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

RESPONSE TO QUERIES BY SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors ("the Board") of China Yuanbang Property Holdings Limited ("the Company" or together with its subsidiaries, "the Group") wishes to announce the following in response to the queries raised by Securities Investors Association (Singapore) ("SIAS") on 19 October 2018.

Questions:

1(i) **Would management help shareholders understand why it has not been able to convert the demand into shareholder value?**

Reply: For the financial year ended 30 June 2018 ("FY2018"), the Group derived its revenue mainly from its Tonghua Project. Tonghua is a 4th tier city in China and the gross profit margin of Tonghua Project is relatively lower compared to projects sold in top tier cities such as Guangzhou. The low gross profit margin of Tonghua Project together with the high income tax rate (25%) and land appreciation tax rate (ranging from 30-60%), had resulted in the Group recorded a net loss after tax for FY2018.

1(ii) **Would the board consider it opportune to carry out a strategic review of the group's operations to assess the core competencies of the group, its management team and its financial strength and to fine-tune its strategy so as to create long-term sustainable value for all shareholders?**

Reply: The Board has been actively reviewing and assessing the Group's core competencies, its management team and its financial strength. In 2017, the Board has decided to focus its property development in Guangzhou where Management has extensive experience.

The Group will also consider and explore opportunities in tying up with strategic partners to strengthen its value proposition and create more diversity in its projects. At the same time, the Group will accelerate its efforts in de-stocking its projects inventory outside Guangdong Province. The Board believes that by concentrating the Group's resources in Guangzhou, the Company could generate better returns for shareholders over time.

2(i) **Has the board deliberated on the optimal capital structure?**

Reply: The Board is cognisant of optimizing the Group's capital structure by reducing the level of debt. This was evidenced by the lower Debt to equity ratio from 247.3% in FY2017 to 239.6% in FY2018.

2(ii) **Has the board evaluated how it could balance the need for growth/its operational use of cash and the need to declare dividends to the providers of capital?**

Reply: The Board has evaluated the balance between retained earnings for future growth and dividend distribution.

Having reviewed the Group's FY2018 financial performance, no dividend has been declared or recommended for FY2018 as the Group wishes to conserve its cash for operational use.

2(iii) **For the benefit of new and old shareholders, can the company update shareholders on the last share buyback that it had carried out, if any?**

Reply: The Company has not bought back its shares since the adoption of its share buyback mandate.

The Company did not actively conduct share buybacks due to the lack of liquidity of the Company's shares, resulting in wide bid and ask spread, and also lack of trading volume; hence making any small volume share buyback not cost effective.

2(iv) **Has the board evaluated how it could use the share buyback mandate effectively to increase the net asset value per share?**

Reply: As explained in above item 2(iii), the Company has not bought back any of its shares.

3(i) **Has the board deliberated on the available options to meet the requirements of Listing Rule 1314 (2) within 36 months from 5 June 2018?**

Reply: The Board is mindful of the timeline to meet the requirements of the Listing Rule 1314(2). The Board opines that due to lack of liquidity and lack of investors' interest, the Company's market capitalization is not truly reflective of its intrinsic value. The Board hopes that when the Group's financial performance improves, it will restore investors' confidence and the share price will reflect accordingly.

3(ii) **With a market capitalisation of approximately $13 million, how can the board/company minimise the impact of any remedial actions to meet the MTP?**

Reply: Same reply as in above 3(i).

3(iii) **Has the board evaluated the costs to the company of it being placed on the watch-list?**

Reply: There will be costs consideration if the Company were to consider other corporate actions (such as shares consolidation or transfer to Catalist) to exit from the MTP watch-list. Currently, there is no plan to commence these actions. The Board will review the need to do so when appropriate. Other than that, the Company will continue to comply with the quarterly update announcement required under the Listing Rule 1313(2) of the Listing Manual.

3(iv) **Will the company be placed on the watch-list due to the Financial Entry Criteria?**

Reply: It is unlikely that the Company will be placed on watch-list due to the Financial Entry Criteria, as the Company had recorded profit before tax for FY2017 and FY2018.

By Order of the Board

Huang Tak Wai
Chief Financial Officer / Company Secretary

Date: 31 October 2018