	94,288	(96.8)	28,394	156,281	(81.8)
Other income and gains		15,967	18,520	(14.9)	36,656	45,858	(20.1)
Fair value adjustments on investment properties		(14,900)	600	N.M	(14,900)	600	N.M
Selling expenses		(11,073)	(5,845)	89.4	(16,845)	(9,486)	77.6
Administrative expenses		(25,473)	(42,874)	(40.6)	(54,548)	(64,482)	(15.4)
Other operating expenses		(50,987)	(33,954)	(50.2)	(57,693)	(41,836)	37.9
Operating (loss)/ profit		(83,409)	30,735	N.M	(78,936)	86,935	N.M
Finance costs		(19,406)	(9,188)	111.2	(20,557)	(17,489)	17.5
(Loss)/ profit before income tax	5	(102,815)	21,547	N.M	(99,493)	69,446	N.M
Income tax expense	6	(25,510)	(31,000)	(17.7)	(28,167)	(40,624)	(30.7)
(Loss)/ profit for the year		(128,325)	(9,453)	1,257.5	(127,660)	28,822	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		(2,798)	3,236	N.M.	(943)	5,738	N.M
Total comprehensive income for the year		(131,123)	(6,217)	2,009.1	(128,603)	34,560	N.M
(Loss)/ profit attributable to:							
Owners of the Company		(102,443)	(12,318)	731.7	(100,090)	24,055	N.M
Non-controlling interests		(25,882)	2,865	N.M.	(27,570)	4,767	N.M
		(128,325)	(9,453)	1,257.5	(127,660)	28,822	N.M
Total comprehensive income attributable to:							
Owners of the Company		(105,241)	(9,082)	1,058.8	(101,033)	29,793	N.M
Non-controlling interests		(25,882)	2,865	N.M.	(27,570)	4,767	N.M.
		(131,123)	(6,217)	2,009.1	(128,603)	34,560	N.M
(Loss)/ earnings per share for (loss)/ profit for the period attributable to the owners of the Company during the year:							
Basic and diluted (RMB dollar)		(1.48)	(0.18)		(1.44)	0.35	

* N.M. = Not Meaningful

1(b)(i) A statement of financial position of the Company and the Group, together with a comparative statement as at the end of the immediately preceding financial year.

Condensed interim statements of financial position

		Group		Company	
	Notes	30/6/2022 RMB'000	30/6/2021 RMB'000	30/6/2022 RMB'000	30/6/2021 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Interests in subsidiaries		-	-	134,381	134,381
Property, plant and equipment	7	100,242	106,109	-	-
Investment properties	8	555,500	570,400	-	-
Land use rights	9	8,945	9,232	-	-
Deposit paid		114,888	120,000	-	-
Loan receivables	10	15,600	24,215	-	-
Deferred tax assets		68,704	40,723	-	-
		863,879	870,679	134,381	134,381
Current assets					
Properties held under development	11	450,903	243,212	-	-
Properties held for sale	12	1,072,034	1,178,353	-	-
Accounts receivable		27,387	27,046	-	-
Prepayments, deposits paid and other receivables		493,232	495,777	1,422	1,386
Due from subsidiaries		-	-	326,406	326,204
Contract assets		32,585	32,585	-	-
Loan receivable	10	43,225	36,156	-	-
Cash and bank balances		33,138	81,468	-	-
		2,152,504	2,094,597	327,828	327,590
Current liabilities					
Accounts payable		330,684	347,969	-	-
Contract liabilities		607,603	399,324	-	-
Accruals, deposits received and other payables		85,254	85,751	3,184	2,103
Interest-bearing bank and other borrowings	13	396,372	417,516	-	-
Income tax payable		239,832	234,681	-	-
		1,659,745	1,485,241	3,184	2,103
Net current assets		492,759	609,356	324,644	325,487
Total assets less current liabilities		1,356,638	1,480,035	459,025	459,868
Non-current liabilities					
Interest-bearing bank and other borrowings	13	304,515	295,584	-	-
Deferred tax liabilities		131,953	135,678	-	-
		436,468	431,262	-	-
Net assets		920,170	1,048,773	459,025	459,868
EQUITY					
Equity attributable to owners of the Company					
Share capital		6,255	6,255	6,255	6,255
Reserves		690,517	791,550	452,770	453,613
		696,772	797,805	459,025	459,868
Non-controlling interests		223,398	250,968	-	-
Total equity		920,170	1,048,773	459,025	459,868

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2022		As at 30/06/2021	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
396,372	-	417,516	-

Amount repayable after one year

As at 30/06/2022		As at 30/06/2021	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
277,900	26,615	269,632	25,952

Details of any collateral

As at 30 June 2022, the Group's interest-bearing borrowings from banks and other financial institutions of RMB 314.9 million (2021: RMB302.8 million) and other borrowings of RMB 386.0 million (2021: RMB410.3 million) were secured by the pledge of the Group's properties held under development, properties held for sale, bank deposits, construction in progress, investment properties, property plant and equipment of RMB204.1 million, RMB220.3 million, RMB1.0 million, RMB18.4million, RMB477.2 million, RMB390.5 million (2021: RMB144.2 million, RMB241.4 million, RMB4.2 million, RMB2.7million, RMB549.1 million, RMB393.7 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.

Condensed interim consolidated statement of cash flows

	Group 12 months ended	
	30/6/2022	30/6/2021
	RMB'000	RMB'000
Cash flows from operating activities		
(Loss)/ profit before income tax	(99,493)	69,446
Adjustments for:		
Amortisation of land use rights	287	297
Depreciation of property, plant and equipment	5,441	5,877
Fair value adjustments on investment properties	14,900	(600)
Interest expense	20,557	17,489
Interest income	(10,506)	(9,586)
Loss on disposals of property, plant and equipment	199	82
Impairment loss on other receivables	45,343	8,012
Impairment loss on loan receivables	3,115	9,793
Operating (loss)/ profit before working capital changes	(20,157)	100,810
Increase in properties held under development	(199,235)	(116,435)
Decrease in properties held for sale	48,500	344,010
(Increase)/ decrease in account and bill receivables	(341)	7,687
Increase in prepayments, deposits paid and other receivables	(37,686)	(10,440)
Decrease in account payables	(17,285)	(63,834)
Increase/ (decrease) in contract liabilities	208,279	(149,546)
Increase/ (decrease) in accruals, deposits received and other payables	32,796	(76,087)
Cash generated from operations	14,871	36,165
Income taxes paid	(38,609)	(54,171)
Interest received	4,163	850
<i>Net cash used in operating activities</i>	<i>(19,575)</i>	<i>(17,156)</i>
Cash flows from a investing activities		
Decrease/ (increase) in restricted bank deposits	11,673	(16,050)
Repayment in loan receivables	4,774	15,099
Purchases of property, plant and equipment	(939)	(7,461)
Proceeds from disposal of property, plant and equipment	842	37
<i>Net cash generated from/ (used in) investing activities</i>	<i>16,350</i>	<i>(8,375)</i>
Cash flows from financing activities		
Interest paid	(20,557)	(17,489)
Proceeds from bank and other borrowings	78,000	233,591
Repayments of bank and other borrowings	(90,876)	(204,705)
<i>Net cash (used in)/ generated from financing activities</i>	<i>(33,433)</i>	<i>11,397</i>
Net decrease in cash and cash equivalents	(36,658)	(14,134)
Effect on exchange translation	1	(958)
Cash and cash equivalents at beginning of period	55,553	70,645
Cash and cash equivalents at end of period	18,896	55,553

	Group	
	Year ended	
	30/6/2022	30/6/2021
	RMB'000	RMB'000
	Unaudited	Unaudited
Cash and bank balances	33,138	81,468
Less: Restricted bank deposits	(14,242)	(25,915)
Cash and cash equivalents for the purpose of statement of cash flows	18,896	55,553

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.

Condensed interim statements of changes in equity

Group	Share capital RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Merger reserve* RMB'000	Contributed Surplus* 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 1 July 2020 (Audited)	6,255	302,585	31,547	20,720	127,627	10,293	106,147	14,492	148,346	246,201	1,014,213
Profit for the year	-	-	-	-	-	-	-	-	24,055	4,767	28,822
Other comprehensive income											
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	5,738	-	-	5,738
Total comprehensive income for the year	-	-	-	-	-	-	-	5,738	24,055	4,767	34,560
Transfer to statutory reserve	-	-	-	-	-	-	3,106	-	(3,106)	-	-
At 30 June 2021 (Audited)	6,255	302,585	31,547	20,720	127,627	10,293	109,253	20,230	169,295	250,968	1,048,773
At 1 July 2021 (Audited)	6,255	302,585	31,547	20,720	127,627	10,293	109,253	20,230	169,295	250,968	1,048,773
Loss for the year	-	-	-	-	-	-	-	-	(100,090)	(27,570)	(127,660)
Other comprehensive income											
- Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(943)	-	-	(943)
Total comprehensive income for the year	-	-	-	-	-	-	-	(943)	(100,090)	(27,570)	(128,603)
Transfer to statutory reserve	-	-	-	-	-	-	1,241	-	(1,241)	-	-
At 30 June 2022 (Unaudited)	6,255	302,585	31,547	20,720	127,627	10,293	110,494	19,287	67,964	223,398	920,170

* These reserve accounts comprise the consolidated reserves of approximately RMB690.5 million (2021: RMB791.6 million) in the consolidated statement of financial position.

Company	Share capital RMB'000	Share premium** RMB'000	Contributed surplus** RMB'000	Translation reserve** RMB'000	Accumulated losses** RMB'000	Total RMB'000
At 1 July 2020 (Audited)	6,255	304,474	162,691	2,334	(17,446)	458,308
Loss for the year and total comprehensive income for the year	-	-	-	-	(1,676)	(1,676)
Exchange differences on translation of financial statements of foreign operations	-	-	-	3,236	-	3,236
At 30 June 2021 (Audited)	6,255	304,474	162,691	5,570	(19,122)	459,868
At 1 July 2021 (Audited)	6,255	304,474	162,691	5,570	(19,122)	459,868
Loss for the year and total comprehensive income for the year	-	-	-	-	(2,434)	(2,434)
Exchange differences on translation of financial statements of foreign operations	-	-	-	1,591	-	1,591
At 30 June 2022 (Unaudited)	6,255	304,474	162,691	7,161	(21,556)	459,025

** These reserve accounts comprise the Company's reserves of approximately RMB452.8 million (2021: RMB453.6 million) in the statement of financial position of the Company.

Notes to the condensed interim consolidated financial statements

N1. Corporate 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 activity of the Company's subsidiaries (together with the Company referred as the "Group") is property development. 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").

N2. Basis of Preparation

The condensed interim financial statements for the financial year ended 30 June 2022 have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2021.

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards. The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited financial statements.

The condensed interim consolidated financial statements are presented in Renmibi ("RMB") have been rounded to the nearest thousand (RMB'000) unless otherwise indicated.

N2.1. Use of judgements and estimates

In preparing the condensed interim financial statements for the financial year ended 30 June 2022, management has made judgements, estimate and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In addition to the additional significant accounting judgements and estimates as disclosed below, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

(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 2022 were approximately RMB450.9 million and RMB1,072.0 million (2021: RMB243.2 million and RMB1,178.4 million), 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 8. In determining the fair value, the valuer has based on a method of valuation which involves certain assumptions stated in Note 8. 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 8.

iii. *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 carrying amounts of the Group's loan and other receivables as at 30 June 2022 are RMB 58.8 million and RMB493.2 million, respectively (2021: RMB 60.4 million and RMB495.8 million).

N3. Segment and revenue 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 2022 and 30 June 2021.

N3.1. Breakdown of revenue

	Group		Group	
	<u>6 months ended</u>		<u>12 months ended</u>	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
<i>Recognised at a point in time, derived from the PRC</i>				
Proceeds from sale of properties held for sale	9,586	317,614	79,180	500,291
<i>Recognised over time, derived from the PRC</i>				
Proceeds from construction contract	-	-	-	-
	<u>9,586</u>	<u>317,614</u>	<u>79,180</u>	<u>500,291</u>

N3.2. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

N4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 2021:

	Group		Company	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Financial assets</u>				
At amortised cost				
- Accounts receivables, refundable deposits paid and other receivables	635,507	569,191	1,422	1,386
- Due from subsidiaries	-	-	326,406	326,204
- Loan receivables	58,825	60,371	-	-
- Cash and bank balances	33,138	81,468	-	-
	<u>727,470</u>	<u>711,030</u>	<u>327,828</u>	<u>327,590</u>

Financial liabilities

At amortised cost				
- Accounts payable, accruals, deposits received and other payables	415,938	433,720	3,184	2,103
- Interest-bearing bank and other borrowings	700,887	713,100	-	-
	<u>1,116,825</u>	<u>1,146,820</u>	<u>3,184</u>	<u>2,103</u>

N5.(Loss)/ profit before taxation**N5.1 Significant items**

	Group 6 months ended		Group 12 months ended	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Income</u>				
Interest income from loan receivables	5,138	4,368	10,343	8,736
Admission ticket and in-park recreation income	4,617	8,443	6,963	14,929
Rental income from investment properties	8,302	7,017	15,212	14,190
<u>Expenses</u>				
Cost of sales				
- Cost of properties held for sale	10,075	110,364	48,331	333,690
- Cost of construction contract	-	-	-	-
	<u>10,075</u>	<u>110,364</u>	<u>48,331</u>	<u>333,690</u>
Depreciation of property, plant and equipment	2,062	1,858	5,441	5,877
Staff costs, including Directors' remuneration				
- Wages and salaries, allowances and benefits in kind	8,600	14,700	24,014	28,988
- Retirement scheme contribution	548	2,463	3,115	4,948
Less: amount capitalised in				
- Properties held under development	(70)	(936)	(171)	(1,876)
	<u>9,078</u>	<u>16,227</u>	<u>26,958</u>	<u>32,060</u>

N5.2 Related party transactions

Save as disclosed elsewhere in these financial statements, the Group had the following material related party transaction:

		Group		Group	
		<u>6 months ended</u>		<u>12 months ended</u>	
<u>Nature of</u>		30/6/2022	30/6/2021	30/6/2022	30/6/2021
<u>transaction</u>		RMB'000	RMB'000	RMB'000	RMB'000
Kaiping Qingshi Auto Parts Co., Ltd. (Note)	Interest income	-	1,880	700	3,760

Note:

Mr. Zhou Jiangtao, a director of the Company, was previously a legal representative of Kaiping Qingshi and held an effective equity interest of 28.6% in Kaiping Qingshi. As at 30 June 2022, Kaiping Qingshi was not regarded as a related party due to Mr Zhou Jiangtao had disposed of all his equity interest in Kaiping Qingshi to an independent third party and is no longer the legal representative of Kaiping Qingshi on 10 September 2021.

N6. Income Tax Expense

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the condensed interim consolidate statement of profit or loss are:

	<u>Group</u> <u>6 months ended</u>		<u>Group</u> <u>12 months ended</u>	
	<u>30/6/2022</u>	<u>30/6/2021</u>	<u>30/6/2022</u>	<u>30/6/2021</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax – PRC				
- Enterprise Income Tax	(1,426)	16,917	405	24,706
- Land Appreciation Tax	58,641	9,154	59,467	10,989
	57,215	26,071	59,872	35,695
Deferred tax – PRC	(31,705)	4,929	(31,705)	4,929
Total income tax expense	25,510	31,000	28,167	40,624

N7. Property, plant and equipment

During the financial year ended 30 June 2022, the Group acquired property, plant and equipment with aggregate cost RMB939,000 (2021: RMB7,461,000). The Group disposed property, plant and equipment for RMB1,041,000 (2021: RMB119,000).

N8. Investment properties

The Group's investment properties consist of both commercial and industrial properties, held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

	<u>Group</u>	
	<u>30/6/2022</u>	<u>30/6/2021</u>
	RMB'000	RMB'000
Carrying amount at beginning of the year	570,400	569,800
Addition	-	-
Fair value adjustments	(14,900)	600
Carrying amount at end of the year	555,500	570,400

Investment properties are stated at fair value. Valuations of investment properties have been determined based on valuations at the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued.

Level 3 fair value has been derived using 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.

N9. Land Use Rights

	Group	
	<u>30/6/2022</u>	<u>30/6/2021</u>
	RMB'000	RMB'000
At the beginning of the year		
Cost	12,316	12,316
Accumulated amortisation	(3,084)	(2,787)
Net carrying amount	<u>9,232</u>	<u>9,529</u>
For the year ended		
Opening net carrying amount	9,232	9,529
Amortisation	(287)	(297)
Closing net carrying amount	<u>8,945</u>	<u>9,232</u>
At the end of the year		
Cost	12,316	12,316
Accumulated amortisation	(3,371)	(3,084)
Net carrying amount	<u>8,945</u>	<u>9,232</u>

Land use rights represented leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2072 (2021: 2042 to 2072).

At 30 June 2022, all land use rights of the Group were pledged as security for the borrowings from banks and other financial institutions. Such borrowings are repayable in 2023.

N10. Loan receivables

	Group	
	<u>30/6/2022</u>	<u>30/6/2021</u>
	RMB'000	RMB'000
Fixed-rate loan receivables		
- related party	-	33,166
- third party	86,714	51,978
	<u>86,714</u>	<u>85,144</u>
Less: Allowance for impairment		
- related party	-	(8,952)
- third party	(27,889)	(15,821)
	<u>(27,889)</u>	<u>(24,773)</u>
Net amount	<u>58,825</u>	<u>60,371</u>
Analysed as:		
Current	43,225	36,156
Non-current	15,600	24,215
	<u>58,825</u>	<u>60,371</u>

N11. Properties held under Development

	Group	
	<u>30/6/2022</u>	<u>30/6/2021</u>
	RMB'000	RMB'000
Net carrying amount	450,903	243,212

Leasehold interests in land are located in the PRC and have lease terms expiring from 2045 to 2082 (2021: 2045 to 2082).

N12. Properties held for Sale

	Group	
	<u>30/6/2022</u>	<u>30/6/2021</u>
	RMB'000	RMB'000
Net carrying amount	1,072,034	1,178,353

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2081 (2021: 2042 to 2081).

N13. Interest-Bearing Bank and Other Borrowings

The analysis of the carrying amount of the bank and other loans is as follows:

	Group	
	<u>30/6/2022</u>	<u>30/6/2021</u>
	RMB'000	RMB'000
Loans from banks and other financial institutions – secured	314,872	302,757
Other loans – secured	359,400	384,391
Other loans – unsecured	26,615	25,952
Total bank and other borrowings	700,887	713,100

The bank and other borrowings are secured by the Group's properties held under development, properties held for sale, bank deposits, construction in progress, investment properties, property plant and equipment.

N14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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 2022 and as at 30 June 2021.

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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
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

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.

See paragraph N2 of the "Notes to the condensed interim consolidated financial statements".

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.

See item 4 above.

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		Group	
	6 months ended		12 months ended	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
Net (loss)/ profit attributable to equity holders of the Company (RMB'000)	(102,643)	(12,318)	(100,090)	24,055
Weighted average number of shares outstanding ('000)	69,400	69,400	69,400	69,400
(a) Basic (RMB dollar)	-1.48	-0.18	-1.44	0.35
(b) Fully diluted (RMB dollar)	N/A	N/A	N/A	N/A

Note:

Diluted earnings per ordinary share for the 6 months and financial year ended 30 June 2022 and 30 June 2021 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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Net asset value per ordinary share based on issued share capital at the end of the year (RMB dollars)	10.04	11.50	6.61	6.63

- 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 financial year ended 30 June 2022 ("FY2022") was approximately RMB79.2 million compared to approximately RMB500.3 million in FY2021, a decrease of RMB421.1 million.

The decrease in revenue was mainly due to the decrease in the number of residential units handed over in FY2022. In FY2021, there were 83 and 286 residential units of Shan Qing Shui Xiu and Hou De Zai Wu being handed over, respectively. For FY2022, the Group only handed over 18 and 7 residential units of Shan Qing Shui Xiu and Hou De Zai Wu to buyers.

The decrease in handover of residential units was mainly due to the temporary shutdown of sales centers of the Group's projects namely Hou De Zai Wu, Ren Jie Di Ling and Shan Qing Shui Xiu in April and May 2022. The shutdown was due to COVID outbreaks in those cities and the local residents were restricted from travelling out of their home premises.

Cost of sales

The Group recorded cost of sales of RMB50.8 million for FY2022 which was RMB293.2 million lower compared to RMB344.0 million in FY2021. The decrease in cost of sales by 85.2% was in tandem with the decrease in revenue.

Gross profit

Despite an increase in gross profit margin from 31.2% in FY2021 to 35.9% in FY2022, the Group recorded a lower gross profit of RMB28.4 million in FY2022 which was RMB127.9 million lower compared to RMB156.3 million in FY2021. The Group recorded a higher gross profit margin in FY2022 as it did not hand over any Hou De Zai Wu's resettlement housing units in FY2022, which commands a lower profit margin. The decrease in gross profit in FY2022 was attributable to the decline in the revenue recognized.

Other income and gains

The Group recorded other income and gains of RMB36.6 million for FY2022 which was RMB9.3 million lower compared to RMB45.9 million in FY2021. The decrease was mainly due to decreases in admission ticket and in-park recreation income. During August to December 2021, Sichuan Province had confirmed Covid cases which deterred people's willingness to travel. Income from ticket and in-park recreation decreased from RMB14.9 million in FY2021 to RMB7.0 million in FY2022.

Fair value adjustments on investment properties

The Group recorded a loss of RMB14.9 million arising from fair value adjustments on the Group's investment properties in FY2022, as compared to a gain of RMB0.6 million in FY2021. The fair value adjustment was determined based on an independent property valuation report dated 22 August 2022 which was carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The decrease in fair value of investment properties was due to a slight decrease in rental income generated from the investment properties.

Selling expenses

The Group recorded selling expenses of RMB16.8 million for FY2022 which was RMB7.3 million higher compared to RMB9.5 million in FY2021. The increase in selling expenses was mainly due to the sales incentive given to the sales staff to boost sales of car park units of Shan Qing Shui Xiu.

Administrative expenses

The Group recorded administrative expenses of RMB 54.5 million for FY2022 which were RMB10.0 million lower compared to RMB64.5 million in FY2021. Included in the administrative expenses were mainly salaries and related costs, travelling and transportation costs and professional fees. The decrease in administrative expenses was mainly due to

- (i) decrease in staff wages and employee benefit cost of approximately RMB4.2 million due to decrease in headcount of administrative staff;
- (ii) decrease in professional fees of approximately RMB1.5 million.
- (iii) decrease in entertainment and travelling expenses of RMB2.2 million and RMB1.8 million, respectively, due to cost control; and
- (iv) decrease in depreciation expenses of RMB0.7 million due to fully depreciated assets.

Other operating expenses

The Group recorded other operating expenses of RMB 57.7 million for FY2022 which were RMB15.9 million higher compared to RMB41.8 million in FY2021. The expenses mainly comprised:

- (i) direct expenses such as staff cost, repair and maintenance, amounting to RMB6.8 million (FY2021: RMB15.3 million) in relation to the operation of Batai Mountain National Park. The decrease in direct expenses was in line with the decrease in admission ticket income; and
- (ii) an impairment loss of loan and other receivables amounting to RMB 48.5 million (FY2021: RMB 17.8 million). The Group has recognised an impairment loss based on results of the Expected Credit Loss model. The increase in impairment loss was mainly due to an impairment of RMB38 million provided for land bidding cost and land acquisition cost for the resettlement of a local school in Tonghua. In November 2021, the Group's subsidiary, Tonghua Litong Real Estate Development Co., Ltd ("Tonghua Litong"), filed a claim against local government of Tonghua for the compensation of the land preparation cost and prepaid construction cost. However, in January 2022, the court had ruled in favour of Tonghua government that no compensation would be made to Tonghua Litong. Tonghua Litong had filed an appeal against the Tonghua government in January 2022. The appeal application is still under review by the Higher People's Court of Jilin Municipality.

Finance costs

For FY2022, the Group recorded a total finance cost of RMB70.2 million (FY2021: RMB74.1 million) in which RMB49.6 million (FY2021: RMB56.6 million) was capitalised for property development projects and RMB20.6 million (FY2021: RMB17.5 million) was used for general operating purpose. Total finance cost was RMB3.9 million slightly lower compared to FY2021.

Income tax expense

The breakdown of income tax expense is as follows:

	FY2022 RMB'000	FY2021 RMB'000
Current income tax - PRC		
- Enterprise income tax	405	24,706
- Land appreciation tax	59,467	10,989
	59,872	35,695
Deferred tax - PRC	(31,705)	4,929
Total income tax expense	28,167	40,624

The Group recorded an income tax expense of RMB28.2 million for FY2022, which was RMB12.4 million lower compared to RMB40.6 million in FY2021. The amount mainly comprises the provision of PRC enterprise income tax ("EIT") of RMB0.4 million, land appreciation tax ("LAT") of RMB59.5 million which was partially offset against deferred tax credit of RMB31.7 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 LAT for FY2022 was mainly due to the provision of LAT for 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.

Loss for the year

As a result of the above factors, the Group attained a loss before tax in FY2022 of RMB99.5 million, against a profit of RMB69.4 million in FY2021. Further, the Group recorded a net loss of RMB127.7 million in 2022 compared to a net profit of RMB28.8 million in FY2021.

(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 2022**Non-current assets**

As at 30 June 2022, the Group had non-current assets of RMB863.9 million, representing a decrease of RMB6.8 million compared to RMB870.7 million as at 30 June 2021. The decrease was mainly due to :

- i) decrease in investment properties of RMB14.9 million arising from the fair value adjustments;
- ii) decrease in loan receivables of RMB8.6 million;
- iii) decrease in property, plant and equipment of RMB 5.8 million as a result of depreciation expense; and
- iiii) decrease in deposit paid of RMB 5.1 million due to impairment loss recognized according to Expected Credit Loss model,

which was partially offset by an increase in deferred tax assets of RMB28.0 million.

Current assets

As at 30 June 2022, the Group's current assets stood at RMB2,152.5 million, representing an increase of RMB57.9 million compared to RMB2,094.6 million as at 30 June 2021. The increase was mainly attributable to

- (i) an increase in properties held under development by RMB207.7 million;
- (ii) increase in loan receivables of RMB7.0 million. The increase was partially offset by (a) a decrease in properties held for sales of RMB 106.4 million, (b) a decrease in cash and bank balances by RMB48.4 million due to the payment of income tax of RMB34.7 million relating to the settlement of EIT and LAT of Nangchang project; and (c) a decrease in prepayments, deposits paid and other receivables of RMB 2.5 million.

As at 30 June 2022, the Group's prepayments, deposits paid and other receivables stood at RMB 493.2 million, breakdown of the Group's prepayments, deposits paid and other receivables as of 30 June 2022 are as follows:

		Total
	Notes	RMB'000
Amount due from non-controlling interest	(i)	240,944
Deposit paid to subcontractor	(ii)	214,104
Prepaid cost for school campus resettlement	(iii)	19,625
House maintenance fund	(iv)	12,314
Others		6,245
		<u>493,232</u>

Note

- i) The amount represents a prepayment made in 2012 to minority shareholder of New Zhong Yuan (Nanchang) Real Estate Co Ltd of RMB241.0 million ("New Zhong Yuan"). The New Zhong Yuan is still waiting the local tax authority's assessment on the Enterprise Income Tax ("EIT"). Upon the conclusion of the EIT assessment, the balance proceeds from New Zhong Yuan will be offset against the outstanding prepayment amount due from the minority shareholder.
- ii) The amount represented deposits made to subcontractors for purchase of construction materials. Such deposits will be used to offset against the construction cost of the Group's on-going properties development projects, Shan Qing Shui Xui, Hou De Zen Wu and Ren Jie Di Ling.
- iii) The amount represented the re-settlement costs for a local school in Tonghua. As disclosed in item 8 under operating expenses, the Group's had provided an impairment of RMB38 million during FY2022. The remaining RMB19.6 million prepaid cost is pending approval by the local Tonghua government for payment.
- iv) The amount represented maintenance fund required for those residential projects with elevators previously sold by the Group. The fund was set up as mandated by the local Guangzhou government. The maintenance fund will be used to settle the repair and maintenance cost incurred by the projects.

As at 30 June 2022, the Group's current portion of the loan receivable was RMB43.2 million, representing an increase of RMB7.0 million compared to RMB36.2 million as at 30 June 2021. The increase was due to accrued interest of the loan receivables. As at 30 June 2022, the Group and Jiadi Xindu entered into a loan renewal agreement whereby the outstanding amount of RMB53.8 million will be repaid over the next 18 months. The renewal is further secured by sales proceeds from Jiadi Xindu project and pledge of 16 residential units with a total worth of approximately RM55.6 million. In addition, as disclosed in the half year results announcement on 10 February 2022, due to the continued weakness in the real estate sector, the Group has decided to delay the acquisition of an equity stake in Kaiping Qingshi, and continued to retain its participation in Kaiping Qingshi through a redeemable debt. The Group will continue to monitor the development of Phase 2 of Kaiping Qingshi. To the best knowledge of the Group, Kaiping Qingshi had pre-sold 130 units of its residential units of Phase 1 as of 30 June 2022.

Current liabilities

As at 30 June 2022, the Group's current liabilities stood at RMB1,659.7 million, representing an increase of RMB174.5 million, compared to RMB1,485.2 million as at 30 June 2021. The increase in current liabilities was mainly due to the net effect of:

- (i) an increase in contract liabilities by RMB208.3 million due to increase in pre-sale units of Shan Qing Shui Xiu and Hou De Zai Wu that were not handed over to buyers as a result of the shutdown of the project sales centers;
- (ii) a decrease in accounts payable by RMB17.3 million which due to lower construction cost payable; and
- (iii) a decrease of interest-bearing bank and other borrowings by RMB21.1 million due to repayment of loans during the year.

Non-current liabilities

As at 30 June 2022, the Group's non-current liabilities stood at RMB436.5 million, representing an increase of RMB5.2 million, compared to RMB431.3 million as at 30 June 2021. This was mainly due to renewal of certain current portion of borrowings during the year and was reclassified as long-term loan.

Total equity

As at 30 June 2022, the equity attributable to owners of the Company decreased by RMB 101.0 million from RMB 797.8 million as at 30 June 2021 to RMB696.8 million as at 30 June 2022. The decrease in equity attributable to owners of the Company was mainly due to the net loss recorded during the financial year.

Cash flows analysis

In FY2022, net cash used in operating activities was approximately RMB19.6 million, comprising operating cash flow before working capital changes of RMB 20.2 million, net working capital inflow of RMB 35.0 million and net income taxes paid of RMB 38.6 million. Despite the increase in properties held under development of RMB199.2 million and increase in other receivable and prepayment of RMB37.7 million, the Group recorded a net working capital inflow of RMB 35.0 million mainly due to an increase in contract liabilities of RMB208.3 million, increase in accruals deposits received and other payables of RMB33.0 million and decrease in property held for sale of RMB 48.5 million.

In FY2022, net cash generated from investing activities of RMB16.4 million was mainly due to the decrease in cash use for restricted cash of RMB11.7 million and repayment in loan receivables of RMB4.7 million.

In FY2022, net cash used in financing activities of RMB33.4 million was mainly due to the net cash used in repayment of bank and other borrowings of RMB12.9 million and payment of interest of RMB20.6 million.

As a result, the Group has a cash and cash equivalent of RMB33.1 million as at the end of FY2022.

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

The Group's FY2022 results are in line with its Profit Warning Announcement released to SGX-ST on 19 August 2022.

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.

In July 2022, it was reported that several large Chinese property developers who have accumulated massive amounts of debt have stopped construction activities at certain of their project sites. This resulted in property buyers across China banding together and threatened to stop paying mortgages on over three hundred unfinished housing projects. It was also reported that the Chinese Government plans to launch a RMB150 billion real estate fund to help property developers to resolve the debt crisis and resume the construction work and restore confidence of property buyers.

According to China Real Estate Index System (CREIS), from January to June 2022, the sales area of commercial housing in China was 689,230 million square meters, down 22.2% year-on-year, of which the residential sales area was 580,570 million square meters, down 26.6% year-on-year; The sales of commercial housing in China were RMB6,607.20 billion, down 28.9% year-on-year, of which residential sales were RMB5,768.30 billion, down 31.8% year-on-year.

In view of negative sentiments and turmoil in the real estate market, the Management expects the investment appetite of some potential property buyers to remain weak in the short to medium term. The Group will remain cautious and exercise prudence in cost control to mitigate against any possible headwinds.

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 2022 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 2022	1,902	500	1,012	4,511
Percentage of handed over	71%	70%	71%	80%
Pre-sale units not handed over to buyers as at 30 June 2022				
- Residential unit	147	-	5	142
- Carpark unit	94	9	-	23
- Commercial unit	N/A	N/A	-	16
Pre-sale value received not handed over to buyers as at 30 June 2022	RMB206.3 million	RMB2.5 million	RMB0.1 million	RMB377.7 million

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 2022 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.**

See paragraph N3 of the "Notes to the condensed interim consolidated financial statements" above.

- 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.**

See item 8 above.

- 15. A breakdown of sales.**

See paragraph N3.1 of the "Notes to the condensed interim consolidated financial statements" above.

- 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	54	Spouse of Mr Chen Jianfeng, Substantial Shareholder.	Non-Executive Director and Chairman of the Board - 2015	Nil
Chen Jianfeng	60	Spouse of Mdm Lin Yeju, Director and Substantial shareholder	Director and Legal Representative of Guangdong Yuanbang Real Estate Development Co Ltd ("GDYB"), a wholly-owned subsidiary of the Group – 2020 *GDYB is considered a principal subsidiary of the Group	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 2022