

CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No.: 39247)

RESPONSE TO SGX-ST'S QUERIES IN RELATION TO THE COMPANY'S FULL YEAR RESULTS ENDED 30 JUNE 2015 ("FY2015")

The Board of Directors of China Yuanbang Property Holdings Limited (the "Company" or together with its subsidiaries, the "Group") refers to the Group's full year ended 30 June 2015 results announcement released to SGX-ST via SGXNet on 28 August 2015.

The information is provided in response to SGX's queries as follows:

Query 1

In paragraph 8 of the Company's Full Year Financial Results Announcement (the "Announcement"), the Company disclosed that:-

"The Group recorded other operating expenses of RMB16.8 million for FY2015 while there were no such expenses in FY2014. The amount mainly represented the direct expenses such as staff cost, repair and maintenance, etc, amounting to RMB6.7 million in relation to the Batai Mountain National Park and the provision for impairment of other receivables of RMB7.7 million".

Please provide details of the underlying transaction and the reason for a provision for the impairment on other receivables of RMB 7.7 million, which amounts to 38% of the group's pre-tax loss.

Response :

The breakdown of "provision for the impairment on other receivables" is as follows :

		FY2015 RMB'000
Receivables from Chengdu Hui Fu Investments Co. Ltd. ("CHF")	Note 1	4,000
Receivables from certain agents	Note 2	3,685
		<hr/> <hr/> 7,685

Note 1: On 9 October 2011, the Group entered into a disposal agreement to dispose its 56% equity interest in CHF (which is engaged in property development) for a total consideration of RMB20,000,000 (please refer to the Company's announcement on 19 October 2011 for details). As at 30 June 2015, the Group had only received RMB16,000,000. In view of the long aging of the receivable, Management is of the view that it is remote to recover the balance amount of RMB4,000,000 and thus, a full provision for impairment was made.

Note 2: These receivables were deposits paid to certain agents in 2012 for them to help acquiring land banks in Huizhou. As of 30 June 2015, the Group did not acquire any land banks through these agents and the Group is not able to recover the amount, despite efforts by Management to follow up with these agents. As such, a full provision for impairment was made by Management.

Query 2

In the Cash Flow Statement, "Increase in account payables" amounts to RMB169.6 million. Please:-

- i) Elaborate on the reasons for the significant increase of RMB169.6 million in the account payables when revenue decreased by 66.5% for FY2015; and
- ii) Disclose details of the underlying items in "Account Payables" of RMB420.3 million and elaborate on the material items.

Response :

- i) The increase in the account payables was mainly due to the completion of Ming Yue Shui An Project. The Group has to account for certain construction projects based on the construction cost incurred as at 30 June 2015.
- ii) The breakdown of "Account Payables" is as follows :

		FY2015 RMB'000
Guangdong Hongda Construction and Installation Co., Ltd. ("Honda") (广东宏大建筑安装有限公司)	Note 1	164,777
China State Construction Engineering Corporation The Fourth Bureau ("CSCEC") (中国建筑第四工程局有限公司)	Note 2	43,784
Guangdong Meihouhuang Decoration Engineering Co., Ltd. ("Meihouhuang") (广东美豪煌装饰工程有限公司)	Note 3	17,903
Accrual on construction cost as incurred	Note 4	133,677
Others		60,187
		<hr/> <hr/> 420,328

Note 1: Honda is the Group's major construction contractor for its Guangzhou Projects such as Shan Qing Shui Xiu, Ming Yue Xing Hui, Ming Yue Jin An and Ming Yue Shui An.

Note 2: CSCEC is the Group's major construction contractor for Aqua Lake Grand City in Nanchang.

Note 3: Meihouhuang is the Group's main interior designer for all the Group's projects.

Note 4: The amount mainly represented the accrual made for the Group's Ming Yue Shui An Project for the construction cost incurred as at 30 June 2015.

By Order of the Board

Chong Ching Hoi
CFO/Company Secretary

7 September 2015