

CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Company Registration No.: 39247)

(Incorporated in Bermuda on 4 December 2006)

**ADDITIONAL INFORMATION TO THE UNAUDITED FINANCIAL STATEMENT AND
DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

The Board of Directors of China Yuanbang Property Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) refers to the first quarter financial statement and dividend announcement for the financial period ended 30 September 2016 released on the SGXNet on 11 November 2016. The Company would like to provide the following additional information in reply to the queries raised by the Singapore Exchange Securities Trading Limited on 6 December 2016.

Query 1:

It was disclosed that “the Group’s revenue in 1QFY2017 amounted to RMB37.5 million which was RMB132.2 million lower than 1QFY2016. The decrease in revenue was due mainly to the slowdown in handover of the pre-sale residential units of Group’s projects and hence the revenue dropped during the period.” Please provide the reasons for the slowdown in handover of the pre-sale residential units of Group’s projects.

Response:

For the three months ended 30 September 2016, there was some delay in the completion of the interior renovation works of Ming Yue Shui An and Shan Qing Shui Xiu, which has caused the delay in the handover of these residential units. The handover is expected to take place in the next few quarters.

Based on the accounting policies of the Group, revenue arising from sale of properties held for sale is recognised upon the properties transfer of the significant risks and rewards of ownership of those properties to the purchasers and collectability of related receivables is reasonably assured. However, due to the delay in the handing over of properties to the purchasers, the Group has not been able to recognise the pre-sale revenue in the 1st quarter.

Query 2:

In the Statements of financial position, “Prepayments, deposits paid and other receivables” amounted to RMB695.3 million. Please:

- i) Provide a breakdown to this amount;
- ii) Disclose the nature of the transactions; and
- iii) Disclose the reasons for the increase in “Prepayments, deposits paid and other receivables”.

Response:

- i) The breakdown of “Prepayments, deposits paid and other receivables” is as follows:

	1QFY2017 RMB'000	4QFY2016 RMB'000	Variance %
Prepayments	172,011	141,055	21.9%
Deposits	18,910	18,910	-
Other receivables	512,101	512,588	-0.1%
Less: Impairment loss recognised for other receivables	(7,685)	(7,685)	-
	695,337	664,868	4.6%

- ii)

	1QFY2017 RMB'000	4QFY2016 RMB'000	Variance %
(a) Advances to subcontractors	172,011	141,055	21.9%
(b) Deposits paid	18,910	18,910	-
(c) Due from certain companies related to the non-controlling equity owner of New Zhong Yuan	262,382	262,382	-
(d) Other receivables from Tonghua government	62,822	62,822	-
(e) Others	179,212	179,699	-0.3%
	695,337	664,868	4.6%

- (a) As at 30 September 2016, prepayments substantially represented the advances made to the subcontractors for purchase of construction materials.

- (b) As at 30 September 2016, deposits paid mainly represented the deposit paid approximately RMB15,000,000 (4QFY2016: RMB15,000,000) for proposed development of certain land parcels in Conghua City, Guangdong Province. Such deposit will be fully refunded upon the commencement of development in the land parcels. Other deposits mainly represented utility deposits which will be fully refunded upon end of contracts.
 - (c) As at 30 September 2016, other receivables included the amounts of approximately RMB262,382,000 (4QFY2016: RMB262,382,000) due from certain companies which are related to the non-controlling equity owner of New Zhong Yuan, our 51%-owned subsidiary of the Group. The balances are interest-free, repayable on demand and secured by the equity interest in New Zhong Yuan held by the non-controlling equity owners except for the amount due from the non-controlling equity owners with carrying amount of RMB10,283,000 (4QFY2016: RMB10,283,000) as at 30 September 2016 which bears fixed interest rate of 16.96% (4QFY2016: 16.96%) per annum and repayable on demand (4QFY2016: repayable on demand).
 - (d) Other receivables also included an amount of RMB62,822,000 (4QFY2016: RMB62,822,000) placed in the government of Tonghua City for the re-construction of a education facility by our Tonghua project. This amount will eventually be offset against the acquisition cost of land use rights for the Tonghua project or be fully refunded.
 - (e) Except for the above, other receivables also included the advances paid on behalf of customers for maintenance funds, staff advance and rental income receivable.
- iii) Increase in the overall balance mainly because of the increased advances made to subcontractors for purchase of construction materials during the period.

BY ORDER OF THE BOARD
CHINA YUANBANG PROPERTY HOLDINGS LIMITED

Tse Kwok Hing Henry
Chief Financial Officer / Company Secretary
8 December 2016