

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 its first quarter ended 30 September 2017 results announcement released to SGX-ST on 13 November 2017.

The following information is in response to the SGX-ST's queries dated 2 January 2018.

- 1) **In the statement of financial position of the Company's first quarter results announcement (the "Announcement"), it was disclosed that "Prepayment, deposits paid and other receivables" amounted to RMB756.9mil. Please provide the aging schedule for the prepayments, deposits paid and other receivables.**

Company's response:

The aging schedule of "Prepayments, deposits and other receivables" as at 30 September 2017 is as follows:

		Current to 90 days RMB'000	90 days to one year RMB'000	Over one year RMB'000	Total RMB'000
Prepayments	(a)	46,096	125,430	6,183	177,709
Deposits paid	(b)	101	332	15,147	15,580
Other receivables	(c)	-	144,076	419,577	563,653
		46,197	269,838	440,907	756,942

- (a) Prepayments comprise substantially the advances made to the subcontractors for purchase of construction materials.
- (b) As at 30 September 2017, deposits of approximately RMB15 million were paid in relation to a proposed development of certain land parcels in Conghua City, Guangdong Province.
- (c) Other receivables comprise substantially loans to subcontractors for projects construction. These loans are usually unsecured, interest-free and repayable on demand and/or to be set off against construction costs. In addition, other receivables of approximately RMB255.5 million are also due from companies related to the non-controlling equity owners of New Zhong Yuan (Nanchang) Real Estate Co. Ltd ("New Zhong Yuan"), a subsidiary of the Group. Saved for an amount of approximately RMB11.0 million which bears a fixed interest rate of 16.96% per annum and repayable on demand, the balances are interest-free, repayable on demand and secured by the equity interest in New Zhong Yuan that is currently held by the non-controlling equity owners.

- 2) In the statement of financial position, “Receipts in advance” and “Accruals, deposits received and other payables” amounted to RMB1.38bil and RMB1.14bil respectively. Please disclose the projects which contribute to these amounts and explain why the balance of these amounts are so significant. Please also provide the aging schedule for these items.

Company's response:

The aging schedule of “Receipts in advance” as at 30 September 2017 which is projects based is as follows:

	Current to 90 days RMB'000	90 days to one year RMB'000	Over one year RMB'000	Total RMB'000
Shan Qing Shui Xiu	103,219	183,508	111,063	397,790
Hou De Zai Wu	52,297	284,648	-	336,945
Ming Yue Shui An	57,193	56,678	378,007	491,878
Aqua Lake Grand City	16,199	116,069	-	132,268
Ren Jie Di Jing	-	-	12,983	12,983
Carparks and others	-	12,137	-	12,137
	228,908	653,040	502,053	1,384,001

The receipts in advance represented instalments of sale proceeds received from buyers in connection with the pre-sale of the Group's properties. Based on the accounting policies of the Group, revenue arising from sale of “properties held for sale” is recognised upon the transfer of the significant risks and rewards of ownership of the properties to the purchasers and collectability of related receivables is reasonably assured.

The Group needs to take appropriate steps to complete the properties inspection before handing over the residential units to the buyers. Due to certain delay of the renovation works in Ming Yue Shui An since Q1FY2017, the handover timeline with the buyers of this project had been agreed to postpone to FY2018. As at 30 September 2017, approximately 58% of units of Ming Yue Shui An had been handed over.

The residential units of Phases I and II of Shan Qing Shui Xiu are ready to be handed over to buyers which the Group is arranging the necessary steps. Pre-sale of Phase III of this project had commenced in quarter four of FY2017.

The aging schedule of “Accruals, deposits received and other payables” as at 30 September 2017 is as follows:

		Current to 90 days RMB'000	90 days to one year RMB'000	Over one year RMB'000	Total RMB'000
Accruals	(a)	594	11,141	42,428	54,163
Refundable deposits made by property purchasers	(b)	18,533	778,071	-	796,604
Other payables	(c)	-	152,488	140,706	293,194
		19,127	941,700	183,134	1,143,961

- (a) Accruals comprise substantially accrued construction costs due to the subcontractors.

- (b) During the pre-sale of the three projects namely Shan Qing Shui Xiu, Ming Yue Shui An and Hou De Zai Wu, the Group received refundable deposits from potential buyers. Upon the execution of sales and purchase agreements with the buyers, the amount will be reclassified as "Receipts in advance". Should the potential buyers withdraw their purchase, the deposits will be fully refunded to them. As at 30 September 2017, the Group had received deposits amounted to approximately RMB797 million.
- (c) At 30 September 2017, other payables included:
- (i) an amount of approximately RMB70 million due to senior management and non-controlling equity owners of Tonghua Litong Real Estate Development Co., Ltd, a subsidiary of the Group. The balances are interest-free, unsecured and repayable on demand.
 - (ii) an amount of approximately RMB23,895,000 representing the accruals made for the settlement of the legal actions against the Group. Details of the legal actions are set out on page 109 of Company's FY2017 Annual Report.
 - (iii) an amount of approximately RMB34,000,000 representing the consideration received from an independent third party relating to the disposal of its 25% equity interest in Wanyuan Resort ("Disposal") in December 2015. Up to 30 September 2017, the transaction was not yet completed due to certain conditions have not been fulfilled. Details of the Disposal are set out in an announcement of the Company dated 28 December 2015.
 - (iv) an amount of approximately RMB87 million representing the deposits received from the local government of Tonghua City for the construction of relocation properties for Hou De Zai Wu; and
 - (v) the remaining balances comprises other tax payables, including value added taxes payables of RMB11.8 million, and short-term working capital borrowings from two subcontractors of approximately RMB67 million.

By Order of the Board

Tse Kwok Hing Henry
Chief Financial Officer / Company Secretary

4 January 2018