ANNUAL REPORT 2019

CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Company Registration Number: 39247)
(Incorporated in Bermuda on 4 December 2006)

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Non-Executive Director:

Lin Yeju *(Chairman)*

Executive Directors:

Ouyang Sheng
Zhou Jiangtao

Independent Directors:

Teo Yi-Dar
Chong Soo Hoon Sean
Xia Weichang

AUDIT COMMITTEE

Teo Yi-Dar *(Chairman)*
Chong Soo Hoon Sean
Xia Weichang

NOMINATING COMMITTEE

Chong Soo Hoon Sean *(Chairman)*
Teo Yi-Dar
Xia Weichang

REMUNERATION COMMITTEE

Xia Weichang *(Chairman)*
Teo Yi-Dar
Chong Soo Hoon Sean

SHARE OPTION SCHEME COMMITTEE

Xia Weichang *(Chairman)*
Teo Yi-Dar
Chong Soo Hoon Sean

COMPANY SECRETARY

Huang Tak Wai

ASSISTANT SECRETARY

Conyers Corporate Services (Bermuda) Limited

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM11
Bermuda

BUSINESS OFFICES

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Guangdong Province
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248 Queen's Road East, Wanchai
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WEBSITE

http://www.yuanbang.com

BERMUDA SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street, Hamilton HM11
Bermuda

SINGAPORE SHARE TRANSFER AGENT

B.A.C.S. Private Limited
8 Robinson Road #08-00
ASO Building
Singapore 048544

AUDITORS

Moore Stephens LLP
Public Accountants and Chartered Accountants
10 Anson Road,
#29-15 International Plaza
Singapore 079903

AUDIT PARTNER-IN-CHARGE:

Ms Lao Mei Leng (Appointed for
the financial year ended 30 June 2019)

Corporate Profile

China Yuanbang Property Holdings Limited（元邦房地產控股有限公司）(the "Company" or together with its subsidiaries, the "Group"), is a premium brand Guangzhou-based property developer that focuses on the development of quality residential and commercial properties, targeting at the middle to upper-middle income market segments. The Group has completed six property developments, namely the "Yuanbang Aviation Homeland"（元邦航空家園）, "Yuanbang Mingyue Gardens"（元邦明月園）, "Aqua Lake Grand City"（綠湖豪城）, "Ming Yue Xing Hui"（明月星輝）, "Ming Yue Jin An"（明月金岸）and "Ming Yue Shui An"（明月水岸）with an aggregate gross floor area ("GFA") of approximately 896,107 square metres ("sq m"). The Group's properties held under development include "Shan Qing Shui Xiu"（山清水秀）in Guangzhou City, "Hou De Zai Wu"（厚德載物）in Tonghua City, "Ren Jie Di Ling"（人杰地靈）in Weihai City, "Batai Mountain Project" in Wanyuan City and "Huizhou Project" in Huizhou City with an aggregate GFA of approximately 1,566,549 sq m.

With an experienced and driven management team, the Group strives for operational excellence and quality development. The Group has been awarded the "2005 China Real Estate Golden Tripod Award – China Quality Real Estate of the Year", "The PRC Quality Property Development Award" in 2006 and "China Quality Construction Silver Award" in 2007, "2008 Top 10 Enterprises of Nanchang Commodity Housing Sales", "2008-09 Most Influential Development Project in Jiangxi", "2009 China Real Estate Golden Tripod Award", "2009 China Real Estate Golden Building Award", "2010 Top 10 Brand of Guangzhou Property, "2011 Most Price/Performance Ratio Property in Jingxi", "10 High-end Real Estate Award – Shan Qing Shui Xiu", "Guangzhou Gold Medal Units Award – Ming Yue Jin An", "2012 Guangzhou Top 10 Livable Units Award– Ming Yue Shui An", "2013 Guangzhou Gold Medal Units Award – Ming Yue Shui An", "2014 China Real Estate Golden Tripod Award – Most Reliable Property Brand" and "2016 Green Residential Project Award – Shan Qing Shui Xiu".

The Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 9 May 2007.

Five Years Key Financial Highlights

	FY2019	FY2018	FY2017	FY2016	FY2015
Revenue (RMB'000)	**1,943,703**	1,027,838	684,810	602,212	444,864
Gross Profit (RMB'000)	**305,116**	127,739	65,988	74,043	81,688
Net Profit/(Loss) For The Year (RMB'000)	**90,625**	(53,738)	(27,143)	(93,252)	(41,882)
Net Profit/(Loss) Attributable to Owners of the Company (RMB'000)	**87,938**	(46,703)	(27,733)	(81,739)	(26,819)
Dividend Per Share (RMB cents)	**–**	–	–	–	–
Total Assets (RMB'000)	**3,491,967**	4,926,236	5,355,327	4,787,976	4,873,539
Net Assets (RMB'000)	**915,751**	912,049	964,122	992,004	1,079,257
Equity Attributable to Owners of the Company (RMB'000)	**686,775**	621,820	666,858	695,330	771,070

FINANCIAL RATIO

(1) Gross Profit Margin	**15.7%**	12.4%	9.6%	12.3%	18.4%
(2) Net Profit/(Loss) Margin	**4.7%**	(5.2%)	(4.0%)	(15.5%)	(9.4%)
(3) Basic Profit/(Loss) Per Share (RMB dollars)	**1.27**	(0.67)	(0.40)	(1.18)	(0.39)
(4) Net Assets Value Per Share (RMB dollars)	**9.90**	8.96	9.61	10.02	11.11
(5) Return on Equity (%)	**4.2%**	(7.2%)	(4.1%)	(11.1%)	(3.4%)
(6) Net Debt to Equity (%)	**173.07%**	239.63%	247.33%	201.29%	197.88%
(7) Interest coverage ratio	**1.47x**	(0.73)x	(0.83)x	N.A.	N.A.

Notes:

(1) Gross profit margin equals gross profit divided by revenue.

(2) Net (loss)/profit margin equals net (loss)/profit for the year divided by revenue.

(3) Basic (loss)/profit per share equals net (loss)/profit attributable to owners of the Company divided by weighted average number of shares.

(4) Net assets value per share equals equity attributable to owners of the Company divided by number of shares.

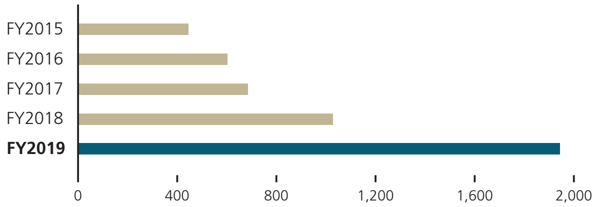
(5) Return on equity equals net profit/(loss) attributable to owners of the Company divided by average of equity attributable owner of the Company.

(6) Net debt to equity equals total debt less cash and cash equivalents divided by total equity.

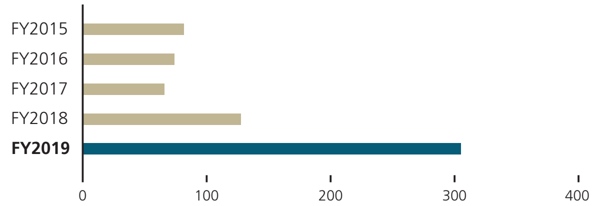
(7) Interest coverage ratio equals earnings before interest and taxes divided by interest expense. Interest coverage ratio for FY2016 and FY2015 are not available as the Group has recorded loss before taxes for FY2016 and FY2015.

FINANCIAL HIGHLIGHTS (express in RMB million)

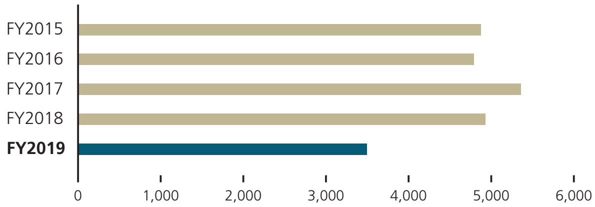
Revenue



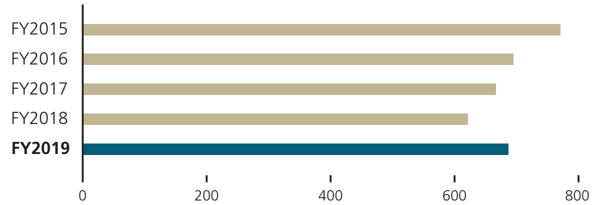
Gross Profit



Total Assets



Shareholders' Equity



Corporate Structure

- **China Yuanbang Property Holdings Limited 元邦房地产控股有限公司 (Bermuda)**
  - 100% Rich Luck Group Ltd 富运集团有限公司 (BVI)
    - 100% Guangdong Yuanbang Real Estate Development Co., Ltd. 广东元邦房地产开发有限公司 (PRC)
      - 90% Guangzhou Yuanbang Real Estate Development Co., Ltd. 广州元邦房地产开发有限公司 (PRC)
      - 60% Guangzhou Changhao Real Estate Consultancy Co., Ltd. 广州市长豪地产顾问有限公司 (PRC) — 10% (in Guangzhou Yuanbang Real Estate Development Co., Ltd.)
      - 100% Nanchang Changhao Real Estate Consultancy Co., Ltd.* 南昌长豪地产顾问有限公司 (PRC)
      - 100% Guangzhou Guangjin Real Estate Development Co., Ltd. 广州广进房地产开发有限公司 (PRC)
      - 100% Guangzhou Guangfu Property Development Co., Ltd. 广州广富房地产开发有限公司 (PRC)
      - 100% Guangzhou Yuanfu Property Development Co., Ltd. 广州元富房地产开发有限公司 (PRC)
      - 100% Guangzhou Yuanbang Market Operations Management Co., Ltd. 广州元邦市场经营管理有限公司 (PRC)
      - 82% Wanyuan Yuanbang Resort Development Co., Ltd. 万源元邦旅游产业开发有限公司 (PRC)
        - 100% Wanyuan Yuanbang Property Development Co., Ltd. 万源元邦房地产开发有限公司 (PRC)
        - 100% Wanyuan Dabashan Tourism Co., Ltd. 万源大巴山旅游有限公司 (PRC)
        - 100% Wanyuan Mingyue Bashan Hotel Management Co., Ltd. 万源明月巴山酒店管理有限公司 (PRC)
        - 100% Wanyuan Yuanbang Property Management Co., Ltd. 万源元邦物业管理有限公司 (PRC)
        - 100% Wanyuan Yuanbang Modern Agricultural Development Co., Ltd. 万源元邦现代农业开发有限公司 (PRC)
      - 94% Tonghua Litong Real Estate Development Co., Ltd. 通化礼同房地产开发有限公司 (PRC)
      - 75% Huizhou Nanhao Speaker Co., Ltd. 惠州南豪喇叭有限公司 (PRC) （没有业务）
      - 75% Huizhou Shaoyang Family Property Co., Ltd. 惠州绍阳家俬有限公司 (PRC)
      - 75% Huizhou The Jins Hardware Electronics Co., Ltd. 惠州锦家五金电子有限公司 (PRC)
      - 75% Huizhou Mengte Clothing Co., Ltd. 惠州梦特制衣有限公司 (PRC)
      - 75% Weihai City Golden Harbor Real Estate Development Co., Ltd. 威海市金港湾房地产开发有限公司 (PRC)
    - 100% Rushan Fuyunlai Industry Co., Ltd. 乳山富运来实业有限公司 (PRC)
    - 100% Spirit World Holdings Limited 力汇集团有限公司 (BVI)
      - 51% Aqualake Holdings Limited 绿湖控股有限公司 (BVI)
        - 100% Aqualake (HK) Group Limited 绿湖(香港)集团有限公司 (HK)
        - 100% New Zhong Yuan (Nanchang) Real Estate Co., Ltd. 新中源(南昌)房产开发有限公司 (PRC)

* De-registered as announced via SGXNET on 5 September 2019

CHAIRMAN'S STATEMENT

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board") of China Yuanbang Property Holdings Limited ("China Yuanbang" and together with its group of companies, the "Group"), I am pleased to present to you the Annual Report of China Yuanbang for the financial year ended 30 June 2019 ("FY2019").

MARKET OVERVIEW

In the first half year of 2019, due to consistent efforts by the central authorities and local governments to regulate the real estate market in China, China's property market has stabilised in terms of sales and prices during the period, according to research by the Ministry of Housing and Urban-Rural Development and the Development Research Center of the State Council.

According to National Bureau of Statistics Official data, among the four top-tier cities, Shenzhen has the highest property price increase in June 2019, which saw a 0.5% in the previous month while Shanghai and Guangzhou both experienced a 0.3% month-on-month growth. In contrast, Beijing saw a slight decrease in prices by 0.1% from May 2019.

YEAR IN REVIEW

China Yuanbang recorded a substantial increase in revenue of 915.9 million at RMB1,943.7 million for FY2019, compared to RMB1,027.8 million in the previous corresponding period ("FY2018").

The Group's revenue for FY2019 was mainly derived from the sale of its four development projects namely Huadu Project – Shan Qing Shui Xiu, Xilang Project – Ming Yue Shui An, Aqua Lake Project – Aqua Lake Grand City, and Tonghua Project – Hou De Zai Wu.

The Group recorded a gross profit of RMB305.1 million for FY2019 which was RMB177.4 million higher compared to RMB127.7 million in FY2018. The increase in gross profit margin from 12.4% in FY2018 to 15.7% in FY2019 was mainly due to handover of residential units of Ming Yue Shui An and Shan Qing Shui Xiu which commanded a higher gross profit margin.

The Group recorded a gain of RMB0.6 million arising from fair value adjustments on the Group's investment properties in FY2019 based on the valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The slight increase in fair value adjustment was due to the stable income and occupancy rate of the Group's investment properties.

The Group recorded other income and gains of RMB69.5 million for FY2019 which was RMB25.6 million higher compared to RMB43.9 million in FY2018. The increase was due to the increased ticket sales income of Batai Mountain National Park of RMB4.8 million (FY2018: RMB16.6 million) for the year and interest income amounting to RMB25.4 million derived from the loans made to to Guangzhou Jiadi Xindu Development Co., Ltd and Kaiping Qingshi Auto Parts Co., Limited.

The Group recorded income tax expense of RMB95.3 million for FY2019 which was RMB20.8 million higher compared to RMB74.5 million in FY2018. The amount mainly represented the net effect of PRC enterprise income tax ("EIT") of RMB67.2 million, land appreciation tax of RMB21.0 million and deferred tax expense of RMB7.1 million provided for the year The increase in provision of PRC EIT from last year was due to the increase in assessable profits during the year. The provision of LAT was higher for FY2019 due to the significant appreciation of the properties of Ming Yue Shui An and Shan Qing Shui Xiu.

Overall, the Group recorded a net profit attributable to the owners of RMB87.9 million, compared to net loss attributable to the owners of RMB46.7 million in FY2018.

The Group recorded net assets of RMB915.8 million as at 30 June 2019, an increase of RMB3.8 million, when compared to RMB912.0 million as at 30 June 2018. This translates to a 10% increase in net asset value per share to RMB9.90 compared to RMB8.96 recorded at 30 June 2018.

BUSINESS OUTLOOK

The trade tensions between the United States and China have heightened the economic uncertainty. If the dispute between the world's two largest economies is prolonged and escalates further, it is inevitable that China's GDP would be impacted and buyers may delay or become cautious in investing in real estate properties.

Despite the challenging environment, the Central Government continues to promote the development of urbanisation and promotion of the "Guangdong-Hong Kong-Macao Greater Bay Area", the property market for the said region is expected to continue developing at a steady pace as per National Bureau of Statistics Official data which indicated new home prices increased by 4.2% year-on-year in July 2019.

The Group has been focusing its property development in Guangdong province for over 10 years and will continue to do so in Guangzhou so as to benefit from the dynamic economic growth of the Greater Bay Area.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all members of the Board, Management and staff for their dedication and contributions to the Group. I would also like to express my most sincere gratitude to our shareholders, customers and business associates for their continued trust and support. We will continue to put our best efforts to generate good business results and better returns to our shareholders.

Lin Yeju
Non-Executive Chairman

BUSINESS AND FINANCIAL REVIEW

Business and Financial Review

BUSINESS REVIEW

Projects in Review

Aqua Lake Grand City

Located at Hongjiaozhou, Honggutan New District, a new central business district of Nanchang City, Aqua Lake Grand City is the recipient of the "2008 Top 10 Enterprises of Nanchang Commodity Housing Sales" and "2008-09 Most Influential Development Project in Jiangxi".

Occupying a total site area and GFA of approximately 193,380 sq m and 444,958 sq m respectively, the development was built in three phases, with residential, commercial, office and hotel.

Phase I, comprising 851 residential units and 80 commercial units, was completed in 2009 and is handover completely as at 30 June 2013.

Phase II, comprising 1,005 residential units and 127 commercial units, was completed in 2012. As at 30 June 2019, 99.8% of the residential units handed over to buyers.

For Phase III, the Group had entered into a sale and purchase agreement with certain independent third parties (the "Purchasers") in relation to the sale of the hotel for an aggregate consideration of RMB268 million on 13 May 2013. The Group had completed the handover of the legal title of the hotel to the Purchasers during FY2017.

Shan Qing Shui Xiu

Shan Qing Shui Xiu is located at North Shanqian Tourist Avenue Qixin Village, Furong Town Huadu District, Guangzhou, and in close proximity to the economic circle in Guangzhou.

This development site occupies a total site area and planned GFA of approximately 269,572 sq m and 351,594 sq m. It comprises three phases of development with a focus on low density villas and good class residences.

Phase I, comprising 340 residential units, was completed in 2012. Phase II, comprising 124 residential units, was completed in 2013. Total 53% of the units were handed over to buyers as at 30 June 2019. Phase III, comprising 1,165 residential units was completed in 2018 and the value of pre-sale units not handed over to buyers stood at RMB210.9 million.

Properties under construction in Shan Qing Shui Xiu are as follows:

Type of development	**Site area** (sq. m.)	**Gross floor area** (sq. m.)	**Total units**	**Status**
Villa	28,957.5	20,995.5	69	Planning
Apartment	5,082.0	6,684.7	44	Working progress
Residential/commercial building	6,693.6	42,867.9	462	Planning

As at 30 June 2019, Shan Qing Shui Xiu has generated a total contracted sales of approximately RMB963.3 million, with 1,178 residential units sold. During FY2019, 1,050 residential units had been handed over with a revenue of RMB702.0 million generated.

Ming Yue Xing Hui

This residential and commercial development project is located at Wenchang North Road, Liwan District of Guangzhou City. Occupying a total site area and planned GFA of approximately 9,510 sq m and 68,139 sq m respectively, it comprises 6 blocks of 30-storey apartments with a clubhouse and an underground car park.

With a total of 431 residential units and 219 commercial units, Ming Yue Xing Hui is accessible via major transport networks and near community amenities. It is also located at the core zone of the antique and jade trading centre and the traditional commercial, cultural and tourism centre in Guangzhou.

The project was 100% handed over to buyers during FY2017.

Ming Yue Jin An

Located at Northern West Hengsha Village, Shijing Town Baiyun District, Guangzhou City, Guangdong Province, Ming Yue Jin An occupies a total site area and GFA of approximately 26,505 sq m and 50,350 sq m. It comprises 8 blocks of 12 to 15-storey apartments, 7 blocks of low-density villas with a clubhouse and an underground car park. The project, comprising 404 residential units, was completed in 2013.

With 67% of the total units handed over to buyers as at 30 June 2019, the value of pre-sale units not handed over to buyers stood at RMB2.9 million.

Ming Yue Shui An

Located at Yu'anwei Xilang Village, South of Huadi Avenue, Liwan District, Guangzhou City, Guangdong Province, Ming Yue Shui An is strategically located near the Huadi River and is in close proximity to the metro line and GZ-Foshan railway.

It occupies a site area and GFA of 48,194 sq m and 139,134 sq m respectively. It comprises 10 blocks of 5 to 30-storey apartments and commercial units with an underground car park. The project, comprising 605 residential units, was completed in 2013.

As at 30 June 2019, Ming Yue Shui An has generated a total contracted sales of approximately RMB85 million, with 260.5 residential units sold. During FY2019, 85 residential units had been handed over with a revenue of RMB260.5 million generated.

With 60% of total units handed over to buyers as at 30 June 2019, the value of pre-sale units not handed over to buyers stood at RMB23.2 million.

Hou De Zai Wu

Located at Tonghua City, Jiang Nan Xin Qu, Xiu Zheng Da Qiao Nan Ce, Jilin Province, Hou De Zai Wu is near the new economic and political centre.

It occupies a site area and planned GFA of approximately 224,677 sq m and 538,360 sq m respectively. The project comprises 47 blocks of 7 to 25-storey apartments with a total of 2,035 residential units, 656 commercial units and an underground car park.

As at 30 June 2019, Hou De Zai Wu has generated a total contracted sales of approximately RMB1,108.89 million, with 2,325 residential units sold. During FY2019, 1,927 residential units had been handed over with a revenue of RMB857.7 million generated.

With 61% of total units handed over to buyers as at 30 June 2019, the value of pre-sale units not handed over to buyers stood at RMB204.3 million.

Ren Jie Di Ling

Located at North of Guangzhou Road, West of Zhanjiang Road, Rushan City, Shandong Province, Ren Jie Di Ling is located at the Shandong Golden Economic Circle and near the new railway cargo station.

It occupies a site area and GFA of 65,863 sq m and 214,322 sq m respectively. It comprises 4 blocks of 6 to 7-storey apartments and commercial units with an underground car park. Phase 1 of the 170 unit apartment had been launched in 2013. As at 30 June 2019, 29 units were sold and none of them has been handed over.

Batai Mountain Project

This development site is located at Wanyuan City, Batai Town, Tianchiba Village, Sichuan Province and occupies a site area and GFA of approximately 231,137 sq m and 462,273 sq m. The project involves the development of a plot of land with an area of approximately 120sq km located in the vicinity of Batai Mountain National Park（八臺山國家地質公園）and Longtan River Scenic Area（龍潭河景區）with the long-term aim of developing a premier tourist attraction with an AAAAA-grade national scenic area certification from the National Tourism Administration of PRC within 10 years.

This marks the Group's first tourism property project, with a mixture of residential, villa, hotel and commercial units under development since 2012. The National Park generated income of RMB21.1 million for FY2019.

Huizhou Project

This development side is located at Huizhou City, Boluo Country, Longxi Town, Honghuayuan of Hutou Village and occupies a site area of approximately 130,830 sq m.

During the year, the Group rented out the industrial buildings and generated rental income of RMB5.5 million.

INVESTMENT PROPERTIES

The investment properties held by the Group have generated approximately RMB16.5 million of revenue for FY2019.

	Properties	
1	Levels 1,2,4–8 and portions of Level 10 of Yuanbang Mansion	These units are located at No. 599 Huangshi West Road, Baiyun District, Guangzhou City and occupy a GFA of 5,369.32. sq m. It was 76% occupied as at 30 June 2019, with the lease expiring dates from 30 September 2019 to 15 June 2025.
2	4 retail units on Levels 1 and 2 of Yuanbang Aviation Homeland	Located at Huangshi West Road, Baiyun District, Guangzhou City, the units occupy a GFA of 407.72 sq m and the units were 100% occupied as at 30 June 2019. Lease expiring from 31 December 2019 to 30 June 2022.
3	176 retail units on Levels 1 to 3 of Ming Yue Xing Hui Building	Located at No. 242 to 272 Wenchang North Road, Liwan District, Guangzhou City, the units occupy a GFA of 7,613.25 sq m. The units were 50% occupied as at 30 June 2019 with the lease expiring from 31 July 2019 to 31 May 2022.
4	A parcel of land and various units located at Hong Hua Yuen Long Gong Cun Team Hu Tou Village	Located at Long Xi Town, Boluo County, Huizhou City, the land occupies a GFA 66,664 sq m and the units occupy a GFA of 40,162.46 sq m. The units were 69% occupied as at 30 June 2019 with the lease expiring from 1 August 2019 to 15 March 2023.
5	A parcel of land and various units located at Hong Hua Yuen Long Gong Cun Team Hu Tou Village	Located at Long Xi Town, Boluo County, Huizhou City, the land occupies a GFA 66,666 sq m and the units occupy a GFA of 52,061.61 sq m. The units were 97% occupied as at 30 June 2019 with the lease expiring from 1 July 2019 to 30 November 2020.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 30 June 2019 ("FY2019") was RMB1,943.7 million compared to RMB1,027.8 million in FY2018, an increase of RMB915.9 million. The Group's revenue in FY2019 was mainly attributable to more property units handed over to buyers for Xilang Project namely Ming Yue Shui An（明月水岸）, Tonghua City Project namely Hou De Zai Wu（厚德載物）and Huadu Project (Phases I and II) namely Shan Qing Shui Xiu（山清水秀）.

For FY2019, the Group has handed over 1,050 residential units of Shan Qing Shui Xiu, 85 residential units of Ming Yue Shui An and 1,927 residential units of Hou De Zai Wu.

Cost of sales

The Group recorded cost of sales of RMB1,638.6 million for FY2019 which was RMB738.5 million higher compared to RMB900.1 million in FY2018. The increase in cost of sales by 82.0% was in tandem with the increase in revenue.

Gross profit

The Group recorded a gross profit of RMB305.1 million for FY2019 which was RMB177.4 million higher compared to RMB127.7 million in FY2018. The increase in gross profit margin from 12.4% in FY2018 to 15.7% in FY2019 was mainly due to handover of units of Ming Yue Shui An and Shan Qing Shui Xiu which had a higher gross profit margin.

Other income and gains

The Group recorded other income and gains of RMB69.5 million for FY2019 which was RMB25.6 million higher compared to RMB43.9 million in FY2018. The increase was comprised:

1) increase in both the admission ticket sales and in-park recreation income of Batai Mountain National Park of RMB21.1 million (FY2018: RMB16.6 million) for the year. The increase in tourism income was mainly due to the Group's effort in promoting the national park.

2) interest income amounting to RMB25.4 million derived from the loan made to to Guangzhou Jiadi Xindu Development Co., Ltd and Kaiping Qingshi Auto Parts Co., Limited.

Fair value adjustments on investment properties

The Group recorded RMB0.6 million arising from fair value adjustments on the Group's investment properties in FY2019 compared to a gain of RMB4.5 million in FY2018 based on the valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 29 August 2019. As both the rental income and occupancy rate have remained stable, the fair value adjustments on investment properties increased slightly by RMB0.6 million.

Selling expenses

The Group recorded selling expenses of RMB41.0 million for FY2019 which was RMB15.3 million lower compared to RMB56.3 million in FY2018. The decrease was mainly attributable to lower sales commission expenses (FY2019: RMB29.8 million; FY2018: RMB40.7 million) following the restructuring of the Group's sales compensation plan.

Administrative expenses

The Group recorded administrative expenses of RMB99.3 million for FY2019 which were RMB32.9 million higher compared to RMB66.4 million in FY2018. The increase was mainly due to a one-off compensation amounting to RMB27.7 million paid to the buyers of the 394 residential unit buyers of Ming Yue Shui An and Shan Qing Shui Xiu. The compensation was due to delay in completing the interior renovation works, which led to a delay in the handover of the said units.

Other operating expenses

The Group recorded other operating expenses of RMB46.4 million for FY2019 which were RMB16.0 million higher compared to RMB30.4 million in FY2018. The expenses mainly comprised:

(i) direct expenses such as staff cost, repair and maintenance, amounting to RMB15.7 million (FY2018: RMB14.3 million) in relation to the operation of Batai Mountain National Park;

(ii) an impairment loss of account, loan and other receivables amounting to RMB23.1 million (FY2018: RMB2.4 million). The impairment loss of account, loan and other receivables was resulted from the application of IFRS 9 at the beginning of the financial year. The Group has recognised an impairment loss based on results of the Expected Credit Loss model.

Finance costs

The Group recorded finance cost of RMB2.6 million for FY2019 which was RMB0.3 million higher compared to RMB2.3 million in FY2018. The interest expenses were mainly attributable to the other borrowings which were used for working capital purposes during the year. Finance costs for borrowings which were used for project financing were capitalised under the relevant projects accordingly.

Income tax expense

The breakdown of income tax expense is as follows:

The Group recorded an income tax expense of RMB95.3 million for FY2019 which was RMB20.8 million higher compared to RMB74.5 million in FY2018. The amount mainly represented the provision of PRC enterprise income tax ("EIT") of RMB67.2 million, land appreciation tax ("LAT") of RMB21.0 million and deferred tax expenses of RMB7.1 million provided for the year.

The increase in provision of PRC EIT from last year was due to the increase in assessable profits during the year. The provision of LAT was higher for FY2019 due to the significant appreciation of the properties in Ming Yue Shui An and Shan Qing Shui Xiu.

The deferred tax expenses was due to the temporary difference of land appreciation tax payable.

Profit for the year

Profit before tax in FY2019 was RMB185.9 million, an increase of RMB165.1 million from RMB20.8 million in FY2018. The Group recorded a net profit of RMB90.6 million compared to a net loss of RMB53.7 million in FY2018. This was mainly due to the reasons discussed above.

CASH FLOWS ANALYSIS

For FY2019, the Group recorded RMB70.0 million of cash inflow from operating activities which was mainly attributable to the decrease in properties held for sale.

Net cash inflow from investing activities in FY2019 of RMB155.5 million was mainly due to increase in loan receivable of RMB113.6 million.

Net cash inflow from financing activities in FY2019 of RMB29.0 million was mainly due to the proceeds from bank and other borrowings.

As a result, the Group has a cash and cash equivalent of RMB123.1 million.

FINANCIAL POSITION

Non-current assets

As at 30 June 2019, the Group had non-current assets of RMB906.6 million, representing an increase of RMB64.5 million compared to RMB842.1 million as at 30 June 2018. The increase was mainly attributable to:

(i) the payment of balance deposit of RMB35.0 million for the possible acquisition of an equity interest in a company that holds the development rights to a 32,566.64 sqm. land parcel in Huadu District of Guangzhou. The total deposit paid till date is RMB120.0million. The said transaction is awaiting approval from the relevant regulatory authorities to re-develop the land.

(ii) increase in deferred tax assets of RMB6.8 million.

(iii) The increase in loan receivables of RMB21.3 million made to Guangzhou Jiadi Xindu Development Co., Ltd. ("Jiadi Xindu").

The non-current loan receivable as at 30 June 2019 of RMB40.1 million relates to an interest-bearing loan to Jiadi Xindu. The loan is secured by the pre-sales of Jiadi Xindu's property development projects in Guangzhou. The loan was made to secure the rights for the Group to participate in Jiadi Xindu's future property development projects, namely a commercial property development project in Zhongshan, Guangdong Province with land area of 2,727.7sqm, and two tourist projects in Beidaihe, Liaoning Province and Hainan Province.

Current assets

As at 30 June 2019, the Group's current assets stood at RMB2,585.4 million, representing a decrease of RMB1,498.8 million compared to RMB4,084.2 million as at 30 June 2018. The decrease was mainly attributable to the decrease in properties held under development by RMB1,268.7 million. The decrease in properties under development was mainly due to the transfer of properties under development to properties held for sale in FY2019.

The loan receivables which amounting to RMB109.3 million comprised loans made to Kaiping Qingshi Auto Parts Co., Limited and Jiadi Xindu which are repayable within 12 months and accrued interest receivable.

Current liabilities

As at 30 June 2019, the Group's current liabilities stood at RMB2,076.5 million, representing a decrease of RMB1,306.8 million, compared to RMB3,383.3 million as at 30 June 2018.

The decrease in current liabilities was mainly due to the net effect of (i) an increase in borrowings by RMB163.4 million due to reclassification of current portion of long-term borrowings to current liabilities accordingly to maturity date; (ii) a decrease in contract liabilities by RMB748.1 million due to handover of pre-sale units of Shan Qing Shu Xiu, Ming Yue Shui An and Hou De Zai Wu. (iii) decrease in refundable deposit received from buyers by RMB358.7 million due to more properties were handed over to customers. (iv) income tax payables decreased by RMB32.2 million due to settlement of income tax expenses during the year.

Non-current liabilities

As at 30 June 2019, the Group's non-current liabilities stood at RMB499.8 million, representing a decrease of RMB131.1 million, compared to RMB630.9 million as at 30 June 2018. This was mainly due to long-term interest-bearing bank and other borrowings classified to current liabilities during the year.

Total equity

As at 30 June 2019, the equity attributable to owners of the Company increased by RMB65.0 million from RMB621.8 million as at 30 June 2018 to RMB RMB686.8 million as at 30 June 2019. The increase in equity attributable to owners of the Company was mainly due to the net profit during the year.

The Group's equity stood at RMB915.8 million, representing a increase of RMB3.8 million, compared to RMB912.0 million as at 30 June 2018. The increase in equity is the net effect of the Group's net profit for the year and a decrease in non-controlling interest.

In FY2019, the Group acquired of a further 46% equity interest in its 51% owned subsidiary, Tonghua Litong Real Estate Development Co., Limited ("Tonghua Litong"), from the non-controlling shareholder for a consideration of RMB50 million.

Projects Highlights

Name of property development/Location	Site area (sq m)	Planned GFA (sq m)	Type	Tenure	Effective equity interest (%)	Approximate percentage of handover (%)
Completed development properties						
Yuanbang Aviation Homeland （元邦航空家園） Huangshi West Road Baiyun District Guangzhou City Guangdong Province, PRC	34,398	127,999	R, C	R: 70 years C: 40 years Other uses: 50 years	96	100
Yuanbang Mingyue Gardens （元邦明月園） He'nan Chigang Haizhu District Guangzhou City Guangdong Province, PRC	13,843	65,527	R, C	R: 70 years C: 40 years Other uses: 50 years	100	100
Aqua Lake Grand City （綠湖豪城） Hongjiaozhou Honggutan New District Nanchang City Jiangxi Province, PRC	193,380	444,958	R, C, H	R: 70 years C: 40 years Other uses: 50 years	51	PI: 100% R: 99.8% PIII: 100%
Ming Yue Xing Hui （明月星輝） Wenchang North Road Liwan District Guangzhou City Guangdong Province, PRC	9,510	68,139	R, C	R: 70 years C: 40 years Other uses: 50 years	100	R: 100% C: commenced leasing
Ming Yue Jin An （明月金岸） Northern West Hengsha Village Shijing Town Baiyun District Guangzhou City Guangdong Province, PRC	26,505	50,350	R, C	R: 70 years C: 40 years Other uses: 50 years	100	R: 67%
Ming Yue Shui An （明月水岸） Yu'anwei, Xilang Village South of Huadi Avenue Liwan District Guangzhou City Guangdong Province, PRC	48,194	139,134	R, C	R: 70 years C: 40 years Other uses: 50 years	100	R: 60%
Total	**325,830**	**896,107**				

Name of property development/Location	Site area (sq m)	Planned GFA (sq m)	Type	Tenure	Effective equity interest (%)	Approximate percentage of handover (%)
Properties under development						
Shan Qing Shui Xiu （山清水秀） North Shanqian Tourist Avenue Qixin Village Furong Town Huadu District Guangzhou City Guangdong Province, PRC	269,572	351,594	R	R: 70 years	100	R: 53%
Hou De Zai Wu （厚德載物） Jiang Nan Xin Qu Xiu Zheng Da Qiao Nan Ce Tonghua City Jilin Province, PRC	224,677	538,360	R, C	R: 70 years C: 40 years Other uses: 50 years	51	R: 61%
Ren Jie Di Ling （人杰地靈） North of Guangzhou Road West of Zhanjiang Road Rushan City Shandong Province, PRC	65,863	214,322	R, C	R: 70 years C: 40 years	75	R: commenced pre sale
Batai Mountain Project Tianchiba Village Batai Town Wanyuan City Sichuan Province, PRC	231,137	462,273	R, C, H	R: 70 years C: 40 years Other uses: 50 years	82	N/A
Huizhou Project Honghuayuan of Hutou Village Longxi Town Boluo County Huizhou City Guangdong Province, PRC	130,830	N/A	C	C: 50 years	75	N/A
Total	**922,079**	**1,566,549**				

R = Residential
C = Commercial
H = Hotel & Service Apartment

Board of Directors

MADAM LIN YEJU（林葉菊）, AGE 50

Non-Executive Chairman

Madam Lin was appointed as the Group's Non-Executive Director and Chairman of the Board on 5 February 2015 and was last re-elected on 26 October 2017. From 1990 to 1993, Madam Lin worked in Guangdong Hongda No. 6 Construction Company as Accounting Manager and was responsible for cash budgeting and fund raising. From 2008 to present, she is an Executive Director of the Group's subsidiary, Nanchang Changhao Real Estate Consultancy Co. Ltd. She is in charge of the sales and marketing activities of the Nanchang Project. Madam Lin is the spouse of Mr Chen Jianfeng, a substantial shareholder of the Company.

MR. OUYANG SHENG（歐陽生）, AGE 55

Executive Director/Chief Executive Officer

Mr. Ouyang was appointed as the Group's Executive Director on 20 December 2006 and was last re-elected on 26 October 2018. Mr. Ouyang is also the Group's Chief Executive Officer since 8 May 2015. Mr. Ouyang is responsible for the Group's property development strategies as well as overseeing the day-to-day operations of the Group. Mr. Ouyang started his career as Engineering Vice-Manager in August 1984 with Jiangxi Fengcheng Mining Bureau（江西豐城礦務局）. Subsequently, he joined the Group in September 1999 as a Quality Control Manager. Mr. Ouyang is currently a Construction Cost Engineer and a Senior Project Management Engineer of the People's Republic of China, Guangdong Province Human Resources Bureau（廣東省人事廳）. He is also a Construction Enterprise Second Level Project Manager recognised by Coal Industry Basic Infrastructure Co.（煤炭工業基本建設司）and an economist of the People's Republic of China Human Resources Department（中國人民共和國人事部）.

Mr. Ouyang graduated from Jiangxi Polytechnic University（江西工業大學）in July 1984 with a Bachelor's degree in Construction. Mr. Ouyang had also obtained a Bachelor degree in Economics from the China Coal Economics College（中國煤炭經濟學院）in July 1991. In 2010, Mr. Ouyang obtained a Master of Business of Administration from University of South Australia.

MR. ZHOU JIANGTAO（周江濤）, AGE 47

Executive Director

Mr. Zhou was appointed as the Group's Executive Director on 8 December 2016 and was last re-elected on 26 October 2017. He is responsible for the Group's business development. Mr. Zhou started his career in October 1991 with Guangdong Kangli Electrical and Gas Group（廣東康立通用電器集團有限公司）as a Manager and. In December 1999, Mr. Zhou joined Guangdong Hongda Construction and Installation Engineering Co., Ltd.（廣東宏大建築安裝工程有限公司）, where he held the position of Vice General Manager between March 2000 and August 2005, managing all aspects of the company's property construction projects.

Mr. Zhou graduated from the Guangdong National Defense Polytechnic University（廣東國防工業大學）in July 1991 where he obtained a Bachelor's degree in Automated Electrical Appliances. In October 2003, Mr. Zhou was certified as a qualified construction and utilities installation engineer by the Guangdong Province Human Resources Bureau（廣東省人事廳）.

MR. TEO YI-DAR（張毅達）, AGE 48

Independent Director

Mr. Teo was appointed as an Independent Non-Executive Director on 26 March 2007 and was last re-elected on 26 October 2017. He is an Investment Partner at an international Private Equity firm. Mr. Teo has over fifteen years of private equity, venture capital and direct investment experience. He manages investments in ASEAN and China and has invested in a number of companies in the electronics, chemical, engineering, manufacturing and technology sectors. Mr. Teo is currently a Non-Executive Independent Director of Asia Vets Holdings Ltd and HG Metal Manufacturing Limited and a Non-Executive Director of Denox Environmental Technology Holdings Limited and Penyao Environmental Protection Co Limited.

Mr. Teo graduated from the National University of Singapore with a Bachelor degree in Engineering in 1996. He also obtained a Master of Science in Industrial Systems Engineering in 1998 and a Master of Science in Applied Finance in 2000 from the same university. In 2001, Mr. Teo was recognised as a Chartered Financial Analyst by the CFA Institute.

MR. CHONG SOO HOON SEAN（張詩雲）, AGE 44

Independent Director

Mr. Chong was appointed as an Independent Non-Executive Director on 13 March 2015 and was last re– elected on 26 October 2018. Mr. Chong is currently the Managing Director of Anda Capital Solutions Pte. Ltd., a business advisory and investment firm. He has more than 19 years of experience in investment banking, corporate advisory and direct investment, in particular, he was actively involved in a broad range of corporate finance transactions for listed and private entities throughout the Asia-Pacific region, including initial public offers, mergers and acquisitions, rights issues and other corporate advisory work.

Mr. Chong graduated with a Bachelor (Honours) degree in Accounting and Financial Studies from University of Exeter, United Kingdom.

MR. XIA WEICHANG（夏偉昌）, AGE 62

Independent Director

Mr. Xia was appointed as an Independent Non-Executive Director on 13 March 2017 and was last re-elected on 26 October 2017. In 1995-2000, Mr. Xia was the Principal of Dongshan Architects & Engineers Institute（廣州市東山建築設計院）. He is currently the Chief Engineer of Guangzhou Shanding Architectural Design Consulting Limited（廣州市山鼎建築設計諮詢有限公司）. He has over 20 years' experiences in architectural sectors and involved in various projects including residential units, commercial buildings, industrial parks and airport buildings.

Mr. Xia graduated from South China University of Technology with a Bachelor degree in Engineering.

ADDITIONAL INFORMATION REQUIRED UNDER SGX LISTING RULE 720(6)

The following table sets out the additional information on directors seeking re-appointment at the annual general meeting pursuant to SGX Listing Rule 720(6).

Name of Director	Mr Zhou Jiangtao ("Mr Zhou")	Mr Teo Yi-Dar ("Mr Teo")
Date of Appointment	8 December 2016	26 March 2007
Date of last re-appointment (if applicable)	26 October 2017	26 October 2017
Age	47	48
Country of principal residence	People's Republic of China	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Zhou as Executive Director was recommended by the Nominating Committee ("NC") and the Board has accepted the NC's recommendation, after taking into consideration Mr Zhou's credentials, experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Teo as Independent Director was recommended by the Nominating Committee ("NC") and the Board has accepted the NC's recommendation, after taking into consideration Mr Teo's credentials, experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director.	Independent Director, Chairman of the Audit Committee and a member of the Remuneration Committee, Nominating Committee and Share Option Scheme Committee.
Professional qualifications	• Bachelor's Degree in Automated Electrical Appliances • Qualified Construction and Utilities Installation Engineer	• Bachelor's Degree in Engineering • Master of Science in Industrial Systems Engineering • Master of Science in Applied Finance • Chartered Financial Analyst
Working experience and occupation(s) during the past 10 years	• Joined the Company as a general manager in August 2005 and was responsible for the Company's property development projects • Executive Director of the Company since 8 December 2016.	• Investment Partner at an international Private Equity firm. • Has over 15 years of private equity, venture capital and direct investment experience. • Manages investments in ASEAN and China. • Has investments in a number of companies in the electronics, chemical, engineering, manufacturing and technology sectors.

Name of Director	Mr Zhou Jiangtao ("Mr Zhou")	Mr Teo Yi-Dar ("Mr Teo")
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# * *"Principal Commitments" has the same meaning as defined in the Code.* # *These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)*		
Past (for the last 5 years)	Past Directorship: • Nil	Past Directorship: Please see page 20 of the Annual Report.
Present	Present Directorships: • China Yuanbang Property Holdings Limited	Present Directorships: Please see page 20 of the Annual Report.

Information required	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
(c)	Whether there is any unsatisfied judgment against him?

(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
	(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
	(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	
Mr Zhou and Mr Teo have individually given a negative disclosure on each of the above items (a) to (k).		

Disclosure applicable to the appointment of Director only.
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). **Not applicable for both Mr Zhou and Mr Teo as this is a re-election of Director.**

Mr Teo Yi-Dar	
Independent Director	
Past (for the last five years)	Present
Mr Teo Yi-Dar held the following past Directorships over the preceding five years (from 1 July 2014 to 30 June 2019): Net Pacific Financial Holdings Limited Baoling Investments Pte Ltd Bayston Investments Limited Pleasant Way Analyse Development Limited SACLP Investments Limited TFSA Investments Ltd Value Plus Investment Limited	Mr Teo Yi-Dar is currently a Director of the following listed companies: Yangzijiang Shipbuilding (Holdings) Ltd. HG Metal Manufacturing Limited Asia Vets Holdings Limited Denox Environmental & Technology Holdings Limited Penyao Environmental Protection Co. Ltd. Mr Teo is currently the Executive Director of Altair Capital Advisors Pte Ltd, and also holds directorships in various non-listed companies.

Key Management Personnel

MR. HUANG TAK WAI（黃德威）, AGE 33

Chief Financial Officer/Company Secretary

Mr. Huang joined our Group as Chief Financial Officer/Company Secretary on 17 May 2018. He is responsible for the preparation of all of the Group's financial statements as well as reviewing and developing effective financial policies and control procedures within the Group. Mr. Huang has ten years of experience in accounting and auditing. Prior to joining the Group, he worked in an international accounting firm in Hong Kong. Mr. Huang graduated from The University of Sydney in 2008 with a bachelor's degree in Commence (Accounting and Finance). He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and Certified Practising Accountants Australia.

MR. HE HONGYAN（何洪燕）, AGE 53

Finance Manager

Mr. He joined our Group in August 2006. He is responsible for the finance and accounting matters of the Group. He worked as assistant manager in the internal audit department from July 2014 to November 2016. He becomes the finance manager of the Group since November 2016. Mr. He obtained a certificate of accounting professional and a certificate of accounting (mid-level) issued by Ministry of Finance of the People's Republic of China（中華人民共和國財政部）. He has over 15 years experiences in accounting sector.

MS. LONG XIAOLIN（龍曉霖）, AGE 36

Human Resources Manager

Ms. Long joined our Group in 2011. She is responsible for the human resources matters of the Group. Ms. Long was a marketing executive and was promoted to marketing manager at a food manufacturing and processing company from 2005 to 2011. She worked in the human resources department of the Group since 2011. She was promoted as the human resources manager since 2016. Ms. Long graduated from Sun Yat-Sen University in July 2005 where she obtained a bachelor of philosophy.

Corporate Governance Report

The Board of Directors (the "Board") of China Yuanbang Property Holdings Limited ("the Company") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"), where possible, through the implementation of self-regulatory and monitoring mechanisms within the Group.

The Board has taken steps to align the Group's governance framework with the recommendations of the Code of Corporate Governance 2012 (the "CG2012"), where applicable, relevant and practicable to the Group. Any deviation from the guidelines of the CG2012 or areas of non-compliance are provided.

With the issuance of the revised Code of Corporate Governance ("2018 Code") by the Monetary Authority of Singapore on 6 August 2018 which will take effect for annual reports covering financial years commencing from 1 January 2019, the Group will review and implement measures to comply with the 2018 Code, where appropriate, for the Company's Annual Report for FY2020.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board oversees the business and corporate affairs of the Group. It sets the Group's strategic direction and vision and directs the Group's overall strategy, policies, business plans, as well as, stewardship and allocation of the Group's resources. Board members are expected to use reasonable diligence in discharging their duties and act in good faith and exercise independent judgement in the best interests of the Group at all times.

The Board's role includes:

(i) providing effective leadership, reviewing and approving strategic plans, annual budget, major objectives, investing and funding activities;

(ii) overseeing the process related to risk management and internal controls, financial reporting and compliance including approving and release of financial results and announcements of material transactions;

(iii) reviewing recommendations made by the Remuneration Committee and approving remuneration packages for the Board and key management personnel;

(iv) reviewing and monitoring the Group's performance towards maximizing shareholders' value;

(v) declaring interim and final dividends;

(vi) approving the appointments/re-elections of Directors and appointment of key management personnel; and

(vii) overseeing the proper conduct of the Group's business, setting the Group's values and standards and assuming responsibility for corporate governance;

(viii) considering sustainability issues such as environmental and social factors as part of its strategic formulations; and

(ix) identifying key stakeholder groups and recognise that their perceptions affect the Company's reputations;

The Board objectively makes decisions in the interests of the Group. The Board is supported by the Audit Committee ("AC"), Remuneration Committee ("RC"), Share Option Scheme Committee and Nominating Committee ("NC"). The Board accepts that while these Board Committees have the power to make decisions or execute actions or make recommendations in their specific areas respectively, the ultimate responsibility rests with the Board.

The Board and Board Committees meetings are scheduled in advance to coincide with the release of the announcements of the Group's quarterly and year-end results. As and when required, additional Board meetings will also be held to address significant transactions or issues that arise in between the scheduled meetings. The Bye-laws of the Company provide for the attendance at meetings by the Directors through teleconferencing or video-conferencing. Directors who are unable to attend any unscheduled or ad hoc Board meetings which are convened on short notice will be able to participate in the meeting via such means.

When circumstances require, the Directors may also request for further explanation, briefing or discussion on any aspect of the Group's operations or business from Management and/or exchange views outside the formal environment of Board meetings.

All the Board Committees consist of a majority non-executive Directors. Further details of the scope and functions of the various Board committees are set out in the later part of this Annual Report.

The Board has delegated day-to-day operations to Management, while reserving certain key matters for its approval. The Company has put in place an Authorisation Matrix setting out the approving authority and limit guidelines, in particular the level of authorisation required for specified transactions, including those that require Board approval. Matters that specifically require Board approval are the Group's financial results, annual budgets, annual reports, financial statements, interested person transactions, acquisitions and disposal of assets, corporate or financial restructuring, dividend payments and the convening of members' meetings. Board approval is also required for any matters which are likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business.

Details of Board and Board committee meetings held during FY2019 are disclosed in the table below:

Meeting	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total held in FY2019	4	5	1	1
Lin Yeju	4	N/A	N/A	N/A
Ouyang Sheng	4	N/A	N/A	N/A
Zhou Jiangtao	3	N/A	N/A	N/A
Teo Yi-Dar	4	5	1	1
Chong Soo Hoon Sean	4	5	1	1
Xia Weichang	4	5	1	1

N/A: Not applicable

1. There was no Share Option Committee meeting held for FY2019.

The Group encourages Directors to receive regular training and updates on relevant laws and regulations and to participate in conferences, seminars or any training programme to equip them with the relevant knowledge to discharge their duties and responsibilities as Directors in an effective and efficient manner. Relevant updates and/or news releases issued by the SGX-ST will also be circulated to the Board for information.

Pursuant to the Guideline 1.6 of the CG2012, a majority of directors had participated in various continuous professional development programmes such as attending internal briefing sessions in relation to the corporate governance, attended relevant seminars or conference to develop professional skills and knowledge, and read materials in relation to regulator updates.

All Directors have been updated on the latest developments regarding the Singapore Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. Continuing briefings and professional development to Directors will be arranged whenever necessary.

Newly appointed Directors are given letters of appointment setting out the terms of their appointment and their duties and obligations. These Directors would also be briefed on the business activities and the strategic directions and policies of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a director of a listed company in Singapore, will undergo the necessary training and briefing. There were no new directors appointed during FY2019.

Independent Directors of the Company have the opportunity to visit the Group's various project sites to understand the status of the various property developments. The Independent Directors also have the opportunity to meet with Management to gain a better understanding of the Group's business operations.

Directors may request for further explanations, briefings and formal discussions on any aspects of the Group's operations or business and any other issues.

Principle 2: Board Composition and Guidance

The Board currently consists of six members, three of whom are independent. This complies with the CG2012 which requires at least one-third of the Board to make up independent directors.

Non-Executive Director
Lin Yeju *(Chairman)*

Executive Directors
Ouyang Sheng
Zhou Jiangtao

Independent Directors
Teo Yi-Dar
Chong Soo Hoon Sean
Xia Weichang

The current Board comprises persons who as a group provide a balance of skills, experience and gender (1 female Director on the Board) as well as core competencies necessary to meet the Group's objectives. None of the Directors on the Board are related and do not have any relationship with the Group or its related companies or its 10% shareholders or its officers who could interfere or to be reasonably perceived to interfere with the exercise of their independent judgements, save for Madam Lin Yeju, who is the spouse of Mr. Chen Jianfeng, a substantial shareholder of the Company. Currently, there is no alternate Director appointed.

The Board, with the concurrence of the NC, is of the view that the current size of the Board is appropriate for the time being for the Board to discharge its duties and responsibilities effectively taking into account the nature and scope of the Group's operations. Each Director has been appointed on the strength of his calibre, experience and stature and is expected to bring a diversity of experience and expertise to contribute to the development of the Group's strategy and performance of its business.

The Independent Directors' views and opinions provide alternative perspectives to the Group's business and enable the Board to make informed and balanced decisions. When reviewing Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities. Where appropriate, the Independent Directors are encouraged to meet without presence of the Company's Management on a regular basis and at times deemed necessary.

The Lead Independent Director, Mr Teo Yi-Dar, would be available to shareholders where they have concerns, if any, and for which contact through the normal channels of the Chairman, CEO or Chief Financial Officer has failed to resolve or inappropriate.

Principle 3: Chairman and Chief Executive Officer ("CEO")

The posts of Chairman and CEO are held by Madam Lin Yeju and Mr. Ouyang Sheng respectively and they are not related to each other.

There is a clear separation of the roles and responsibilities between the Chairman and the CEO. Madam Lin Yeju, the Non-Executive Chairman, provides leadership to the Board. She sets the meeting agenda in consultation with the CEO and CFO and also ensures that Directors are provided with accurate, timely and clear information. The Chairman also oversees the compliance with the corporate governance guidelines.

Mr. Ouyang Sheng works on the Group's property development strategies, identifying new business opportunities and overseeing the day-to-day operations of the Group. He reports to the Board on the Group's operations and performance and he also leads the key management and executes plans in the implementation of the Board's decisions.

All major decisions made by the CEO have to be endorsed by the Board. There is an independent element on the Board with the three Independent Directors out of six Directors of the Company to enable independent exercise of objective judgement in the affairs of the Group. As such, the Board believes that there are adequate safeguards and checks in place to ensure that the decision-making process by the Board is independent and based on collective decision-making, without any one person being able to exercise considerable concentration of power or influence.

Principle 4: Board Membership

The NC is regulated by a set of written terms of reference. The NC comprises all independent Directors. Members of the NC are:

Chong Soo Hoon Sean *(Chairman)*
Teo Yi-Dar
Xia Weichang

The NC meets at least once a year.

The principal functions of the NC are as follows:

(a) review and determine the appropriate size and structure for the Board, taking into account the scope and nature of operations of the Group;

(b) review and recommend to the Board nomination of Directors to fill up any vacancies in the Board;

(c) review and recommend for re-appointment and re-election to the Board, having regard to the Director's contribution and performance (eg. attendance, level of participation, business performance of the Group);

(d) ensure that all Directors submit themselves for re-election at regular intervals;

(e) assess the effectiveness of the Board and Board committees;

(f) review and evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company, particularly competing time commitments that are faced when the Directors have multiple Board representations;

(g) review on an annual basis the independence of Directors, bearing in mind the circumstances set forth in the CG2012 and any other salient factors;

(h) review succession plans, in particular, for the Chairman and the CEO;

(i) oversee the induction, orientation and training for any new and the existing Directors.

In accordance with the Company's Bye-Laws, each Director is required to retire at least once in every three years and all newly appointed Directors by the Board will have to retire at the next Annual General Meeting ("AGM") following their appointments. The retiring Directors are eligible for re-election as Directors at the AGM.

Pursuant to Bye-law 86(1) of the Company's Bye-laws, Mr Zhou Jiangtao and Mr Teo Yi-Dar will be retiring at the forthcoming AGM. Both Mr Zhou Jiangtao and Mr Teo Yi-Dar have signified their consent to remain in office.

The NC having considered the attendance, participation and candour of Mr Zhou Jiangtao and Mr Teo Yi-Dar at the Board and Board Committees meetings, the NC had nominated them for re-election at the forthcoming AGM.

The Board has accepted the NC's recommendation. Mr Zhou Jiangtao and Mr Teo Yi-Dar have abstained from voting on any resolutions and/or participation in the deliberations regarding their respective re-election as a Director.

Key information regarding the Directors are provided on pages 20 to 21 of this Annual Report.

Information regarding the Directors nominated for re-election, including the information required under Appendix 7.4.1 of the listing rules is given in the "Board of Directors" section.

On competing time commitments faced by Directors who have multiple Board representations, the NC besides procuring written confirmations from the Independent Directors of the Company, the NC also considered their level of participation at meetings and whether they have given sufficient time and attention in addressing matters or issues raised to the Board.

The NC is of the view that putting a maximum limit on the number of listed company board representations is arbitrary, given that time requirements for each company vary, and every individual is made differently, thus one should not be presumptive as sufficiency of time cannot be objectively determined in all situations. The Board and the NC have concluded that such multiple Board representations, if any, do not hinder each Director from carrying out his duties as a Director of the Company. With the attendance of the Directors at Board and Board Committee meetings for FY2019, the NC Is also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurs with the view of the NC.

The NC had reviewed the independence of the Board members and had determined Mr. Teo Yi-Dar, Mr. Xia Weichang and Mr. Chong Soo Hoon Sean to be independent and free from any of the relationships outlined in the CG2012 that could interfere with the exercise of their independent judgements. The Independent Directors are required to declare their independence annually, and disclose any relationships or appointments which would impair their independence to the Board.

The CG2012 provides that the independence of Directors who have served on the Board for more than nine years from the date of their first appointment be subject to rigorous review. Mr Teo Yi-Dar had served on the Board for 12 years. In furtherance to rigorous review of independence of Independent Directors, the NC had adopted an internal checklist whereby the internal assessment criteria were enhanced, in reviewing a Director's independence when he or she has served the Board for more than 9 years. The concerned Director is also required to complete the same checklist and submit it to the NC for deliberation. Factors considered in the checklist include questions on business or personal dealings, family connections and level of objectivity demonstrated at meetings.

Taking into account the views of the NC, the Board has also reviewed and considered Mr Teo Yi-Dar to be independent after having determined that he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that he could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interest of the Company. Mr Teo Yi-Dar has throughout his appointment, demonstrated strong independence in character and judgement in the discharge of his responsibilities as Director of the Company. He has continued to express his individual viewpoints, debated issues and objectively challenged Management's proposals and decisions. He had sought clarification and amplification as he deemed required. The NC opined that the continued appointment of Mr. Teo Yi-Dar would add significant value and provide some level of continuity and stability of the Board for effective decision-making.

The NC has put in place a "Process for Selection and Appointment of New Directors", which provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability and recommendation for nomination to the Board. The NC reviews the needs of the Board by considering the scope and nature of the operations of the Group and also assesses whether additional competencies are required in the area where the appointment of new Directors is concerned.

Prospective candidates are sourced through recommendation from Board members, business associates or professional search firms. The curriculum vitae and other particulars/documents of the nominee or candidate will be reviewed by the NC. Potential candidates are then short-listed by the NC and interviewed by the NC before making a recommendation for appointment to the Board.

In reviewing and recommending to the Board any new Director appointments, the NC considers: (a) the candidate's independence, in the case of the appointment of an Independent Director; (b) the composition requirements for the Board or Board Committees as the case may be; (c) the candidate's track record, experience and capabilities and such other relevant factors as may be determined by the NC which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

In the case of the appointment of an Executive Director, he will be provided a service agreement for an initial period of one year, setting out the terms and conditions of his appointment, while for a Non-Executive Independent Director, a formal letter of appointment will be issued, setting out the terms and conditions of his appointment. The service agreements of the Executive Directors will after the initial one year, continue thereafter year to year until terminated by not less than three months notice in writing served by either party.

Principle 5: Board's and Board Committees' Performance

The NC has adopted a formal system of evaluation of the Board as a whole on an annual basis as well as Board Committees' evaluation for FY2019.

The NC believes that it is more appropriate to assess the Board and Board Committees as a whole, rather than assessing individual Directors, bearing in mind that each member of the Board contributes in different ways to the effectiveness of the Board. Each individual Director is evaluated on his or her contributions to the proper guidance, diligent oversight and able leadership, and the support that he or she lends to Management in steering the Group.

All Directors are required to complete the Evaluation Questionnaires in respect of the Board and each Board Committee.

The Board Evaluation Questionnaire takes into consideration factors such as Board size and composition, information flow to the Board, Board procedures, Board accountability, matters concerning CEO/Senior management and standard of conduct of the Board members.

The respective Board Committees Evaluation Questionnaires focus on a set of criteria, which includes membership, conduct of the committee's meetings, training and resources, fulfillment of its duties and responsibilities in accordance with its terms of reference, standards of conduct and communications with shareholders. The performance criteria will not be changed from year to year unless circumstances deem it necessary for any of the criteria to be changed and the onus should be on the Board to justify the decision.

The evaluation exercise provided feedback from each Director, his views on the Board and Board Committees, procedures, processes and effectiveness of the Board and Board Committees as a whole. The results of the Board and Board Committees Performance Evaluation were collected and presented to the NC for discussion together with comparatives from the previous year's results.

The results of the annual assessment revealed consistently good ratings, showing the effectiveness of the Board and Board Committees for FY2019. Overall, the NC is satisfied with the performance evaluation results. There were indications of areas of strengths and those that could be improved further. No significant problems had been identified. The NC had discussed the results with the Board and the Board had agreed to work on these areas that require improvements. The NC would continue to evaluate the process for such review, its effectiveness and development from time to time. There was no external facilitator appointed for the Board and Board Committees' evaluations.

Principle 6: Access to Information

Management provides the Board with adequate and timely information and updates on initiatives and developments for the Group's business whenever possible. However, sensitive matters may be tabled or discussed at the Board meetings without any meeting papers distributed. The Board receives monthly management accounts of the Group's principal subsidiaries to enable them to oversee the Group's operational and financial performance. The CEO also updated the AC and Board at each meeting on the Group's property projects developments status.

The Board has independent and separate access to Management and the Company Secretary. All Directors have unrestricted access to the Group's information and all minutes of meetings held by the Board. Management staff are invited to attend Board meetings, as and when appropriate, to provide additional insight to matters raised, and to respond to any queries that the Board members may have.

The Company Secretary attends all meetings of the Board and Board Committees and ensures that the meetings are conducted in accordance with the Bye-Laws of the Company and applicable rules and regulations are complied with. The Company Secretary also prepares agenda papers for Board and Board Committee meetings in consultation with the Chairman and the Chairman of Board Committees, and ensures that information flow within the members of the Board and the Board Committees, as well as between the senior management and Independent Directors. The appointment and removal of the Company Secretary is subject to Board approval.

All Directors are updated on an on-going basis via Board meetings and/or circulars on matters relating to, *inter alia*, changes to the regulations of SGX-ST, accounting standards and/or other statutory requirements. When necessary, the Board may seek independent professional advice at the Company's expense.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC, regulated by a set of written terms of reference, comprises entirely of the following Independent Directors:

Xia Weichang *(Chairman)*
Chong Soo Hoon Sean
Teo Yi-Dar

The RC meets at least once annually.

The principal functions of the RC are as follows:

(a) recommend to the Board a framework of remuneration for the Directors, CEO and key management personnel;

(b) determine specific remuneration packages and terms of employment for each Director, CEO and key management personnel, including renewal of service agreements;

(c) review and recommend Directors' fees for Independent Directors, taking into account factors such as their effort and time spent and their responsibilities;

(d) recommend to the Board long term incentive schemes which may be set up from time to time;

(e) review whether the Executive Directors, CEO and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time; and

(f) carry out other duties as may be agreed by the RC and the Board.

There was no external expert advice sought for FY2019. The RC will seek external expert advice on remuneration matters if and when required.

Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the Group's relative performance, performance of the individuals concerned, employment conditions within the same industry are considered.

The Independent Directors receive directors' fees taking into account various factors such as their contributions, effort and time spent, work undertaken and their responsibilities. The RC had recommended an amount of S$130,000 as Directors' fees for the financial year ending 30 June 2020, payable half-yearly in arrears. The Directors' fees are subject to approval by shareholders at the Company's forthcoming AGM.

The Executive Directors do not receive Directors' fees. The employment of the Executive Directors is on a 1-year term pursuant to their respective service agreements and are renewed annually.

The Non-Executive Chairman, Madam Lin Yeju, is not entitled to Director's fee as she is remunerated from the Group's subsidiary for her executive role.

No Director is involved in deciding his own remuneration. Each of Mr Teo Yi-Dar, Mr Sean Chong and Mr Xia Weichang being RC members, abstained from deliberation and voting in respect of their own remuneration.

In the service agreements of the Executive Directors, there is a termination/resignation notice period of not less than three months and do not contain onerous removal clauses. The service agreements may also be terminated if any of the Executive Directors commits a breach of the service agreements, such as being convicted of an offence involving fraud or dishonesty or being an adjudicated bankrupt. The Company does not have any contractual provisions in the service agreements of the Executive Directors to allow the Company to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. The RC will when appropriate, review the need to adopt such provisions.

Principle 9: Disclosure on Remuneration

The level and mix of each individual Director's and the CEO's remuneration for FY2019 is as follows:

Directors	**Directors' fees**	**Salary**	**Bonus**	**Benefits**[1]	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lin Yeju	–	396	–	37	433
Ouyang Sheng*	–	679	–	37	716
Zhou Jiangtao	–	438	–	9	447
Teo Yi-Dar	272	–	–	–	272
Chong Soo Hoon Sean	248	–	–	–	248
Xia Weichang	125	–	–	–	125

* *Executive Director and CEO*

Note 1: compulsory payment of social insurance in China.

As part of its responsibilities, the RC reviews the remuneration of each of the Directors and key management personnel's remuneration packages annually and makes recommendations to the Board for approval. The RC ensures that their remuneration commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group.

The Group's Key Management Personnel in Remuneration Band

	Salary	**Bonus**	**Benefits**	**Total**
Below S$250,000				
Huang Tak Wai, CFO and Company Secretary	100%	–	–	100%
He Hongyan, Finance Manager	100%	–	–	100%
Long Xiaolin, Human Resources Manager	100%	–	–	100%

Notwithstanding Guideline 9.3 of the CG2012, there was only three key management personnel (who are not Directors or the CEO) during FY2019.

The total remuneration paid to the above Group's key management personnel was RMB1,228,000 for FY2019. There were no post-employment benefit granted to the Directors, the CEO and the top three key management personnel.

There are no immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

The China Yuanbang Share Option Scheme

The China Yuanbang Share Option Scheme (the"Scheme") was approved and adopted by the shareholders of the Company at a Special General Meeting on 28 June 2010. The objectives of the Scheme adopted are as follows:

(a) to motivate each participant to optimise his performance standards and efficiency and to maintain a high level of contributions to the Group;

(b) to retain key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group;

(c) to instill loyalty and a stronger identification by the participants to the long-term prosperity of the Company;

(d) to attract potential employees with relevant skills and experience to join and contribute to the Group and to create value for the shareholders of the Company;

(e) to align the interests of the participants with the interests of the shareholders of the Company; and

(f) to recognise the contributions of the Non-Executive Directors to the success of the Group.

The Scheme is administered by the Share Option Scheme Committee comprising the following persons:

Teo Yi-Dar *(Chairman)*
Chong Soo Hoon Sean
Xia Weichang

The Share Option Scheme Committee has the power to determine, *inter alia*, the eligible persons to be granted options under the Scheme, the number of options to be granted, the quantum of discount to the exercise price of options granted, if any, and to recommend any modifications to the Scheme, where necessary.

There were no options granted during FY2019.

Please refer to pages 42 to 43 for details of the Scheme.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Management is accountable to the Board and presents to the Board the quarterly and full-year results and the AC reports to the Board on the results for review and approval. The Board approves the results and authorizes the release of results to the SGX-ST and the public via SGXNET.

In line with the SGX-ST listing requirements, negative assurance statements were issued by the Board to accompany its quarterly financial results announcements, confirming to the best of its knowledge that, nothing had come to its attention would render the Company's quarterly results to be false or misleading.

Pursuant to the Listing Rule 720(1) of the Listing Rules of the SGX-ST, all the Directors and executive officers of the Group have signed a letter of undertaking.

The Group ensures that price sensitive information is publicly released, either before the Group meets any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within the mandatory period.

In presenting the annual financial statements and quarterly announcements to shareholders, the Board aims to provide shareholders with detailed analysis, explanations and assessments of the Group's financial position and prospects.

Besides providing the Board with quarterly management accounts of the Group's principal subsidiaries, continual updates on matters affecting the financial performance and business of the Group, if such matters occur, are also provided to the Board on a timely basis.

Principle 11: Risk Management and Internal Controls
Principle 13: Internal Audit

The Board acknowledges that it is responsible for ensuring the Group has in place a sound system of internal controls. It is however, impossible to preclude all errors and irregularities, as a system is designed to manage rather than eliminate risks, and therefore can provide only reasonable and not absolute assurance against material misstatements or losses, errors or misjudgments, fraud or other irregularities.

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management has adopted a Risk Management framework. A risk register identifying the key risks, determining key owners for the risks identified and the mitigation controls were put in place and presented to the AC on a half-yearly basis taking into account changes in the business and operation environments. Management reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

To ensure that internal controls and risk management processes are adequate and effective, the Group has engaged Mazars CPA Limited, the Group's internal auditors ("IA") to review the risk management process during the year. This is on top of the annual internal audit of the Group which covers the review of financial, operational and compliance controls functions of the Group. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by Management on the recommendations made by the internal and external auditors. Having considered the Group's business operations as well as its existing internal control and risk management systems, the Board is of view that a separate risk committee is not required for the time being.

Internal Audit

The internal audit function is outsourced to Mazars CPA Limited. The IA reports directly to the Chairman of the AC on audit matters and to Management on administrative matters. The role of the IA is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures and undertaking investigations as directed by the AC. The AC assesses the adequacy and effectiveness of the internal audit function on an annual basis. For FY2019, the AC is satisfied with the adequacy and effectiveness of the internal audit function.

Based on the various management controls in place, the reports from the internal and external auditors and reviews by Management, the Board with the concurrence of the AC is of the opinion that the Group's risk management and internal controls systems addressing the financial, operational, compliance and information technology control risks were adequate and effective during the year. Management would continue to focus on improving the standard of internal controls and corporate governance.

As required under the CG2012, the Board has received a written assurance from the CEO and CFO that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems are adequate and effective.

Principle 12: Audit Committee

The AC comprises three members, all of whom are Independent Directors:

Teo Yi-Dar *(Chairman)*
Xia Weichang
Chong Soo Hoon Sean

The AC members have numerous years of experience in senior management positions and have sufficient financial management expertise to discharge their responsibilities.

The AC will meet quarterly in a year and as and when deemed appropriate to carry out its functions.

The AC assists the Board in discharging its responsibilities to safeguard the Group's assets, maintaining adequate accounting records, and developing and maintaining an effective system of internal controls, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group.

For FY2019, the AC has performed the following in accordance with its terms of reference:

(a) met with both the internal and the external auditors to review the audit plans, and discussed the results of their audit findings, evaluation of the Group's system of internal accounting controls, their letter to Management and Management's response;

(b) reviewed the Group's financial results and announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audits, compliance with accounting standards, the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;

(c) in the review of the financial statements for FY2019 the AC had discussed with Management and the external auditors on significant issues, assumptions that impact the financial statements and key audit matters. The key audit matters are disclosed in pages 57 to 58 under the Auditor's Report.

(d) reviewed with the internal auditors, the internal control procedures and ensured co-ordination between the internal and external auditors and Management, and reviewed the assistance given by Management to the auditors, and discussed problems and concerns, if any;

(e) met with the internal and external auditors, without the presence of Management. Both the internal and external auditors had confirmed that they had received the full co-operation of Management and no restrictions were placed on the scope of the respective audits;

(f) conducted a review of the non-audit services provided by the external auditors. The AC had noted that no non-audit services were rendered by the external auditors during the year under review and the external auditors had affirmed their independence in this respect. The audit fees paid to the external auditors of the Company for FY2019 amount to approximately RMB861,935;

(g) considered the appointment or re-appointment of the internal and external auditors and made recommendations to the Board on their nomination for re-appointment, as well as reviewing their remuneration;

The AC had recommended the re-appointment of Moore Stephens LLP, Public Accountants and Chartered Accountants, Singapore ("MS LLP"), to act as the Company's Auditors to comply with Rule 712 of the SGX-ST Listing Manual in relation to the appointment of a suitable auditing firm to meet the Company's audit obligations at the forthcoming AGM of the Company. The AC was satisfied that the resources and experience of MS LLP, the Audit Engagement Partner and her team assigned to the audit were adequate to meet its audit obligations given the size and complexity of the Group;

(h) reviewed Interested Person Transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

(i) reviewed arrangements by which staff of the Group and any other person may in confidence, raise concerns about fraudulent activities, malpractices or improprieties within the Group which may cause financial or non-financial loss to the Company, in a responsible and effective manner. The Group has in place a whistle-blowing policy to ensure independent investigations of such matters and for appropriate follow up action. There was no incident of whistle-blowing reported for FY2019;

(j) reviewed the risks profile register documented and maintained by Management;

(k) kept abreast of accounting standards and issues that could potentially impact the Group's financial reporting through quarterly updates and advice from the external auditors;

(l) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm to audit it's accounts and its foreign-incorporated subsidiaries. The Group's significant subsidiaries are disclosed under Note 12 to the Financial Statements on pages 102 to 106 of this Annual Report;

The AC met five times during the year under review. Details of AC members and their attendance at meetings are provided on page 28.

In the review of the financial statements for FY2019, the AC has discussed with both Management and the external auditors the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The AC had reviewed, amongst other matters, the key audit matters as reported by the external auditors for FY2019 and included in the Independent Auditors' Report to the members of the Company under "Key Audit Matters".

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder meetings

In line with continuous disclosure obligations pursuant to the SGX-ST listing requirements, the Group is mindful of the need to have regular and proactive communication with its shareholders. It is the Board's policy that the shareholders be informed of the major developments that impact the Group. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as promptly as possible.

Information is communicated to shareholders on a timely basis through:

(a) SGXNet announcements and press releases, if any;

(b) annual reports or circulars that are prepared and issued to all shareholders;

(c) quarterly and annual financial statements containing a summary of the financial information and affairs of the Group for the period under review; and

(d) notices of and explanatory notes for AGM and Special General Meetings.

(e) corporate website of the Company at http://www.yuanbang.com

The Company will review the need for analyst briefings, investor roadshows or Investors' Day briefings when appropriate.

At the AGM, shareholders will be given the opportunity to voice their views and to seek clarification on issues relating to the Group's business outlined in the AGM notice. Shareholders are encouraged to attend shareholders' meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend these meetings, he is allowed to appoint up to 2 proxies to vote on his behalf at the meeting through proxy forms which are sent together with the Annual Reports or Circulars. The duly completed and signed proxy form must be submitted at least 48 hours before the shareholders' meeting at the Company's Share Transfer Agent's address. At shareholders' meeting, each distinct issue is proposed as a separate resolution.

The Board, including the Chairmen of the NC, AC, RC and Share Option Scheme Committee, external auditors attend AGMs to address questions that shareholders may have concerning the Group.

All resolutions at the Company's general meetings will be voted way of a poll to better reflect shareholders' interest pursuant to Rule 730(A)(2) of the Listing Manual. The detailed results would be announced via SGXNET after the conclusion of the general meetings. Minutes of general meetings will be made available to shareholders upon request.

Dividend policy

The Group does not have a dividend policy. No dividend has been declared or recommended for FY2019 as the Group wishes to conserve its cash for operational use. For any declaration of dividends, the details of dividend payment would be disclosed via the release of financial results announcements through SGXNET.

Anti-Fraud Policy and Code of Conduct

The Company's Anti-Fraud Policy and Code of Conduct set out the principles to guide its employees and Directors in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Group, its customers, suppliers, competitors and the community.

SECURITIES TRANSACTIONS

The Group has adopted an internal compliance code of conduct to provide guidance to its Directors, key officers and employees regarding dealings in the Group's securities and implications of insider trading in compliance with Rule 1207(19) of the SGX-ST Listing Manual (the "Securities Code").

In line with the Group's Securities Code, the Company, Directors, key officers and employees of the Group are prohibited from dealing in securities of the Company two weeks before the release of the quarterly results and at least one month before the release of the full year results and at all times, if in possession of unpublished price-sensitive information. The Securities Code also discourages trading on short-term consideration. The Group confirmed that it had adhered to its policy for securities transactions for FY2019.

MATERIAL CONTRACTS

Save for the service agreements entered into between the Company and the Executive Director and CEO, there were no other material contracts of the Company, or its subsidiaries involving the interests of the Chairman, CEO, any Director or controlling shareholder subsisting during FY2019.

INTERESTED PERSON TRANSACTIONS ("IPTS")

The Group has established procedures to ensure that IPTs are reported in a timely manner to the AC and such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.
The IPTs during FY2019 is set out below:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Kaiping Qingshi Auto Parts Co. Ltd[1] ("Kaiping Qingshi")	RMB28,712,000	NA

Note 1: An interest bearing development loan of RMB23.5 million was made to Kaiping Qingshi which the Executive Director of the Company, Mr Zhou Jiangtao holds an effective 30.6% equity interest. The purpose of the loan was to fund the initial re-development of a parcel of land in Kaiping City of Guangdong Province held by Kaiping Qingshi. It is the Group's intent to eventually participate in the redevelopment of the said land.

The IPT above did not exceed the threshold limits under Chapter 9 of the Listing Manual of SGX-ST and no announcement or shareholders' approval was therefore required.

Directors' Report

The Directors present their report to the members together with the audited consolidated financial statements of China Yuanbang Property Holdings Limited（元邦房地產控股有限公司）(the "Company" and its subsidiaries, the "Group") for the financial year ended 30 June 2019, and the statement of financial position of the Company as at 30 June 2019.

DIRECTORS

The Directors of the Company in office at the date of this report are:

Non-Executive Director

Lin Yeju

Executive Directors:
Ouyang Sheng
Zhou Jiangtao

Independent Directors:
Teo Yi-Dar *(Lead Independent Director)*
Chong Soo Hoon Sean
Xia Weichang

THE CHINA YUANBANG SHARE OPTION SCHEME

The China Yuanbang Share Option Scheme (the "Scheme") was approved and adopted by shareholders of the Company at a Special General Meeting on 28 June 2010. As at the date of this Annual Report, no option to take up unissued shares of the Company has been granted under the Scheme.

Eligibility

Employees, Executive Directors and Non-Executive Directors of the Group who have attained the age of 21 years are eligible to participate in the Scheme at the absolute discretion of the Share Option Scheme Committee. Persons who are controlling shareholders and their respective associates (as defined in the SGX-ST Listing Manual) shall not be eligible to participate in the Scheme.

Madam Lin Yeju, who is the spouse of a controlling shareholder of the Company, and her respective associates (as defined in the SGX-ST Listing Manual) shall not be eligible to participate in the Scheme.

Size of the China Yuanbang Share Option Scheme

The total number of shares over which options may be granted by the Share Option Scheme Committee pursuant to the Scheme on any date, when added to the number of shares issued and issuable and/or transferred and transferable in respect of:

(a) all options granted under the Scheme; and

(b) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force,

shall not exceed 15% of the number of all issued shares (excluding treasury shares) on the day immediately preceding such date of grant.

Exercise price

Under the Scheme, the Share Option Committee has the discretion to grant options at:

(a) a price that is equivalent to market price ("Market Price"), being the price equal to the average of the last dealt prices for a share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive market days immediately prior to the relevant date of grant ("Market Price Options"); or

(b) a price that is set at a discount to the Market Price, provided always that the maximum discount shall not exceed 20% of the Market Price, and the prior approval of shareholders of the Company shall have been obtained in a separate resolution ("Incentive Options").

Exercise of options

A Market Price Option shall only be exercisable by a participant after the first anniversary of the date of grant of that Market Price Option, provided always that:

(a) in the case where such Market Price Option is granted to an employee or Executive Director of the Group, the Market Price Option shall be exercised before the tenth anniversary of the relevant date of grant; and

(b) in the case where such Market Price Option is granted to a Non-Executive Director of the Group, the Market Price Option shall be exercised before the fifth anniversary of the relevant date of grant.

An Incentive Option shall only be exercisable by a participant after the second anniversary of the date of grant of that Incentive Option, provided always that:

(a) in the case where such Incentive Option is granted to an employee or Executive Director of the Group, the Incentive Option shall be exercised before the tenth anniversary of the relevant date of grant; and

(b) in the case where such Incentive Option is granted to a Non-Executive Director of the Group, the Incentive Option shall be exercised before the fifth anniversary of the relevant date of grant.

Any unexercised options shall immediately lapse and become null, void and of no effect and the relevant participant shall have no claim whatsoever against the Company.

Grant of options and outstanding options

During the financial year ended 30 June 2019, no option to take up the unissued shares of the Company was granted, and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year ended 30 June 2019.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the year was the Company or any of its subsidiaries a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings, an interest in shares of the Company or its related corporations either on 30 June 2019, or on 21 July 2019, were as follows:

	Shares beneficially held by Directors		Shareholdings in which Directors are deemed to have an interest Directors		
	At 1.07.2018	At 21.07.2019 and 30.06.2019	At 1.07.2018	At 30.06.2019	At 21.07.2019
Lin Yeju	–	–	35,826,700	35,826,700	35,826,700
Ouyang Sheng	–	–	–	–	–
Zhou Jiangtao	–	–	–	–	–
Teo Yi-Dar	–	–	–	–	–
Chong Soo Hoon Sean	–	–	–	–	–
Xia Weichang	–	–	–	–	–

The Singapore Exchange Listing Manual requires a company to provide a statement as at the 21st day after the end of the financial year, showing the direct and deemed interest of each Director of the Company in the share capital of the Company.

Note 1: Madam Lin is deemed to be interested in all the shares in the Company that her spouse, Mr Chen Jianfeng, is interested in. Mr Chen Jianfeng has a direct interest in 32,040,000 shares in the Company and a deemed interest in 3,786,700 shares in the Company.

DIRECTORS' INTERESTS IN CONTRACTS

The service agreements of the Executive Directors are for a one year period and will continue thereafter year to year until terminated by not less than three months' notice in writing served by either party on the other.

Apart from the foregoing and save as disclosed in the financial statements, no Director of the Company has received or become entitle to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

AUDIT COMMITTEE

The Audit Committee has reviewed the overall scope of both internal and external audits and the assistance given by Management to the auditors. The AC has also met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal controls and internal accounting controls. Further details regarding the Audit Committee are set out in the Corporate Governance Report set out in the Annual report of the Company.

INDEPENDENT AUDITORS

The auditors, Moore Stephens LLP, Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board,

Lin Yeju	**Zhou Jiangtao**
Non-Executive Chairman	*Director*

25 September 2019

Statement by Directors

We, Lin Yeju and Zhou Jiangtao, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors:

(a) the accompanying statement of financial position of the Company and the consolidated financial statements of the Group, are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they fall due.

On behalf of the Board of Directors,

Lin Yeju
Non-Executive Chairman

Zhou Jiangtao
Director

25 September 2019

Sustainability Report

In our inaugural sustainability report, we aligned with the Singapore Exchange (SGX) requirements and adopted the internationally recognized Global Reporting Initiative (GRI) Standard in accordance to GRI Core reporting guidelines.

For this second report, we expand on our initial disclosures to include stakeholder engagement and materiality assessment. This report also covers the top material topics identified as very important to the Group and its stakeholders.

The report covers China Yuanbang Property Holdings Limited (the "Company" or together with its subsidiaries, the "Group") for the period 1 July 2018 to 30 June 2019.

BOARD SUSTAINABILITY STATEMENT

Sustainability remains an important consideration and crucial approach to create long-term value for customers, employees and investors of the Group and even the vast community. During the course of property investment and development, the Group pays attention to the impact of its daily operation on the environment and society, strives to set a role model for the community and achieve an optimal balance in environmental protection, the society and corporate governance, caring about employees and community contributions during the course of business.

SUSTAINABILITY APPROACH

As a listed company, we aim to deliver economic returns to our stakeholders and apply sustainable practices for long term gains within a framework of robust corporate governance.

The Group firmly believes that ethics and integrity is the cornerstone of a company's sustainable development. The Group has zero tolerance toward behaviour such as bribery, extortion, fraud and money-laundering in any form. The directors, management and all employees must comply with all relevant laws and regulations promulgated by the State and regional governments in relation to the prevention of bribery, extortion, fraud and money laundering. The policies and procedures such as Anti-Fraud Policy and "Code of Conduct of Employees" provide that employees are prohibited from using their authority granted by work authority for personal gain, theft, affray, fraud, bribery, extortion and other matters that are in violation of the system of the Company.

Due to the nature of our business, we outsource the property construction to external contractors. We engage 82 construction contractors in various locations in China providing labour and machine intensive services of approximately RMB 500 million. These contractors manage all operations in the construction sites of our property development projects. Our core team of professionals works closely with these contractors to maintain and achieve the highest achievable quality standards in environmental and socioeconomic compliance. The Group has been receiving various awards over the years in recognition for our operational excellence and quality development.

In the process of this sustainability reporting, we engage our internal and external stakeholders to identify the key material EESG (Economic, Environment, Social, and Governance) topics using the format of a questionnaire to the Management, Finance, Human Resources and Operations. The key material topics identified are Economic Performance, Environmental Compliance and Socioeconomic Compliance.

There have been no significant changes in our organization's size, structure, ownership, or supply chain in the past year.

STAKEHOLDERS ENGAGEMENT

Stakeholders engagement is necessary to communicate and receive feedback for information within and outside the company. It is also required as part of the sustainability process to identify and determine material factors for economic, environment, social and governance.

Key Stakeholders	Engagement Methods	Topics
Investors,Shareholders, Media	AGM and SGM Annual reports SGX announcements Press releases Corporate website	Financial statements New business development
Regulatory Bodies	Email communication SGXNet	Financial results Announcements
Customers	Advertisements Service hotlines Corporate website	New projects for sale
Business Partners	Meetings Corporate website	New and ongoing projects
Employees	Staff meetings	Employee policies

MATERIALITY ASSESSMENT

The Materiality Assessment Matrix is used to determine the impact of EESG factors by identifying the material factors according to the level of impact and importance on the organization and our stakeholders.

Materiality Assessment Matrix

Impact/Importance to Stakeholders	Very Important		Materials Energy Water Biodiversity Emissions Effluents & Waste	Economic Performance Indirect Economic impacts Environmental Compliance Customer Health & Safety Socioeconomic Compliance Ethics & Integrity Governance Structure
	Somewhat Important	Training and Education Non-Discrimination Security Practices Supplier Social Assessment	Diversity & Equal Opportunity Public Policy Customer Privacy	Procurement Practices Anti-corruption Employment Labour/Management Relations Occupational, Health & Safety Marketing & Labelling Stakeholder Engagement
	Not Important	Anti-competitive behaviour Association & Collective Bargaining Child Labour Forced or Compulsory Labour Rights of Indigenous People Human Rights Assessment Local Communities	Market Presence Supplier Environmental Assessment	
		Not Important	Somewhat Important	Very Important

Impact/Importance to China Yuanbang

Using a phased reporting approach, disclosures are made for material topics identified as very important and high impact to both the Group and Stakeholders.

ECONOMIC PERFORMANCE

The Group financial performance and disclosures are available in the Annual Report. Our long-term profitability and shareholders' value are ensured by taking into account the interests of other stakeholders such as our employees, customers, suppliers and society as a whole.

With regards to financial implications and other risks and opportunities due to climate change that may impact on our economic performance, we do not foresee any exposure in the near future. However we will monitor any regulatory and physical changes, availability of new technologies and challenges pertaining to climate change.

We do not receive or participate in any government financial assistance scheme.

INDIRECT ECONOMIC IMPACTS

Our real estate projects have provided quality affordable housing and commercial spaces to residents and businesses of new townships, as well as holiday properties in tourist attraction site. In the course of development, we are involved in infrastructure such as transport facilities, landscaped gardens and communal recreation areas which overall enhance the standard of living and contribute to positive economic growth.

ENVIRONMENTAL COMPLIANCE

The Group complies with the Environmental Protection Law of PRC and other relevant laws and regulations in the city where the group operates.

In the property development business, the Group outsources construction works to general contractors which manage all operations in the construction sites. To mitigate any negative effect of construction on the environment, the Group requires its contractors to exercise controls over the emissions of dust in building sites and in the emission of waste gas generated from fuel combustion, in accordance to the Air Pollution Prevention and Control Law of the PRC and other applicable law and regulation related to air pollution in the cities that the Group operate. The Group regularly checks on the performance of contractors via site visit to ensure compliance to our quality and environment policies.

One area of environmental conservation is in reducing energy consumption. By upgrading to energy efficient technologies in our offices and development properties, we will be able to lower our own expenditure and help our customers to lower their utility costs.

In the past year, there is no incidence of significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations.

CUSTOMER HEALTH & SAFETY

It is our responsibility to ensure the well-being and safety of our customers in all the real estate projects that we develop. We work closely with architects, engineers and builders during the construction and design phase to ensure minimum incidents of non-compliance with health and safety. Structural stability of our buildings is utmost important, as well as fire and emergency safety compliance.

Since 2005, the Group has been awarded by the real estate industry for quality and performance standards. We have no incidents of non-compliance with regulations concerning the health and safety impacts of real estate projects.

SOCIOECONOMIC COMPLIANCE

Trust is of utmost importance to us and the Group is committed to ethical conduct in doing business. All forms of corruption, extortion, fraud and bribery are prohibited. The Group abides by the Anti-Unfair Competition Law, the Interim Provisions on Prohibiting Commercial Bribery and Anti-Money Laundering Law of the Mainland of China and other laws and regulations that call for integrity and ethical conduct in operating a business.

The Group makes clear its expectations on employees to ensure professional and ethical conduct of all staff. Our employees are informed of the Group's expectations and guidelines in the normal course of business, as well as the applicable laws and regulations related to improper payment, frauds, and money-laundering.

We adopt a whistle-blowing policy and programme, which was formulated and approved by the Board of Directors of the Company. All reports on any misconduct will be duly investigated by an Investigation Committee appointed by the CEO or his designate. The Investigation Committee shall comprise the Head of Internal Audit or an Audit Committee member and two independent managers recommended by the Head of the Human Resources.

The whistle-blowing policy details the protocols of reporting and handling improper or illegal behaviours within the Group that could be detrimental to the interests of shareholders, investors, customers and general public. It emphasizes protection of whistle-blower's identity and confidentiality of reported cases and the information involved, and sets out the available channels and methods for reporting concerns and the procedure of handling reported cases by the Group's designated personnel.

The Audit Committee meets regularly with the Company's senior management to consider the effectiveness of internal controls and risk management of the Company. As far as the Company is aware, no corruption or bribery incidents and fraudulent practices have been brought to the Company's attention during the year.

We have a policy for Occupational Health and Safety, as well as a strict adherence to local laws and regulations on labour and human rights.

There are no incidence of significant fines and non-monetary sanctions for non-compliance with socioeconomic laws and regulations.

OUR PEOPLE

Our core team comprises of construction professionals, property consultants, project managers, operations and administration staff, sales and marketing personnel, and estate managers. Our employees work within the Group and with contractors and suppliers to ensure that our projects can be completed in time and delivered to our customers to the standard of quality that we promise.

Employees by gender	2019	2018
Men	161	160
Women	111	107
Total	**272**	**267**

Employees by employment type	2019	2018
Full-time Men	159	158
Full-time Women	110	106
Total Full-time employees	**269**	**264**
Part-time Men	2	2
Part-time Women	1	1
Total Part-time employees	**3**	**3**

Employees by region	2019	2018
China – Sichuan	131	130
China – Guangzhou	65	61
China – Shandong	5	5
China – Huizhou	33	33
China – Tonghua	37	37
Hong Kong	1	1

Our employees are hired under regulated employment contracts and are covered under the company's Social Insurance of the People's Republic of China as follows:

- Endowment Insurance
- Medical Insurance
- Unemployment Insurance
- Employment Injury Insurance
- Maternity Insurance
- Housing Provident Fund

We do not have collective bargaining agreements.

GRI CONTENT INDEX

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FINANCIAL SECTION

Independent Auditor's Report

To the Shareholders of China Yuanbang Property Holdings Limited
(Incorporated in Bermuda with limited liability)

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of China Yuanbang Property Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA") *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTERS

The financial statements for the financial year ended 30 June 2018 were audited by other firms of auditors whose joint auditors' report dated 28 September 2018 expressed an unqualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Valuation of properties held under development and properties held for sale

We refer to Notes 3(i), 3(j), 17 and 18 to the consolidated financial statements.

As at 30 June 2019, the Group has properties held under development ("PUD") and properties held for sale ("PHS") amounting to RMB439,918,000 and RMB1,252,513,000 respectively.

PUD and PHS are stated at the lower of their costs and their net realisable values.

The determination of the estimated net realisable value of these PUD and PHS involves significant judgement and is critically dependent upon the Group's estimation of future selling prices of these properties and costs to be incurred to complete their projects.

The valuation of PUD and PHS is identified as a key audit matter due to the magnitude of the carrying amount as of 30 June 2019 and the significant judgement involved in estimating their net realisable values.

How our audit addressed the key audit matters

Our response

We have assessed on a sample basis, the reasonableness of the estimated construction costs to complete and obtained supporting documents on major inputs. Our audit procedures included, amongst others, reviewing monthly progress reports to assess the progress of each property, reviewing development project cost budgets for potential cost overruns, and obtaining confirmations from sub-contractors to ascertain the extent of construction costs incurred during the financial year.

We performed a search for unrecorded liabilities and cost cut-off tests and checked the computations of the foreseeable losses for projects with units which are expected to sell below cost.

We assessed the appropriateness of the basis of determining net realisable values of the PUD and PHS and the key assumptions used by management to determine net realisable values, including estimated construction costs to complete.

We evaluated the reasonableness of expected future selling prices used in the above net realisable value assessments, by comparing them to recently-transacted prices and prices of comparable properties located in the same vicinity taking into account post-balance sheet date sales and also publicly available information on PRC property prices.

Our findings

We found management's judgment on the valuation of the PUD and PHS to be appropriate.

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the key audit matters
Valuation of investment properties	**Our response**
We refer to Notes 3(e) and 14 to the consolidated financial statements. The Group's investment properties amounted to approximately RMB587,600,000 as at 30 June 2019. This significant category of assets are stated at their fair values based on valuations determined by independent professional qualified valuers. The valuation of the investment properties is highly dependent on the underlying assumptions applied and hence, extremely sensitive to changes in key assumptions such as reversionary yield, capitalisation rate and vacancy rate. The valuation of investment properties is identified as a key audit matter due to the magnitude of the carrying amount as of 30 June 2019 and the significant judgement involved in the valuation of the investment properties.	We considered the qualifications, competence and objectivity of the professional valuers. We evaluated the appropriateness of the valuation methodology used by the professional valuers taking into consideration the valuation methods commonly adopted in the industry. We assessed and tested the reasonableness of the data and assumptions, including sensitivity analysis used by the professional valuers. We also reviewed the adequacy of the disclosures related to investment properties in Note 14 to the financial statements. **Our findings** We found the valuation of investment properties to be reasonable and the disclosures to be appropriate.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms Lao Mei Leng.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore

25 September 2019

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2019

	Notes	2019 RMB'000	2018 RMB'000
Revenue	*6*	**1,943,703**	1,027,838
Cost of sales		**(1,638,587)**	(900,099)
Gross profit		**305,116**	127,739
Other income and gains	*6*	**69,497**	43,938
Fair value adjustments on investment properties	*14*	**584**	4,507
Selling expenses		**(40,969)**	(56,343)
Administrative expenses		**(99,282)**	(66,382)
Provision for impairment of other receivables *(Note 20)*		**(16,159)**	(2,407)
Provision for impairment of loan receivables *(Note 16)*		**(6,496)**	–
Provision for impairment of accounts receivable *(Note 19)*		**(477)**	–
Other operating expenses		**(23,308)**	(27,982)
Operating profit	*7*	**188,506**	23,070
Finance costs	*8*	**(2,602)**	(2,273)
Profit before income tax		**185,904**	20,797
Income tax expense	*9*	**(95,279)**	(74,535)
Profit/(loss) for the year		**90,625**	(53,738)
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**5,206**	1,665
Total comprehensive income/(loss) for the year		**95,831**	(52,073)
Profit/(loss) attributable to:			
Owners of the Company		**87,938**	(46,703)
Non-controlling interests		**2,687**	(7,035)
		90,625	(53,738)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**93,144**	(45,038)
Non-controlling interests		**2,687**	(7,035)
		95,831	(52,073)
		RMB	RMB
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company during the year			
– Basic and diluted	*11*	**1.27**	(0.67)

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

As at 30 June 2019

	Notes	Group 2019 RMB'000	Group 2018 RMB'000	Company 2019 RMB'000	Company 2018 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Interests in subsidiaries	*12*	**–**	–	**134,381**	134,381
Property, plant and equipment	*13*	**108,163**	107,299	**–**	–
Investment properties	*14*	**587,600**	586,800	**–**	–
Land use rights	*15*	**9,806**	10,094	**–**	–
Deposit paid	*20*	**120,000**	85,000	**–**	–
Loan receivable	*16*	**40,070**	18,800	**–**	–
Deferred tax assets	*26*	**40,913**	34,065	**–**	–
		906,552	842,058	**134,381**	134,381
Current assets					
Properties held under development	*17*	**439,918**	1,708,654	**–**	–
Properties held for sale	*18*	**1,252,513**	1,378,865	**–**	–
Accounts receivable	*19*	**59,157**	35,721	**–**	–
Prepayments, deposits paid and other receivables	*20*	**570,246**	752,032	**1,483**	1,406
Due from subsidiaries	*12*	**–**	–	**324,300**	335,699
Due from customer for contract work	*21*	**–**	22,444	**–**	–
Contract assets	*21*	**31,165**	–	**–**	–
Loan receivable	*16*	**109,269**	6,152	**–**	–
Cash and bank balances	*22*	**123,147**	180,310	**–**	–
		2,585,415	4,084,178	**325,783**	337,105
Current liabilities					
Accounts payable	*24*	**504,671**	654,664	**–**	–
Receipts in advance	*23*	**–**	1,310,959	**–**	–
Contract liabilities	*23*	**562,832**	–	**–**	–
Accruals, deposits received and other payables	*24*	**412,013**	951,950	**1,989**	9,888
Interest-bearing bank and other borrowings	*25*	**431,595**	268,244	**–**	–
Income tax payable		**165,340**	197,515	**–**	–
		2,076,451	3,383,332	**1,989**	9,888
Net current assets		**508,964**	700,846	**323,794**	327,217
Total assets less current liabilities		**1,415,516**	1,542,904	**458,175**	461,598
Non-current liabilities					
Interest-bearing bank and other borrowings	*25*	**359,749**	490,979	**–**	–
Deferred tax liabilities	*26*	**140,016**	139,876	**–**	–
		499,765	630,855	**–**	–
Net assets		**915,751**	912,049	**458,175**	461,598

The accompanying notes form an integral part of the financial statements.

	Notes	Group 2019 RMB'000	Group 2018 RMB'000	Company 2019 RMB'000	Company 2018 RMB'000
EQUITY					
Equity attributable to owners of the Company					
Share capital	*27*	**133,882**	133,882	**133,882**	133,882
Reserves	*28*	**552,893**	487,938	**324,293**	327,716
		686,775	621,820	**458,175**	461,598
Non-controlling interests		**228,976**	290,229	**–**	–
Total equity		**915,751**	912,049	**458,175**	461,598

On behalf of the Board of Directors

Lin Yeju
Non-Executive Chairman

Zhou Jiangtao
Director

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2019

Group

	Equity attributable to owners of the Company										
	Share capital RMB'000 *(Note 27)*	Share premium* RMB'000 *(Note 28)*	Capital reserve* RMB'000 *(Note 28)*	Merger reserve* RMB'000 *(Note 28)*	Revaluation reserve* RMB'000 *(Note 28)*	Statutory reserve* RMB'000 *(Note 28)*	Translation reserve* RMB'000 *(Note 28)*	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 July 2017	133,882	302,585	–	20,720	10,293	93,892	2,399	103,087	666,858	297,264	964,122
Loss for the year	–	–	–	–	–	–	–	(46,703)	(46,703)	(7,035)	(53,738)
Other comprehensive income											
– Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	1,665	–	1,665	–	1,665
Total comprehensive loss for the year	–	–	–	–	–	–	1,665	(46,703)	(45,038)	(7,035)	(52,073)
At 30 June 2018 and 1 July 2018	**133,882**	**302,585**	**–**	**20,720**	**10,293**	**93,892**	**4,064**	**56,384**	**621,820**	**290,229**	**912,049**
Adjustment on adoption of IFRS 15	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,957**	**1,957**	**1,880**	**3,837**
Adjustment on adoption of IFRS 9	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(31,688)**	**(31,688)**	**(14,278)**	**(45,966)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**87,938**	**87,938**	**2,687**	**90,625**
Other comprehensive income											
– Exchange differences on translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**5,206**	**–**	**5,206**	**–**	**5,206**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**5,206**	**87,938**	**93,144**	**2,687**	**95,831**
Deemed acquisition of non-controlling interests	**–**	**–**	**1,542**	**–**	**–**	**–**	**–**	**–**	**1,542**	**(51,542)**	**(50,000)**
Transfer to statutory reserve	**–**	**–**	**–**	**–**	**–**	**3,322**	**–**	**(3,322)**	**–**	**–**	**–**
At 30 June 2019	**133,882**	**302,585**	**1,542**	**20,720**	**10,293**	**97,214**	**9,270**	**111,269**	**686,775**	**228,976**	**915,751**

* *These reserve accounts comprise the consolidated reserves of approximately RMB552,893,000 (2018: RMB487,938,000) in the consolidated statement of financial position.*

The accompanying notes form an integral part of the financial statements.

Company

	Share capital RMB'000 (Note 27)	Share premium** RMB'000 (Note 28)	Contributed surplus** RMB'000 (Note 28)	Accumulated losses** RMB'000	Total RMB'000
At 1 July 2017	133,882	304,474	35,064	(9,886)	463,534
Loss for the year	–	–	–	(1,936)	(1,936)
Other comprehensive income	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	(1,936)	(1,936)
At 30 June 2018 and 1 July 2018	**133,882**	**304,474**	**35,064**	**(11,822)**	**461,598**
Loss for the year	**–**	**–**	**–**	**(3,423)**	**(3,423)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**–**	**(3,423)**	**(3,423)**
At 30 June 2019	**133,882**	**304,474**	**35,064**	**(15,245)**	**458,175**

** *These reserve accounts comprise the Company's reserves of approximately RMB324,293,000 (2018: RMB327,716,000) in the statement of financial position of the Company.*

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2019

	Notes	2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Profit before income tax		**185,904**	20,797
Adjustments for:			
Amortisation of land use rights	*7, 15*	**288**	287
Depreciation of property, plant and equipment	*7, 13*	**5,934**	7,905
Fair value adjustments on investment properties	*14*	**(584)**	(4,507)
Interest expense	*8*	**2,602**	2,273
Interest income	*6*	**(25,978)**	(2,329)
Gain on disposals of property, plant and equipment	*6*	**(9)**	(87)
Loss on disposals of investment properties	*7*	**–**	507
Impairment loss on other receivables		**16,159**	2,407
Impairment loss on account receivables		**477**	–
Impairment loss on loan receivables		**6,496**	–
Write-down of properties held for sales	*7*	**15,765**	5,153
Operating profit before working capital changes		**207,054**	32,406
Increase in properties held under development		**(128,379)**	(199,559)
Decrease in properties held for sale		**1,508,798**	386,702
Increase in accounts receivable		**(29,525)**	(2,919)
Decrease in prepayments, deposits paid and other receivables		**119,604**	10,945
Increase in amounts due from customer for contract work		**–**	(22,444)
Increase in contract assets		**(4,884)**	–
(Decrease)/Increase in accounts payable		**(149,993)**	117,092
Decrease in contract liabilities		**(796,687)**	–
Increase in receipts in advance		**–**	107,430
Decrease in accruals, deposits received and other payables		**(536,171)**	(185,027)
Cash generated from operations		**189,817**	244,626
Income taxes paid		**(120,340)**	(49,673)
Interest received	*6*	**542**	877
Net cash generated from operating activities		**70,019**	195,830

The accompanying notes form an integral part of the financial statements.

For the financial year ended 30 June 2019

	Notes	2019 RMB'000	2018 RMB'000
Cash flows from investing activities			
Decrease in restricted bank deposits		**964**	95,782
Increase in loan receivable		**(113,600)**	(23,500)
Increase in deposit paid		**(35,000)**	(85,000)
Purchase of property, plant and equipment		**(8,228)**	(10,649)
Proceeds from disposals of property, plant and equipment		**343**	108
Proceeds from disposals of investment properties		**–**	6,400
Net cash used in investing activities		**(155,521)**	(16,859)
Cash flows from financing activities	*30*		
Interest paid	*30*	**(2,602)**	(2,273)
Proceeds from bank and other borrowings	*30*	**281,383**	244,169
Repayment of bank and other borrowings	*30*	**(249,794)**	(669,871)
Net cash generated from/(used in) financing activities		**28,987**	(427,975)
Net decrease in cash and cash equivalents		**(56,515)**	(249,004)
Effect on foreign exchange translation		**316**	1,665
Cash and cash equivalents at the beginning of year		**161,351**	408,690
Cash and cash equivalents at the end of year		**105,152**	161,351
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**123,147**	180,310
Less: Restricted bank deposits		**(17,995)**	(18,959)
	22	**105,152**	161,351

The accompanying notes form an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1. GENERAL 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 activities of the Company's subsidiaries (together with the Company referred as the "Group") are set out in Note 12 to the financial statements. 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").

During the financial year, Chen Jianfeng and Lin Yeju by virtue of their substantial shareholdings in the Group and are determined to be the controlling shareholders of the Group.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board ("IASB"), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST.

The consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company for the year ended 30 June 2018 were approved for issue by the board of Directors (the "Directors") on 25 September 2019.

2. ADOPTION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") ISSUED

(a) Adoption of New and Revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group and the Company have adopted all the new and revised IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 July 2018 as follows:

IFRS 9, Financial Instruments

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new "expected credit loss" ("ECL") model and a new general hedge accounting model. The Group adopted IFRS 9 from 1 July 2018.

2. ADOPTION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") ISSUED (Continued)

(a) Adoption of New and Revised IFRSs (Continued)

IFRS 9, Financial Instruments (Continued)

The Group has elected to apply the short-term exemption to adopt IFRS 9 on 1 July 2018. Accordingly, requirements of IAS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 30 June 2018 (Accounting policies Note 3(h)). Additionally, the Group is exempted from complying with IFRS 7 for the comparative period to the extent that the disclosures required by the IFRS 7 relate to the items within scope of IFRS 9. As a result, the requirements under IFRS are applied in place of the requirements under IFRS 7 and IFRS 9 to comparative information about items within the scope of the IFRS 9.

Changes in accounting policies resulting from the adoption of IFRS 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 July 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  - The designation of an equity investment that is not held-for-trading as at Fair Value through other Comprehensive Income ("FVOCI"); and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at Fair Value through profit or loss ("FVPL").
- If a debt investment has low credit risk at 1 July 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The impact upon the adoption of IFRS 9 as well as the new requirements are described below.

i. Classification of financial assets and financial liabilities

The following are the qualitative information regarding the reclassification between categories of financial instruments at the date of initial application of IFRS 9.

Under IFRS 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI (debt instrument), FVOCI (equity instrument); or FVPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

2. ADOPTION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") ISSUED (Continued)

(a) Adoption of New and Revised IFRSs (Continued)

IFRS 9, Financial Instruments (Continued)

i. Classification of financial assets and financial liabilities (Continued)

On the date of initial application of IFRS 9 on 1 July 2018, the following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 July 2018:

	Group				
	Measurement category		Carrying amount		
	IAS 39	IFRS 9	IAS 39 RMB'000	IFRS 9 RMB'000	Differences RMB'000
Non-current financial assets					
Deposit paid	Loans and receivables (amortised cost)	Amortised cost	85,000	85,000	–
Loan receivable	Loans and receivables (amortised cost)	Amortised cost	18,800	10,647	(8,153)
Current financial assets					
Accounts receivable	Loans and receivables (amortised cost)	Amortised cost	35,721	30,109	(5,612)
Deposits paid and other receivable	Loans and receivables (amortised cost)	Amortised cost	647,198	601,175	(46,023)
Due from customer for contract work/Contract assets	Loans and receivables (amortised cost)	Amortised cost	22,244	22,244	–
Loan receivable	Loans and receivables (amortised cost)	Amortised cost	6,152	6,152	–
Cash and bank balances	Loans and receivables (amortised cost)	Amortised cost	180,310	180,310	–
Non-current financial liabilities					
Interest-bearing bank and other borrowings	Financial liabilities (amortised cost)	Amortised cost	490,979	490,979	–
Current financial liabilities					
Accounts payable	Financial liabilities (amortised cost)	Amortised cost	654,664	654,664	–
Receipts in advance/ Contract liabilities	Financial liabilities (amortised cost)	N/A	1,310,959	1,310,959	–
Accruals, deposits received and other payables	Financial liabilities (amortised cost)	Amortised cost	951,950	951,950	–
Interest-bearing bank and other borrowings	Financial liabilities (amortised cost)	Amortised cost	268,244	268,244	–

There is no change in the classification of the financial assets and financial liabilities of the Company.

2. ADOPTION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") ISSUED (Continued)

(a) Adoption of New and Revised IFRSs (Continued)

IFRS 9, Financial Instruments (Continued)

ii. *Impairment of financial assets*

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and intra-group financial guarantee contracts, but not to equity investments. The adoption of the new impairment model under IFRS does not affect the carrying amount of the intra-group financial guarantee contracts at 1 July 2018, as the amount initially recognised less the cumulative amount of income recognised in accordance with IFRS 15 is higher than the estimated ECL amount. As a result of the adoption of IFRS 9, the Group presented the allowance for impairment losses related to receivables, separately in profit or loss.

The Group has applied the simplified impairment approach to recognise only lifetime ECL impairment charges on all trade receivables that arise from IFRS 15, Based on the assessment made, there was an increase of RMB59,788,000 in the allowance for impairment loss on account, loan and other receivables recognised in the opening retained earnings of the Group as at 1 July 2018 on transition to IFRS 9. The impact of the adoption are disclosed in Notes 16, 19 and 20.

Additional information about how the Group and the Company measure the loss allowances for impairment is described in Note 33(iii).

iii. *Transition impact on equity*

A summary of the impact, excluding immaterial corresponding tax effect, of transition to IFRS 9 on retained earnings and non-controlling interests at 1 July 2018 is provided below.

Group	**Impact of adopting IFRS 9 at 1 July 2018** RMB'000
Retained earnings attributable to the equity holders of the Company	
Closing balance as at 30 June 2018 (IAS 39)	56,384
Recognition of expected credit losses (IFRS 9)	(31,688)
Opening balance as at 1 July 2018 (IFRS 9)	24,696
Non-controlling interests	
Closing balance as at 30 June 2018 (IAS 39)	290,229
Recognition of expected credit losses (IFRS 9)	(14,278)
Opening balance as at 1 July 2018 (IFRS 9)	275,951

2. ADOPTION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") ISSUED (Continued)

(a) Adoption of New and Revised IFRSs (Continued)

IFRS 15, Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted IFRS 15 in its financial statements using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to all contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 July 2018.

The cumulative effect of initially applying of IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained profits. Therefore, the comparative information was not restated.

The impact upon the adoption of IFRS 15, including the corresponding tax effects, are described below.

(i) Presentation of contract assets and liabilities

On adopting IFRS 15, the Group has also changed the presentation of the following amounts:

- "Due from customer for contract works" classified as "Contract assets" of RMB22,444,000 as at 30 June 2018;
- "Receipts in advance" classified as "Contract liabilities" of RMB1,310,959,000 as at 30 June 2018.

(ii) Accounting for construction contracts

Under IFRS 15, the Group recognises the revenue from construction contracts over time, by reference to the recoverable costs incurred during the year plus the fee earned. because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract cost, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

This resulted in an increase of RMB26,280,000 and RMB22,443,000 in revenue and cost of sales respectively for the financial year ended 30 June 2018, and a corresponding increase in total equity of RMB3,837,000 as at 1 July 2018.

2. ADOPTION OF NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") ISSUED (Continued)

(b) New/amended IFRSs that have been issued but not yet effective

At the date of authorisation of these financial statement, the following new or amended IFRSs which are potentially relevant to the Group's financial statements have been issued but are not yet effective and have not been early adopted by the Group:

Description	Effective date (Annual period beginning on or after)
IFRS 16, *Leases*	1 January 2019
IFRIC 23, *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Annual Improvements to IFRSs Standards 2015-2017 Cycle	1 January 2019
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to IFRS 3: Definition of Business	1 January 2020

Except as disclosed below, the directors of the Company expect the adoption of the new and revised IFRSs above will have no material impact on the financial statements of the Group and the financial position of the Company in the period of initial application.

IFRS 16, Leases

IFRS 16 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives*; and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

The Group plans to adopt IFRS 16 on 1 July 2019 based on a permitted transition approach that does not restate comparative information, but recognises the cumulative effect of initial applying IFRS 16 as an adjustment to the opening balance of retained earnings as at 1 July 2019. The Group will elect the transition option to record, in respect of leases previously classified as operating leases, the right-of-use assets on 1 July 2019 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments as at 30 June 2019. The Group also plans to adopt an expedient offered by IFRS 16, exempting the Group from having to reassess whether pre-existing contracts contain a lease.

As disclosed in Note 32 to the financial statements, the Group has entered into operating lease of office premises as lessee. As of 30 June 2019, the minimum lease payments committed under non-cancellable operating lease amount to RMB490,000.

The Group has performed a preliminary assessment of adopting IFRS 16 based on currently available information. Based on its preliminary estimates, the impact on its financial statements would not be significant. This assessment may be subject to changes arising from on-going analysis until the Group adopts IFRS 16 in its financial statements for the year beginning on 1 July 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied all the years presented unless otherwise stated. The adoption of new or amended IFRSs and the impacts on the Group's financial statements, if any, are disclosed in Note 2.

The financial statements have been prepared under the historical cost basis except for investment properties, which are stated at their fair values as explained in accounting policies below.

The consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are presented in RMB, which is the Company's functional and presentation currency and all values presented are rounded to the nearest thousand ("RMB'000") as indicated.

It should be noted that the accounting estimates and assumptions are used in preparing these financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Basis of Consolidation and Business Combination

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June each year.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss.

The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represents a present ownership interest in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Consolidation and Business Combination (Continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Upon loss of control of a subsidiary through distribution of shares in the subsidiary to the shareholders of the Company where the subsidiary is ultimately controlled by the same parties both before and after the distribution, the Group (a) derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and (b) measures the distribution and the liability to distribute at the carrying amount of the net assets to be distributed.

(c) Subsidiaries

Subsidiaries are entities over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, Plant and Equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses *(Note 3(g))*. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the period in which they are incurred.

Depreciation is calculated on straight-line method to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Leasehold buildings	20 years
Leasehold improvements	10 years
Parks and other properties	20 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	5 to 8 years

The assets' estimated residual values, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Construction in progress represents geological park under construction and is stated at cost less any impairment losses, and is not depreciated. Construction in progress is reclassified to the appropriate category of property, plant and equipment when the construction work is completed and ready for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal or retirement is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

(e) Investment Properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the statement of financial position reflect the prevailing market conditions at the reporting date.

Gain or loss arising from either a change in fair value or the sale of investment properties is included in profit or loss for the period in which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment Properties (Continued)

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity but to the extent that the increase reverses a previous impairment loss for the same property, it is recognised in profit or loss. On subsequent disposal, the revaluation surplus included in equity is transferred directly to retained profits.

For a transfer from inventories of properties to investment properties that is carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

(f) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

The Group as lessee

i. Leases where substantially all risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the period in which they are incurred.

ii. Leasehold interests in land are up-front payments to acquire the land use rights. The payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line method over the lease term.

Certain leasehold interests in land are included in properties held under development and properties held for sale *(Notes 17 and 18)*.

The Group as lessor

Properties leased out under operating leases are included in the statement of financial position as investment properties. Initial indirect costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line-basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment and interests in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (i.e. the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(h) Financial Assets

Accounting policy applicable from 1 July 2018

Classification and measurement

The Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

Initial Recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Assets (Continued)

Accounting policy applicable from 1 July 2018 (Continued)

Classification and measurement (Continued)

Inititial Recognition (Continued)

Financial assets measured at amortised costs are presented as "deposit paid", "loan receivable", "accounts receivable", "deposits paid and other receivables", "due from subsidiaries", "contract assets", "and "cash and bank balances" on the statement of financial position.

Subsequent Measurement

a) Debt instruments

Debt instruments mainly comprise of "deposit paid", "loan receivable", "accounts receivable", "deposits paid and other receivables", "due from subsidiaries", "contract assets", "and "cash and bank balances". Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset.

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Impairment losses are deducted from the gross carrying amount of these assets and are presented as separate line item in the statement of profit or loss.

Interest income is recognised on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with the following financial instruments:

- financial assets measured at amortised costs; and

- contract assets (as defined in IFRS 15);

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Assets (Continued)

Accounting policy applicable from 1 July 2018 (Continued)

Impairment (Continued)

Simplified approach – Trade receivables and contract assets

The Group applies the simplified approach to provide ECLs for all trade receivables and contract assets as permitted by IFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

General approach – Other receivables

The Group applies the general approach to provide for ECLs on its other receivables, which require the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Group's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired.

Evidence that a financial asset is credit-impaired includes the observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession(s) that the lender(s) would not other consider (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Assets (Continued)

Accounting policy applicable from 1 July 2018 (Continued)

Impairment (Continued)

Credit-impaired financial assets (Continued)

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the, present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Recognition and derecognition

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Assets (Continued)

Accounting policy applicable before 1 July 2018

Until 30 June 2018, the Group's financial assets include "deposit paid", "loan receivable", "accounts receivable", "deposits paid and other receivables", "due from subsidiaries", and "cash and bank balances", which are classified as loans and receivables, are set out below.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date. All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, directly attributable transaction costs.

Derecognition of financial assets occurs when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

At each reporting date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

i. significant financial difficulty of the debtor;

ii. a breach of contract, such as a default or delinquency in interest or principal payments;

iii. granting concession to a debtor because of debtor's financial difficulty; and

iv. it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Assets (Continued)

Accounting policy applicable before 1 July 2018 (Continued)

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs. In relation to accounts and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice.

Except for accounts and other receivables, the carrying amount of loans and receivables is directly reduced by any identified amount of impairment. The carrying amount of accounts and other receivables is reduced through the use of an allowance account. When any part of accounts and other receivables is determined as uncollectible, it is written off against the allowance account.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(i) Properties held under Development

Properties held under development which are held for future sale in the ordinary course of business are included in current assets and comprise certain land held under operating lease and capitalised depreciation of certain property, plant and equipment, and borrowing costs capitalised and aggregate cost of development, materials and supplies, wages, and other expenses ("development costs"). Properties held under development are stated at the lower of cost and net realisable value. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition; and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

On completion, the properties are transferred to properties held for sale. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated selling expenses.

Properties held under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Properties held for Sale

In case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

(k) Cash and Cash Equivalents

For the purpose of consolidated statement of cash flows presentation, cash and cash equivalents comprise cash at banks and in hand, demand deposits, less restricted bank deposits which are repayable on demand and form an integral part of the Group's cash arrangement.

For the purpose of statements of financial position classification, cash and bank balances comprise cash at banks and in hand and demand deposits repayable on demand with any banks or other financial institutions. Cash includes deposits denominated in foreign currencies.

(l) Financial Liabilities

The Group's financial liabilities include accounts payable, accruals, refundable deposits received and other payables and interest-bearing bank and other borrowings.

Management determines the classification of its financial liabilities at initial recognition depending on the purpose for which the financial liabilities were incurred.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's policy on borrowing costs.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Accounts payable, accruals, refundable deposits received and other payables

These are recognised initially at fair value and subsequently measured at amortised cost, using effective interest method.

Interest-bearing bank and other borrowings

These are recognised initially at fair value, net of transaction costs incurred and subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

These are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. When the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

All provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefit is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

(n) Financial Guarantees issued

Accounting policy applicable from 1 July 2018

Financial guarantees are measured initially at their fair values and, if not designated as at FVPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with expected credit loss model under IFRS 9.

- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of IFRS 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover. Loss allowances for ECLs for financial guarantees issued are presented in the Group's statement of financial position as "loans".

Intra-group transactions with regards to the financial guarantees are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial Guarantees issued (Continued)

Accounting policy applicable before 1 July 2018

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder (or the beneficiary of the guarantee) for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount, i.e. the amount initially recognised less accumulated amortisation, where appropriate.

(o) Share Capital and Share Premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issuance of share over the par value. Any transaction costs associated with the issuing of shares are deducted from the share premium (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to the equity transaction.

Where any Group's entities purchase the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

(p) Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Foreign Currency Translation (Continued)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

Exchange differences recognised in profit or loss of Group's entities separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into RMB at the closing rates.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

(q) Construction Contracts

Accounting policy applicable before 1 July 2018

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract cost, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenue of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when they were negotiated as a single package and are so closely inter-related that they constitute a single project with an overall profit margin.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customer for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as due to customer for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as receipt in advance. Amounts billed for work performed, but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Construction Contracts (Continued)

Accounting policy applicable from 1 July 2018

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract cost, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenue of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when they were negotiated as a single package and are so closely inter-related that they constitute a single project with an overall profit margin.

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

(r) Revenue Recognition

Accounting policy applicable before 1 July 2018

Revenue comprises the fair value of the consideration received or receivable for the sale of properties, rendering of services and the use by others of the Group's assets yielding interests and dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

i *Revenue from sale of properties held for sale*

Revenue arising from sale of properties held for sale is recognised upon the properties transfer of the significant risks and rewards of ownership of these properties to the purchasers and collectability of related receivables is reasonably assured. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities as receipt in advance and are not recognised as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Revenue Recognition (Continued)

Accounting policy applicable before 1 July 2018 (Continued)

ii Revenue from construction contracts

When the outcome of a cost-plus construction contract can be estimated reliably, revenue is recognised by reference to the recoverable costs incurred during the year plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

iii. Rental income receivable under operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

iv. Revenue from admission tickets sold and tickets of in-park recreation

Revenue from admission tickets sold is recognised when tickets are accepted and surrendered by the customer. Revenue from tickets sold for use at a future date is deferred until the tickets have been surrendered or have expired. Revenue from tickets of in-park recreation facilities is recognised when the tickets are sold to customers and when services are provided.

v. Services revenue

Services revenue are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

vi. Revenue from hotel, food and beverage

Revenue from hotel, food and beverage are recognised when the relevant services are rendered.

vii. Interest income

Interest income from bank deposits is recognised on a time proportion basis by reference to the principal outstanding and the rate applicable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Revenue Recognition (Continued)

Accounting policy applicable from 1 July 2018

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is recognised in the income statement as follows:

a. *Revenue from sale of properties held for sale*

Revenue arising from sale of properties held for sale is recognised when the Group satisfied a performance obligation by transferring the promised goods to the customer, which is when the customer obtains control of the goods. A performance obligation is satisfied at a point in time. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities as contract liabilities and are not recognised as revenue.

b. *Revenue from construction contracts*

When the outcome of a cost-plus construction contract can be estimated reliably, revenue is recognised by reference to the recoverable costs incurred during the year plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

c. *Rental income from investment properties*

Rental income from investment properties is recognised in profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

d. *Admission ticket and in-park recreation income*

Admission ticket and in-park recreation income is recognised when tickets are accepted and surrendered by the customer. Revenue from tickets sold for use at a future date is deferred until the tickets have been surrendered or have expired. Admission ticket and in-park recreation income is recognised when the tickets are sold to customers and when services are provided.

e. *Building management fee income*

Building management fee income are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

f. *Income from hotel, food and beverage*

Income from hotel, food and beverage are recognised when the relevant goods and services are delivered.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to financial statements. Interim dividends are simultaneously proposed and declared and consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

(t) Borrowing Costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

The Group determines the amount of borrowing costs from the general borrowings eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Group capitalises during a period does not exceed the amount of borrowing costs it incurred during that period.

(u) Income Tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws that have been enacted or substantially enacted in countries where the Company and subsidiaries operate by the end of the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under IAS 40 *Investment Property*. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale. Based on the assessment of the presumption, the Group determines that their investment properties are recovered through sales and the presumption is not rebutted.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income Tax (Continued)

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

i. the Group has the legally enforceable right to set off the recognised amounts; and

ii. intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

i. the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (i) the same taxable entities; or

   (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Retirement Benefits

a. *Retirement benefits to employees*

Pensions to employees are provided through a defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The Group participates the defined contribution scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Pursuant to the relevant regulations in the PRC, the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligation of all existing and future retired employees in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above, which is limited to the fixed percentage contribution payable. Contributions under the Scheme are recognised as an expense in profit or loss as employees rendered services during the year.

b. *Short-term employee benefits*

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

c. *Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group restructuring costs involve the payment of termination benefits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Related Parties

a. A person or a close member of that person's family is related to the Group if that person:

   i. has control or joint control over the Group;

   ii. has significant influence over the Group; or

   iii. is a member of the key management personnel of the Group or of a parent of the Company.

   Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group or the Company, directly or indirectly, including any Directors (whether executive or otherwise) of the Group or the Company.

b. An entity is related to the Group if any of the following conditions apply:

   i. the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii. both entities are joint ventures of the same third party.

   iv. one entity is a joint venture of a third party and the other entity is an associate of the third entity.

   v. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

   vi. the entity is controlled or jointly controlled by a person identified in (a).

   vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

   viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parents.

   Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

   i. that person's children and spouse or domestic partner;

   ii. children of that person's spouse or domestic partner; and

   iii. dependents of that person or that person's spouse or domestic partner.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Segment Reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

The measurement policies the Group uses for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(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 2019 were approximately RMB439,918,000 and RMB1,252,513,000 (2018: RMB1,708,654,000 and RMB1,378,865,000) 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 3(e). In determining the fair value, the valuer has based on a method of valuation which involves certain assumptions stated in Note 14. 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical Accounting Estimates and Assumptions (Continued)

ii. Investment properties (Continued)

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 14.

iii. Estimates of current tax and deferred tax

The Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provision in the period in which such determination is made.

Moreover, the Group is subject to land appreciation tax ("LAT") in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on the management's best estimates according to the understanding of the tax rules.

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax expense in the periods in which such estimate is changed. The outcome of their actual utilisation may be different.

At 30 June 2019, the carrying amount of the Group's income tax payables were approximately RMB165,340,000 (2018: RMB197,515,000).

At 30 June 2019, the carrying amount of deferred tax assets and deferred tax liabilities were approximately RMB40,913,000 (2018: RMB34,065,000) and RMB140,016,000 (2018: RMB139,876,000) respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical Accounting Estimates and Assumptions (Continued)

iv. Loss allowance for accounts receivable and contract assets

The Group uses a provision matrix to calculate ECLs for accounts receivable and contract assets. The provision rate is based on days past due for groupings of various customer segments that have similar loss patterns.

The provision rate is initially based on the Group's historical observed default rates. The Group will calibrate the rates to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The information about the ECLs on the Group's accounts receivable and contract assets as at 30 June 2019 are disclosed in Notes 19 and 21 respectively.

v. 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 Group's credit risk exposure for loan and other receivables are set out in Note 33(iii) to the financial statements. Accordingly, for the purpose of impairment assessment for loan and other receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL") as disclosed in Note 33(iii) to the financial statements.

The carrying amounts of the Group's loan and other receivables as at 30 June 2019 are disclosed in Notes 16 and 20 respectively.

vi. Impairment of investments in subsidiaries

The Company and Group follow the guidance of IAS 36 in determining whether an investment in subsidiaries are impaired. This determination requires significant judgement which involves estimation uncertainty. The Company evaluates, among other factors, the extent to which the recoverable amount of an investment is less than its carrying amount and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amount of investment in subsidiaries, at the end of the financial year is disclosed in Note 12 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Critical Judgement in applying the Accounting Policies

Revenue recognition

The Group has recognised revenue from sale of properties held for sale during the year as disclosed in Note 6. The assessment of when an entity has transferred the control for promised goods to customer requires examination of the circumstances of the transaction. In most cases, the transfer of control for promised goods coincides with the transfer of the legal title or the passing of possession to the buyer or when a completion certificate is issued by the relevant government authorities. The Group believes that its recognition basis of sales as set out in Note 3(r) is appropriate and is the current practice in the PRC.

5. SEGMENT 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 2019 and 30 June 2018.

6. REVENUE AND OTHER INCOME AND GAINS

An analysis of the Group's revenue for the year disaggregated by type of revenue streams and by reportable segments and other income and gains is as follows:

	Group	
	2019	2018
	RMB'000	RMB'000
Revenue		
Recognised at a point in time, derived from the PRC		
Proceeds from sale of properties held for sale	**1,937,429**	940,671
Recognised over time, derived from the PRC		
Proceeds from construction contract	**6,274**	87,167
	1,943,703	1,027,838
Other income and gains		
Interest income from bank deposits	**542**	877
Interest income from loan receivable	**25,436**	1,452
Admission ticket and in-park recreation income	**20,844**	15,956
Rental income from investment properties	**16,544**	17,231
Building management fee income	**3,615**	3,850
Income from hotel, food and beverage	**297**	668
Gain on disposals of property, plant and equipment	**9**	87
Others	**2,210**	3,817
	69,497	43,938

7. OPERATING PROFIT

	Group	
	2019	2018
	RMB'000	RMB'000
Operating profit is arrived at after charging/(crediting):		
Auditor's remuneration		
– Audit service	**1,120**	1,096
– Non-audit service	**–**	–
	1,120	1,096
Amortisation of land use rights *(Note 15)*	**288**	287
Cost of sales		
– Cost of properties held for sale	**1,593,542**	799,455
– Cost of construction contract	**6,062**	87,167
– Write-down of properties held for sales to net realisable value	**15,765**	5,153
	1,615,369	891,775
Depreciation of property, plant and equipment *(Note 13)*	**5,934**	7,905
Loss on disposal of investment properties	**–**	507
Operating lease charges in respect of land and buildings	**807**	433
Direct operating expenses arising from investment properties	**559**	503
Advertising and promotion expenses	**3,730**	6,340
Commission expenses	**29,824**	40,673
Entertainment expenses	**7,167**	7,688
Legal and professional fees	**4,193**	4,523
Travelling expenses	**2,961**	2,218
Net exchange loss	**31**	384
Staff costs, including Directors' remuneration *(Note)*		
– Wages and salaries, allowances and benefits in kind	**34,864**	34,060
– Retirement scheme contribution	**5,789**	4,084
Less: amount capitalised in		
– Properties held under development	**(1,997)**	(4,171)
– Construction in progress	**–**	(320)
	38,656	33,653

Note: Included in staff cost is administrative expenses, selling expenses and other operating expenses of approximately RMB26,389,000, RMB5,869,000 and RMB6,311,000 respectively (2018: RMB21,480,000, RMB6,636,000 and RMB5,537,000 respectively).

8. FINANCE COSTS

	Group	
	2019	2018
	RMB'000	RMB'000
Loans from banks and other financial institutions	**17,605**	17,201
Other loans	**57,698**	60,337
	75,303	77,538
Less: amount capitalised in properties held under development	**(72,701)**	(75,265)
	2,602	2,273

The weighted average capitalisation rate of borrowings was 9.82% (2018: 9.62%) per annum for the year.

9. INCOME TAX EXPENSE

		Group	
		2019	2018
	Notes	**RMB'000**	RMB'000
Current income tax – PRC			
– Enterprise Income Tax ("EIT")	*(a)*	**67,172**	39,138
– Land Appreciation Tax ("LAT")	*(b)*	**20,993**	18,597
		88,165	57,735
Deferred tax – PRC *(Note 26)*		**7,114**	16,800
Total income tax expense		**95,279**	74,535

Notes:

(a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2018: 25%).

(b) Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost and land use rights, borrowing costs, value-added tax and all property development expenditures. The tax is incurred upon transfer of property ownership. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sale of commercial properties is not eligible for such exemption.

Pursuant to the rules and regulations of the Bermuda, the Group is not subject to any taxation under jurisdictions of the Bermuda.

9. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	Group	
	2019	2018
	RMB'000	RMB'000
Profit before income tax	**185,904**	20,797
Tax on profit before income tax, calculated at the rate applicable to profits in the PRC	**46,476**	5,199
Tax effect of non-deductible expenses	**23,485**	34,907
Provision for LAT	**20,993**	18,597
Tax effect on EIT of LAT payable	**(5,248)**	(4,649)
Effect of tax loss not recognised	**1,956**	5,154
Others	**7,617**	15,327
Total income tax expense	**95,279**	74,535

10. DIVIDEND

The Directors did not recommend the payment of final dividend for the years ended 30 June 2019 and 2018.

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately RMB87,938,000 (2018: loss attributable to owners of the Company of approximately RMB46,703,000) and on 69,400,000 (2018: 69,400,000) ordinary shares in issue during the year.

The diluted earnings per share is the same as the basic earnings per share, as the Group has no dilutive potential shares during the current and prior years.

12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES

	Company	
	2019	2018
	RMB'000	RMB'000
Unlisted investments, at cost	**134,381**	134,381
Due from subsidiaries	**324,300**	335,699

Amounts due from subsidiaries are non-trade, interest-free, unsecured and repayable on demand.

Particulars of the subsidiaries, each of which is a limited liability company, were as follows:

Name	Place of incorporation/ registration	Principal activities and principal place of business	Effective percentage of equity interest held by the Company 2019 %	2018 %
Directly held:				
Rich Luck Group Limited	British Virgin Islands ("BVI")	Investment holding, Hong Kong ("HK")	**100**	100
Indirectly held:				
Guangdong Yuanbang Real Estate Development Co., Ltd. ("Guangdong Yuanbang")*	PRC	Property development, management and investment holding, PRC	**100**	100
Guangzhou Yuanbang Real Estate Development Co., Ltd.*	PRC	Property development and investment holding, PRC	**96**	96
Guangzhou Changhao Real Estate Consultancy Co., Ltd.*	PRC	Property sales and marketing and investment holding, PRC	**60**	60
Nanchang Changhao Real Estate Consultancy Co., Ltd.*/(a)	PRC	Property sales and marketing, PRC	**100**	100
Spirit World Holdings Limited	BVI	Investment holding, HK	**100**	100
Aqualake Holdings Limited	BVI	Investment holding, HK	**51**	51
New Zhong Yuan (Nanchang) Real Estate Co., Ltd. ("New Zhong Yuan")*	PRC	Property development and management, PRC	**51**	51

12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration	Principal activities and principal place of business	Effective percentage of equity interest held by the Company 2019 %	2018 %
Indirectly held: (Continued)				
Aqualake (HK) Group Limited	HK	Investment holding, HK	**51**	51
Guangzhou Guangjin Real Estate Development Co., Ltd.*	PRC	Property development, PRC	**100**	100
Wanyuan Yuanbang Resort Development Co., Ltd. ("Wanyuan Resort")*	PRC	Resort development and investment holding, PRC	**82**	82
Wanyuan Dabashan Tourism Co., Ltd.*	PRC	Tourism development, PRC	**82**	82
Wanyuan Yuanbang Property Development Co., Ltd.*	PRC	Property development, PRC	**82**	82
Wanyuan Mingyue Bashan Hotel Management Co., Ltd.*	PRC	Hotel business and tourism development, PRC	**82**	82
Wanyuan Yuanbang Property Management Co., Ltd.*	PRC	Property management, PRC	**82**	82
Wanyuan Yuanbang Modern Agricultural Development Co,. Ltd.*	PRC	Agricultural tourism development, PRC	**82**	82
Tonghua Litong Real Estate Development Co., Ltd. ("Tonghua Litong")*	PRC	Property development, PRC	**94**	51
Huizhou Nanhao Speaker Co., Ltd.*	PRC	Property development, PRC	**75**	75
Huizhou The Jins Hardware Electronics Co., Ltd*	PRC	Property development, PRC	**75**	75
Huizhou Mengte Clothing Co., Ltd*	PRC	Property development, PRC	**75**	75

12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration	Principal activities and principal place of business	Effective percentage of equity interest held by the Company 2019 %	2018 %
Indirectly held: (Continued)				
Huizhou Shaoyang Family Property Co., Ltd*	PRC	Property development, PRC	**75**	75
Weihai City Golden Harbor Real Estate Development Co., Ltd ("Weihai City Golden Harbor")*	PRC	Property development, PRC	**75**	75
Guangzhou Guangfu Property Development Co., Ltd.*	PRC	Property development, PRC	**100**	100
Guangzhou Yuanfu Real Estate Development Co., Ltd.*	PRC	Property development, PRC	**100**	100
Guangzhou Yuanbang Market Operations Management Co., Ltd.*	PRC	Property management, PRC	**100**	100
Rushan Fuyunlai Industry Co., Ltd.*/**	PRC	Tourism development, PRC	**100**	100

* *The English translation of the company name is for reference only, the official name of these companies are in Chinese.*

** *As at 30 June 2019, the registered capital has not been fully paid.*

(a) *deregistered subsequent to the end of the current financial year ended 30 June 2019.*

The financial statements of the above subsidiaries for the years ended 30 June 2019 have been audited by Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong for the purpose of incorporation into the Group's financial statements.

In the previous financial year, the above subsidiaries for the years ended 30 June 2018 have been audited by BDO Limited, Certified Public Accountants, Hong Kong for the purpose of incorporation into the Group's financial statements.

12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

Set out below are the summarised financial information for the subsidiaries that had non-controlling interests which is material to the Group, before any elimination. In the opinion of the Directors, the remaining non-disclosed non-controlling interests are individually immaterial.

	New Zhong Yuan		Tonghua Litong		Weihai City Golden Harbor		Wanyuan Resort	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-controlling interests percentage	**49%**	49%	**6%**	49%	**25%**	25%	**18%**	18%
Summarised statement of financial position								
As at 30 June								
Current								
Assets	**691,797**	769,825	**874,719**	1,682,430	**298,902**	287,255	**173,005**	204,737
Liabilities	**(125,521)**	(165,175)	**(648,345)**	(1,407,007)	**(298,773)**	(264,129)	**(244,149)**	(281,087)
Total net current assets	**566,276**	604,650	**226,374**	275,423	**129**	23,126	**(71,144)**	(76,350)
Non-current								
Assets	**6,555**	6,406	**(5,686)**	1,130	**367**	478	**94,194**	91,530
Liabilities	**(8,703)**	(8,703)	**(141,000)**	(191,000)	**(36,011)**	(43,667)	**(22,000)**	(5,000)
Total net non-current (liabilities)/assets	**(2,148)**	(2,297)	**(146,686)**	(189,870)	**(35,644)**	(43,189)	**72,194**	86,530
Net assets/(liabilities)	**564,128**	602,353	**79,688**	85,553	**(35,515)**	(20,063)	**1,050**	10,180
Accumulated non-controlling interests	**276,423**	295,153	**4,781**	41,921	**(8,879)**	(5,016)	**189**	1,832
Summarised statement of comprehensive income								
For the year ended 30 June								
Revenue	**56,973**	110,872	**882,095**	393,277	**–**	–	**–**	–
Profit/(Loss) before income tax	**7,494**	8,810	**49,840**	20,040	**(15,449)**	(3,422)	**(9,132)**	(9,822)
Income tax expense	**(19,131)**	(5,224)	**(9,540)**	(15,940)	**–**	(50)	**–**	–
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–
Total comprehensive income/(loss)	**(11,637)**	3,586	**40,300**	4,100	**(15,449)**	(3,472)	**(9,132)**	(9,822)
Total comprehensive income allocated to non-controlling interests	**(5,702)**	1,757	**2,418**	2,009	**(3,862)**	(868)	**(1,644)**	(1,768)
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	–

No dividends paid to non-controlling interests for the financial years ended 30 June 2019 and 2018.

12. INTERESTS IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

	New Zhong Yuan		Tonghua Litong		Weihai City Golden Harbor		Wanyuan Resort	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Summarised statement of cash flows								
For the year ended 30 June								
Cash flows generated from/(used in) operating activities	**10,632**	30,800	**176,955**	164,297	**(1,802)**	(7,947)	**4,036**	43,323
Cash flows generated from/(used in) investing activities	**65,219**	(19,325)	**(4,884)**	(120,000)	**–**	–	**–**	(32,524)
Cash flows generated from/(used in) financing activities	**7,561**	–	**(136,223)**	(254,000)	**188,517**	8,454	**(2,000)**	(11,000)
Net cash inflow/(outflow)	**83,412**	11,475	**35,848**	(209,703)	**186,715**	507	**2,036**	(201)

During the financial year ended 30 June 2019, the Group acquired of additional equity interest in its 51% owned subsidiary, Tonghua Litong, from the non-controlling shareholder for a consideration of RMB50,000,000. As at current year end, the equity interest in Tonghua Litong is 94%. This amount remains unpaid as at 30 June 2019 and has been recorded under other payables.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold buildings	Leasehold improvements	Parks and other properties	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 30 June 2019							
Opening net carrying amount	**10,440**	**1,998**	**58,179**	**2,846**	**4,152**	**29,684**	**107,299**
Additions	**–**	**–**	**–**	**330**	**23**	**7,875**	**8,228**
Disposals	**–**	**–**	**–**	**–**	**(334)**	**–**	**(334)**
Transfer	**–**	**–**	**22,836**	**–**	**–**	**(22,836)**	**–**
Depreciation	**(299)**	**(949)**	**(4,273)**	**(570)**	**(939)**	**–**	**(7,030)**
Closing net carrying amount	**10,141**	**1,049**	**76,742**	**2,606**	**2,902**	**14,723**	**108,163**
At 30 June 2019							
Cost	**16,443**	**26,404**	**85,461**	**12,103**	**25,674**	**14,723**	**180,808**
Accumulated depreciation	**(6,302)**	**(25,355)**	**(8,719)**	**(9,497)**	**(22,772)**	**–**	**(72,645)**
Net carrying amount	**10,141**	**1,049**	**76,742**	**2,606**	**2,902**	**14,723**	**108,163**
Year ended 30 June 2018							
Opening net carrying amount	11,140	6,148	27,295	3,128	4,472	52,539	104,722
Additions	–	–	–	355	235	10,088	10,678
Disposals	–	–	–	–	(21)	–	(21)
Transfer	–	–	32,943	–	–	(32,943)	–
Depreciation	(700)	(4,150)	(2,059)	(637)	(534)	–	(8,080)
Closing net carrying amount	10,440	1,998	58,179	2,846	4,152	29,684	107,299
At 30 June 2018							
Cost	16,443	26,404	62,625	11,773	28,538	29,684	175,467
Accumulated depreciation	(6,003)	(24,406)	(4,446)	(8,927)	(24,386)	–	(68,168)
Net carrying amount	10,440	1,998	58,179	2,846	4,152	29,684	107,299

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

The leasehold buildings of the Group are located at Guangzhou, Guangdong Province, the PRC with lease terms expiring in 2052 (2018: 2052).

As 30 June 2019, certain parks and other properties of the Group with carrying amount of approximately RMB43,694,000 (2018: RMB27,396,000) and certain construction in progress of the Group with carrying amount of approximately RMB2,752,000 (2018: RMB2,752,000) were pledged to secure loans from banks and other financial institutions of the Group *(Note 25(a))*.

At 30 June 2019, certain properties of the Group amounting to RMB18,365,000 (2018: RMB16,061,000) for which the Group is still in the process of obtaining the property ownership certificates. In the opinion of the Directors, the Group had obtained the right to use these other properties. As advised by the Group's PRC legal adviser, there was no legal impediment for the Group to obtain these property ownership certificates and respective land use rights certificates.

Depreciation charges have been included in:

	Group	
	2019	2018
	RMB'000	RMB'000
Consolidated statement of financial position		
– Capitalised in properties held under development	**188**	146
– Capitalised in construction in progress under property, plant and equipment	**908**	29
	1,096	175
Consolidated statement of comprehensive income *(Note 7)*		
– Selling expenses	**128**	319
– Administrative expenses	**5,806**	6,672
– Other operating expenses	**–**	914
	5,934	7,905
	7,030	8,080

14. INVESTMENT PROPERTIES

	Group	
	2019	2018
	RMB'000	RMB'000
Carrying amount at beginning of the year	**586,800**	589,200
Addition	**216**	–
Disposals	**–**	(6,907)
Fair value adjustments	**584**	4,507
Carrying amount at end of the year	**587,600**	586,800

Investment properties included leasehold interests in land located in the PRC with lease terms expiring from 2052 to 2058 (2018: 2052 to 2058). For the years ended 30 June 2019 and 2018, certain investment properties of the Group were leased out to non-related parties for rental income under operating lease *(Note 6)*.

At 30 June 2019, certain investment properties of the Group with carrying amount of approximately RMB584,300,000 (2018: RMB517,400,000) were pledged to secure loans from banks and other financial institutions of the Group *(Note 25(a))*.

Investment properties are leased to third parties under operating leases. During the financial year, rental income from these investment properties amounted to RMB16,544,000 (2018: RMB17,231,000); and direct operating expenses amounted to RMB1,871,000 (2018: RMB1,718,000).

The fair value of the investment properties as at 30 June 2019 and 2018 was revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLLS"), an independent qualified professional valuer who have the relevant experience in the location and category of properties being valued, which were based on 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.

In the previous year ended 30 June 2018, the Group entered into a sale and purchase agreement to dispose of certain investment properties with a carrying amount of approximately RMB6,907,000 to certain independent third parties at a consideration of approximately RMB6,400,000.

14. INVESTMENT PROPERTIES (Continued)

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	Group	
	2019	2018
	RMB'000	RMB'000
Opening balance (level 3 recurring fair value)	**586,800**	589,200
Addition	**216**	–
Disposals	**–**	(6,907)
Change in fair value of investment properties	**584**	4,507
Closing balance (level 3 recurring fair value)	**587,600**	586,800
Change in unrealised gains for the year included in profit or loss for assets held at 30 June	**584**	4,507

The following table shows the significant unobservable inputs used in the valuation model:

Properties	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Range of Unobservable inputs 2019	Range of Unobservable inputs 2018
Commercial offices	3	Income approach	Reversionary yield	The higher the reversionary yield, the lower the fair value	**5.00%**	5.00%
			Reversionary monthly rental income (RMB/sq.m)	The higher the reversionary monthly rental income, the higher the fair value	**50.00 – 100.00**	60.60 – 125.40
Retail units	3	Income approach	Reversionary yield	The higher the reversionary yield, the lower the fair value	**5.00%**	5.00%
			Reversionary monthly rental income (RMB/sq.m)	The higher the reversionary monthly rental income, the higher the fair value	**29.00 – 664.00**	29.10 – 508.50
Industrial units	3	Income approach	Reversionary yield	The higher the reversionary yield, the lower the fair value	**6.50%**	6.50%
			Reversionary monthly rental income (RMB/sq.m)	The higher the reversionary monthly rental income, the higher the fair value	**9.00**	9.00

There was no change to the valuation techniques during the financial years ended 30 June 2019 and 2018.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

15. LAND USE RIGHTS

	Group	
	2019	2018
	RMB'000	RMB'000
At the beginning of the year		
Cost	**12,316**	12,316
Accumulated amortisation	**(2,222)**	(1,935)
Net carrying amount	**10,094**	10,381
For the year ended		
Opening net carrying amount	**10,094**	10,381
Amortisation *(Note 7)*	**(288)**	(287)
Closing net carrying amount	**9,806**	10,094
At the end of the year		
Cost	**12,316**	12,316
Accumulated amortisation	**(2,510)**	(2,222)
Net carrying amount	**9,806**	10,094

Land use rights represented leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2072 (2018: 2042 to 2072).

At 30 June 2019, all land use rights of the Group were pledged as security for the borrowings from banks and other financial institutions *(Note 36(a))*. Such borrowings are repayable in 2021.

16. LOAN RECEIVABLE

	Group 2019 RMB'000	2018 RMB'000
Fixed-rate loan receivable		
– related company	**28,712**	24,952
– third party	**135,276**	–
	163,988	24,952
Less: Allowance for impairment		
– related company	**(2,565)**	–
– third party	**(12,084)**	–
	(14,649)	–
Net amount	**149,339**	24,952
Analysed as:		
Current	**109,269**	6,152
Non-current	**40,070**	18,800
	149,339	24,952

The loan receivable due from a related company, of which its legal representative is the executive director of the Company is interest bearing at 16% per annum and repayable by 20% and 80% of the principal amount at the 12 months immediately following the drawndown date and within 18 months from drawndown date respectively in accordance with the term of loan agreement. The loan is secured by the related company's proceeds from the pre-sales of its property development projects.

The loan receivable due from a third party is interest bearing at 16% per annum and repayable every six months by 2020. The loan is secured by the third party's proceeds from the pre-sales of its property development projects.

The Directors consider that the fair value of loan receivable is not materially different from its carrying amount.

16. LOAN RECEIVABLE (Continued)

The below table reconciles the impairment loss of loan receivable for the years ended 30 June 2019 and 2018:

		Group	
	Notes	**2019 RMB'000**	2018 RMB'000
At 1 July		**–**	–
Add:			
Additional impairment recognised at 1 July 2018		**8,153**	–
Provision for impairment loss	*7*	**6,496**	–
At 30 June		**14,649**	–

At 30 June 2019, the Group has determined the loss allowance for loan receivable of approximately RMB14,649,000 (2018: Nil). Impairment loss of RMB6,496,000 (2018: Nil) has been recognised in profit or loss during the year ended 30 June 2019.

17. PROPERTIES HELD UNDER DEVELOPMENT

	Group	
	2019 RMB'000	2018 RMB'000
Leasehold interests in land located in the PRC	**117,021**	244,027
Development costs	**224,447**	1,111,200
Borrowing costs capitalised	**98,450**	353,427
	439,918	1,708,654

Leasehold interests in land are located in the PRC and have lease terms expiring from 2045 to 2082 (2018: 2045 to 2082).

At 30 June 2019, certain properties held under development with carrying amounts of approximately RMB2,417,000 (2018: RMB4,470,000) and RMB93,090,000 (2018: RMB380,431,000) were pledged to secure loans from banks and other financial institutions *(Note 25(a))* and other loans *(Note 25(b))* respectively of the Group.

At 30 June 2019, properties held under development amounted to approximately RMB312,591,000 (2018: RMB581,255,000) are expected to be recovered within 12 months. On completion, the properties are transferred to properties held for sale.

At 30 June 2019, certain properties held under development with a carrying amount of approximately RMB34,324,000 (2018: RMB38,628,000) were frozen by court under lawsuits *(Note 24)*.

18. PROPERTIES HELD FOR SALE

	Group	
	2019	2018
	RMB'000	RMB'000
Gross carrying amount	**1,255,424**	1,450,373
Less: Write down to net realisable value	**(2,911)**	(71,508)
Net carrying amount	**1,252,513**	1,378,865

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2081 (2018: 2042 to 2081). At 30 June 2019, the carrying value of the operating lease up-front payments on the leasehold interests in land amounted to approximately RMB81,758,000 (2018: RMB187,730,000).

At 30 June 2019, certain properties held for sale with carrying amounts of approximately RMB858,870,000 (2018: RMB1,004,949,000) was pledged to secure other loans *(Note 25(b))* of the Group respectively.

At 30 June 2019, certain properties held for sale with carrying amounts of approximately RMB6,461,000 (2018: RMB28,256,000) was pledged as security for borrowings from banks and other financial institutions extended to Meihaohuang, a contractor of the Group *(Note 36(b))*.

At 30 June 2019, certain properties held for sale with carrying amount of RMBNil (2018: RMB19,062,000) were pledged as security for the borrowings from banks and other financial institutions extended to a company which is related to the non-controlling equity owners of New Zhong Yuan with maximum amount of approximately RMBNil (2018: RMB65,000,000).

The write down to net realisable value is determined with reference to the estimated future selling prices of certain slow-moving properties held for sale.

During the year ended 30 June 2019, the write down of amounting RMB15,765,000 (2018: RMB5,153,000) has been recognised in cost of sales. No reversal of any write down of inventory has been recognised for the years ended 30 June 2019 and 2018.

19. ACCOUNTS RECEIVABLE

	Group	
	2019	2018
	RMB'000	RMB'000
Accounts receivable	**65,291**	35,766
Less: Impairment losses recognised	**(6,134)**	(45)
	59,157	35,721

Receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

At 30 June 2019, accounts receivable included the amount of approximately RMB32,730,000 (2018: RMB32,730,000) representing the receivable due from the purchaser of a property in Aqua Lake Grand City. In June 2018, the Group has commenced a legal proceeding against the purchaser and certain equity holders of that purchaser (collectively referred to as the "Defendants") as they have breached the sale and purchase agreement for failing to settle outstanding balance of consideration of approximately RMB32,730,000 (2018: RMB32,730,000). The Group demanded repayment of the outstanding consideration of approximately RMB32,730,000 from the Defendants, and further claimed a sum of approximately RMB23,160,000, being default interest and penalty for breaching the agreement and the cost of legal proceeding. In June 2019, Supreme People's Court of Jiangxi Province adjudicated that the Defendants should pay the full amount of RMB32,730,000 to the Group.

The below table reconciles the impairment loss of accounts receivable for the years ended 30 June 2019 and 2018:

		Group	
		2019	2018
	Notes	**RMB'000**	RMB'000
At 1 July		**45**	45
Add:			
Additional impairment recognised at 1 July 2018		**5,612**	–
Provision for impairment loss	*7*	**477**	–
At 30 June		**6,134**	45

At 30 June 2019, the Group has determined the loss allowance for accounts receivable of approximately RMB6,134,000 (2018: RMB45,000). Impairment loss of RMB477,000 (2018: Nil) has been recognised in profit or loss during the year ended 30 June 2019.

The Group did not hold any collateral as security or other credit enhancements over the accounts receivable.

The Directors considered that the fair values of accounts receivable which are expected to be recovered within one year are not materially different from their carrying amounts because these amounts have short maturity periods on their inception at the reporting date.

20. PREPAYMENTS, DEPOSITS PAID AND OTHER RECEIVABLES

		Group		Company	
		2019	2018	**2019**	2018
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current asset:					
Deposit paid	*(a)*	**120,000**	85,000	**–**	–
Current assets:					
Prepayments	*(b)*	**39,448**	104,834	**–**	–
Deposits paid	*(c)*	**8,295**	5,174	**–**	–
Other receivables	*(d)*	**598,278**	655,617	**1,483**	1,406
Less: Impairment loss recognised for other receivables		**(75,775)**	(13,593)	**–**	–
		570,246	752,032	**1,483**	1,406

Notes:

(a) At 30 June 2019 and 2018, the deposit paid represented the payment made to independent third party for the possible acquisition of interest in a land use right in respect of land parcel in Guangzhou by way of acquisition of equity interest.

(b) At 30 June 2019 and 2018, prepayments substantially represented the advances made to the subcontractors for purchase of construction materials.

(c) At 30 June 2019 and 2018, the balance mainly represented the deposit paid of approximately RMB5,000,000 (2018: RMB5,000,000) for proposed development of certain land parcels in Conghua City, Guangdong Province.

(d) At 30 June 2019, other receivables included the amounts of approximately RMB282,350,000 (2018: RMB272,249,000) due from certain companies which are related to the non-controlling equity owners of New Zhong Yuan. 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 RMBNil (2018: RMB565,000) as at 30 June 2019 which bears fixed interest rate of Nil% (2018: 16.96%) per annum and repayable on demand.

Except for the above, other receivables with carrying amount of approximately RMB98,251,000 (2018: RMB190,442,000) was unsecured, interest-free and repayable on demand and/or to be set off against construction costs.

At 30 June 2019, the Group has determined the loss allowance for other receivables of approximately RMB75,775,000 (2018: RMB13,593,000), which included impairment amount of RMB32,456,000 (2018: RMB Nil) on other receivables due from companies related to the non-controlling equity owners of New Zhong Yuan. Impairment loss of RMB16,159,000 (2018: RMB2,407,000) has been recognised in profit or loss during the year ended 30 June 2019.

The carrying amounts of other receivables approximate their fair values as these financial assets which are measured at amortised cost, are assumed to approximate their fair values due to the relatively short-term maturity of these financial instruments.

20. PREPAYMENTS, DEPOSITS PAID AND OTHER RECEIVABLES (Continued)

The below table reconciles the impairment loss of other receivables for the years ended 30 June 2019 and 2018:

		Group		Company	
		2019	2018	**2019**	2018
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
At 1 July		**13,593**	11,186	**–**	–
Add:					
Additional impairment recognised at 1 July 2018		**46,023**	–	**–**	–
Provision for impairment loss	*7*	**16,159**	2,407	**–**	–
At 30 June		**75,775**	13,593	**–**	–

21. DUE FROM CUSTOMER FOR CONTRACT WORK/CONTRACT ASSETS

	Group	
	2019	2018
	RMB'000	RMB'000
Due from customer for contract work:	**–**	109,611
Contract costs incurred plus recognised profit	**–**	(87,167)
Less: progress billings	**–**	22,444
Contract assets	**31,165**	–

Contract assets relate to revenue representing the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer, usually within a month.

Movement in the contract assets during the year is disclosed as follows:

	Group
	2019
	RMB'000
Reclassified from due from customer of contract work	**22,444**
Arising during the year	**8,721**
	31,165

Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the contract assets at the end of the reporting period is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

Management has assessed that there has not been a significant increase in credit risk since initial recognition, therefore no allowance for impairment loss on contract assets is required during the financial year ended 30 June 2019.

22. CASH AND BANK BALANCES

		Group	
		2019	2018
	Notes	**RMB'000**	RMB'000
Cash and bank balances	*(a)*	**123,147**	180,310
Less:			
Deposits pledged against banking facilities granted to the mortgagees	*(b)*	**(9,455)**	(8,963)
Deposits restricted for bank and other loans	*(c)*	**(3,196)**	(4,668)
Deposits restricted for acquisition of land		**(5,344)**	(5,328)
		(17,995)	(18,959)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows		**105,152**	161,351

Notes:

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) The deposits were pledged to certain banks as securities in the PRC as detailed in Note 36. These banks provided mortgage loans to purchasers for acquisition of properties from the Group. The pledge will last for the period from the date of draw-down of mortgage loans to the date when the individual building ownership certificates are granted to the property purchasers. Such charges will be released upon the certificates are granted to the property purchasers.

(c) At 30 June 2019, the bank deposits represented amounts of approximately RMB3,196,000 (2018: RMB4,668,000) *(Note 25(a))* with floating interest rates ranging from 0.08% to 0.30% (2018: 0.08% to 0.30%) per annum were pledged against bank loans. The pledge will last for the period from the date of draw down of secured bank loans to the date when the bank loans are fully settled which is not later than September 2031 (2018: not later than September 2031).

At 30 June 2019, the Group had deposits and cash denominated in RMB amount to approximately RMB123,130,000 (2018: RMB180,057,000), which were deposited with the banks in the PRC or held in hand. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

23. RECEIPTS IN ADVANCE/CONTRACT LIABILITIES

Receipts in advance represented instalments of sale proceeds received from the buyers in connection with the Group's pre-sale of properties.

Contract liabilities are recognised as revenue when the Group delivers the units. Management expects that 100% of the contract liabilities as of 30 June 2019 may be recognised as revenue during the next reporting period.

24. ACCOUNTS PAYABLE/ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	Group		Company	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Accounts payable	**504,671**	654,664	**–**	–
Accruals	**55,824**	57,210	**1,989**	9,888
Refundable deposits made by property purchasers	**264,217**	622,924	**–**	–
Other payables *(Note)*	**91,972**	271,816	**–**	–
	412,013	951,950	**1,989**	9,888

Note:

At 30 June 2018, other payables included the amount of approximately RMB67,754,000 due to the senior management and non-controlling equity owners of Tonghua Litong. The balances were interest-free, unsecured, repayable on demand.

At 30 June 2019, other payables included the amount of approximately RMB26,566,000 (2018: RMB25,347,000) representing the accruals made for the settlement of the legal actions against the Group. The Group was made a defendant in lawsuits brought by four (2018: four) subcontractors of the Group's property development project (the "Plaintiffs"), in respect of claim disputes between the Group and the Plaintiffs (the "Petition"). It was alleged in the Petition, inter alia, that the Group still had an aggregate outstanding payment of RMB26,566,000 (2018: RMB25,347,000) (the "Claims") to the Plaintiffs in respect of the extra costs and default interest incurred for previous construction contracts between the Plaintiffs and the Group. On application of the Plaintiffs petitioned, total 79 (2018: 106) residential units of property held under development (the "Frozen PUD Units") amounted to approximately RMB34,324,000 (2018: RMB38,628,000) *(Note 17)* was frozen by the court until the Group settle the Claims, together with default interest and relevant costs.

On 29 March 2017, a court judgement in respect of one of the aforesaid lawsuits was handed down in which the plaintiff was permitted to obtain 49 units of the Frozen PUD Units (the "49 Frozen PUD Units") for the full settlement of the outstanding claim amount of approximately RMB13,918,000. On 27 December 2018, a court judgement in respect of one of the aforesaid lawsuits was handed down in which another plaintiff was permitted to obtain 30 units of the Frozen PUD Units (the "30 Frozen PUD Units") for the full settlement of the outstanding claim amount of approximately RMB8,700,000. However, the 79 Frozen PUD Units have not yet been transferred and taken over by the plaintiff as at the date of the financial statements, and as advised by the Group's PRC legal adviser, the Directors considered the risk and rewards of the 79 Frozen PUD Units were retained in the Group.

At 30 June 2019, other payables included the amount of approximately RMB34,000,000(2018: 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 2016. To date, 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 2016.

At 30 June 2019 and 2018, other payables of the Group were unsecured, interest-free and repayable on demand.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

		Group	
		2019	2018
	Notes	**RMB'000**	RMB'000
Loans from banks and other financial institutions – secured	*(a)*	**270,301**	217,318
Other loans – secured	*(b)*	**493,268**	518,165
Other loans – unsecured	*(c)*	**27,775**	23,740
Total bank and other borrowings		**791,344**	759,223

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

	Group	
	2019	2018
	RMB'000	RMB'000
Loans from banks and other financial institutions repayable		
– within one year	**89,958**	57,339
– in the second to fifth year	**124,343**	96,179
– over five year	**56,000**	63,800
	270,301	217,318
Other loans repayable		
– within one year	**341,637**	210,905
– in the second to fifth year	**151,631**	331,000
– over five years	**27,775**	–
	521,043	541,905
Total bank and other borrowings	**791,344**	759,223
Less: Portion due within one year included under current liabilities	**(431,595)**	(268,244)
Non-current portion included under non-current liabilities	**359,749**	490,979

Notes:

(a) At 30 June 2019, the Group's loans from banks and other financial institutions are secured by the pledge of the Group's property, plant and equipment of approximately RMB43,694,000 (2018: RMB27,396,000) *(Note 13)*, construction in progress approximately RMB2,752,000 (2018: RMB2,752,000) *(Note 13)*, investment properties of approximately RMB584,300,000 (2018: RMB517,400,000) *(Note 14)*, properties held under development of approximately RMB2,417,000 (2018: RMB4,470,000) *(Note 17)* and bank deposits of approximately RMB3,196,000 (2018: RMB4,668,000) *(Note 22)*.

At 30 June 2019, the Group's loans from banks and other financial institutions are denominated in RMB and certain amounts approximately of RMB89,958,000 (2018: RMB57,339,000) are repayable in full no later than 24 June 2020 (2018: 20 June 2019) and bore interests at certain percentage above the benchmark lending rate of People's Bank of China ("PBOC") per annum. The effective interest rate was ranging from 5.39% to 10.12% (2018: 5.71% to 8.82%) per annum.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(b) During the year ended 30 June 2017, Tonghua Litong entered into a new loan agreement with a financial institution in the PRC with principal amount of RMB500,000,000 which bore interest rate of 7.50% per annum, and expires on 20 December 2021. The outstanding amount of the respective loan was RMB141,000,000 (2018: RMB191,000,000) as at 30 June 2019.

The above loan was secured by (i) properties held under development and properties held for sales of Tonghua Litong; and (ii) guarantees by the Group and the owner of non-controlling interests of Tonghua Litong. At 30 June 2019, properties held under development and properties held for sale of Tonghua Litong with net carrying amounts of approximately RMB Nil (2018: RMB297,555,000) *(Note 17)* and RMB858,870,000 (2018: RMB797,407,000) *(Note 18)* respectively were pledged to secure the other loan borrowed by Tonghua Litong.

At 30 June 2019, the Group's other loans with a carrying amount of approximately RMB23,100,000 (2018: RMB26,000,000) which is repayable on 15 November 2020 (2018: 26 December 2018) and bore the interest rates at certain percentage above the benchmark lending rate of PBOC, the effective interest rate was 8.31% (2018: 5.30% to 7.67%) per annum. The respective other loans were secured by the properties held under development and properties held for sales with carrying amounts of approximately RMB93,090,000 (2018: RMB82,875,000) *(Note 17)* and RMB Nil (2018: RMB207,542,000) *(Note 18)* respectively.

On 11 December 2017, one of the PRC subsidiaries, Guangdong Yuanbang entered into an entrusted loan agreement of RMB200,000,000 with a financial institution in the PRC, which the loan bore fixed interest rate of 14.15% per annum, and expires on 10 December 2019. The loan was secured by a leasehold land owned by certain independent third parties ("the Land Owners") and was under personal guarantee executed by the Land Owners, Chen Jianfeng and Lin Yeju.

At 30 June 2019, the Group's secured other loans are denominated in RMB (2018: RMB).

(c) The loans are denominated in Hong Kong Dollars ("HK$") and bear fixed interest rate of 9.71% (2018: 9.71%) per annum. The other loans under current portion are repayable from July 2019 to June 2020 (2018: July 2018 to June 2019). The other loans under non-current portion are repayable after 12 months to 72 months (2018: 12 months to 42 months) from the year ended 30 June 2019.

26. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using principle taxation rate of 25% (2018: 25%) for the year.

The analysis of deferred tax assets/(liabilities) is as follows:

	Group	
	2019	2018
	RMB'000	RMB'000
Deferred tax assets	**40,913**	34,065
Deferred tax liabilities	**(140,016)**	(139,876)
Deferred tax liabilities, net	**(99,103)**	(105,811)

26. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

The following are the major deferred tax (liabilities)/assets recognised by the Group and the movements thereon during the year.

	Deferred tax liabilities		Deferred tax assets				
	Revaluation of investment properties RMB'000	Subtotal RMB'000	LAT RMB'000	Tax losses RMB'000	Impact of adoption of IFRS 9 RMB'000	Subtotal RMB'000	Total RMB'000
At 1 July 2017	(138,749)	(138,749)	26,166	23,572	–	49,738	(89,011)
Charged to profit or loss *(Note 9)*	(1,127)	(1,127)	(1,387)	(14,286)	–	(15,673)	(16,800)
At 30 June 2018 and 1 July 2018	(139,876)	(139,876)	24,779	9,286	–	34,065	(105,811)
Impact of adoption of IFRS 9	–	–	–	–	13,822	13,822	13,822
(Charged)/Credited to profit or loss *(Note 9)*	(140)	(140)	(11,862)	4,888	–	(6,974)	(7,114)
At 30 June 2019	**(140,016)**	**(140,016)**	**12,917**	**14,174**	**13,822**	**40,913**	**(99,103)**

At 30 June 2019, the Directors anticipated that there would be a substantial amount of revenue recognised in the next financial year as some of the property development projects held by the Group were in the final stage of construction as at the reporting date and it would be ready for delivery upon the completion. The Directors expected that it is probable that sufficient taxable profit of certain PRC subsidiaries will be available to allow the benefit of the tax losses of approximately RMB41,990,000 (2018: RMB37,144,000) to be utilised. The deferred tax assets of these tax losses of approximately RMB10,498,000 (2018: RMB9,286,000) have been recognised accordingly. For other subsidiaries that have been loss-making for some time, their deferred tax assets have not been recognised in respect of the estimated unused tax losses. The unused tax losses of the PRC subsidiaries will expire in five years from the reporting date.

According to the implementation rules, a reduced withholding tax rate of 10% will be imposed on dividends distributed to foreign investors of companies in the PRC, unless a lower rate applies for tax-treaty countries.

At the reporting date, deferred tax liabilities in respect of aggregate amount of temporary difference of approximately RMB408,736,000 (2018: RMB15,994,000) associated with undistributed earnings of PRC subsidiaries have not been recognised. At 30 June 2019 and 2019, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. It is because in the opinion of the Directors, it is not probable that these subsidiaries will distribute their earnings accrued from 1 July 2008 to 30 June 2019 in the foreseeable future. Accordingly, no deferred tax liabilities have been recognised as at 30 June 2019 and 2018.

27. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Authorised:				
At the beginning and end of the financial year				
– ordinary share of HK$2 each	**300,000**	**588,812**	300,000	588,812
Issued and fully paid:				
At the beginning and end of the financial year				
– ordinary share of HK$2 each	**69,400**	**133,882**	69,400	133,882

28. RESERVES

Share premium

The share premium account of the Group/Company represented the premium arising from the issue of shares of the Company at a premium. Under the bye-laws of the Company, the share premium account is not distributable.

Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the restructuring exercise to rationalise the structure of the Group in the preparation for the initial public offering of the Company's shares on the SGX-ST on 9 May 2007 ("Restructuring Exercise"). Details of Restructuring Exercise were set out in the Company's prospectus dated 26 April 2007.

Contributed surplus

The contributed surplus of the Company represents the difference between the net tangible asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the Restructuring Exercise.

Statutory reserve

The statutory reserve represents the appropriation of profits retained by the PRC subsidiaries. In accordance with PRC accounting standards and regulations and the respective articles of association of the PRC subsidiaries, the PRC subsidiaries are required to appropriate an amount not less than 10% of profit after income tax each year to the statutory reserve, until the balance of the statutory reserve reaches 50% of the registered capital of the PRC subsidiaries. The transfer to this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

28. RESERVES (Continued)

Capital reserve

The capital reserves represent the difference between the consideration and the carrying amount of the net assets attributable to the additional of interests in subsidiaries being acquired from non-controlling interests.

	2019 RMB'000
Consideration for acquisition of non-controlling interests	**50,000**
Decrease in equity attributable to non-controlling interests	**(51,542)**
Increase in equity attributable to owners of the Company	**1,542**

Revaluation reserve

Revaluation reserve of the Group represents the difference between the carrying value and fair value of property when an owner-occupied property becomes an investment property which will be carried at fair value.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of a subsidiary whose functional currency is different from that of the Group's presentation currency which is RMB and non-distributable.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;

(ii) To support the Group's stability and growth; and

(iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The capital structure of the Group consists of debts, which mainly includes accounts and other payables and bank and other borrowings disclosed in Notes 24 and 25, respectively, and cash and bank balances, and total equity comprising equity attributable to owners of the Company and non-controlling interests.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

29. CAPITAL MANAGEMENT (Continued)

No changes were made in the objectives, policies or processes during the current and previous years. The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners, return capital to owners, issue new shares or raise new debts, or sell assets to reduce debt. The net debts-to-equity ratio at 30 June 2019 and 2018 were as follows:

	Group	
	2019	2018
	RMB'000	RMB'000
Current liabilities		
Accounts payable	**504,671**	654,664
Accruals, deposits received and other payables	**412,013**	951,950
Interest-bearing bank and other borrowings	**431,595**	268,244
	1,348,279	1,874,858
Non-current liabilities		
Interest-bearing bank and other borrowings	**359,749**	490,979
Total debts	**1,708,028**	2,365,837
Less: Cash and bank balances	**(123,147)**	(180,310)
Net debts	**1,584,881**	2,185,527
Total equity	**915,751**	912,049
Net debts to equity ratio	**173.07%**	239.63%

Except as disclosed in Note 28 on statutory reserves, the Group is not subject to any other externally imposed capital requirements for the years ended 30 June 2019 and 2018.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the year ended 30 June 2019, certain properties held under development with net carrying amount of approximately RMB1,398,211,000 (2018: RMB179,139,000) were transferred to properties held for sale.

Reconciliation of liabilities arising from financing activities

	Bank and other borrowings RMB'000 *(Note 25)*	Interests payables RMB'000
At 1 July 2017	1,184,925	–
Changes from cash flows:		
Proceeds from bank and other borrowings	244,169	–
Repayments of bank and other borrowings	(669,871)	–
Interest paid	–	(2,273)
	759,223	(2,273)
Other changes:		
Interest expenses	–	2,273
At 30 June 2018	759,223	–
At 1 July 2018	**759,223**	**–**
Changes from cash flows:		
Proceeds from bank and other borrowings	**281,383**	**–**
Repayments of bank and other borrowings	**(249,794)**	**–**
Interest paid	**–**	**(2,602)**
	790,812	**(2,602)**
Other changes:		
Exchange difference	**532**	**–**
Interest expenses	**–**	**2,602**
At 30 June 2019	**791,344**	**–**

31. CAPITAL COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

	Group	
	2019	2018
	RMB'000	RMB'000
Contracted but not provided for in respect of:		
– Construction in progress	**22,312**	10,749
– Properties held under development	**440,077**	614,315

The Company did not have any commitments as at 30 June 2019 and 2018.

32. OPERATING LEASE ARRANGEMENTS

At the reporting date, the Group had the following operating lease arrangements:

As lessor

The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of its properties as follows:

	Group	
	2019	2018
	RMB'000	RMB'000
Not later than one year	**15,402**	12,988
Later than one year but not later than five years	**16,333**	15,374
Later than five years	**262**	460
	31,997	28,822

The Group leases out certain properties under operating lease arrangements which run for initial periods of one to six years (2018: one to six years), without an option to renew the lease terms at the expiry date.

Certain leases are negotiated with reference to the level of business. The terms of the leases generally also require the tenants to pay security deposits.

32. OPERATING LEASE ARRANGEMENTS (Continued)

As lessee

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	Group	
	2019	2018
	RMB'000	RMB'000
Not later than one year	**490**	700
Later than one year but not later than five years	**–**	520
	490	1,220

The Group leases a number of properties under operating lease arrangements which run for initial periods of one to three years (2018: one to three years), with an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company did not have any lease arrangements as lessee or lessor as at 30 June 2019 and 2018.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has well established risk management policies and guidelines. Moreover, the Directors will meet periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Directors consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

(i) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises primarily from deposits at banks and bank and other borrowings which bore interests at fixed and floating interest rates. Bank and other borrowings arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and repayment terms of the borrowings outstanding at the end of the reporting period are disclosed in Note 25.

The Group manages interest rate risk by monitoring its interest rate profile on an ongoing basis. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The policies to manage interest rate risk have been followed by the Group since prior year and are considered to be effective.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Interest rate risk (Continued)

Sensitivity Analysis

At 30 June 2019, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would decrease/increase (2018: increase/decrease) the Group's profit (2018: loss) for the year by approximately RMB57,000 (2018: RMB41,000). The assumed changes have no impact on the Group's other components of equity.

The assumed changes in interest rates are considered to be reasonably possible changes on observation of current market conditions and represent management's assessment of a reasonably possible change in interest rates over the next twelve month period.

The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. The sensitivity analysis for the year ended 30 June 2018 has been prepared on the same basis.

The Company does not have any exposure to interest rate risk at the reporting date.

(ii) Foreign currency risk

Most of the Group's transactions are carried out in RMB which is the functional currency of most of the group entities. Exposure to currency exchange rates arises from certain of the Group's cash and bank balances denominated in HK$; while certain other borrowings of the Group are denominated in HK$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposure regularly and does not consider its foreign exchange risk to be significant.

Foreign currency risk exposure

The following table details the Group's exposure at the reporting date to foreign currency risk from the bank balances and other borrowings denominated in a currency other than the functional currency of the Company and its subsidiaries.

	Express in RMB'000	
	2019	2018
	HK$	HK$
Bank balances	**17**	253
Other borrowings	**(27,775)**	(23,740)
Overall net exposure	**(27,758)**	(23,487)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency risk (Continued)

Sensitivity Analysis

The following table indicates the approximate change in the Group's profit (2018: loss) for the year in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the reporting date. The assumed changes have no impact on the Group's other components of equity.

	2019 Increase/ (Decrease) in foreign exchange rates	**2019** Effect on profit/(loss) for the year RMB'000	2018 Increase/ (Decrease) in foreign exchange rates	2018 Effect on profit/(loss) for the year RMB'000
HK$	**+5%**	**(1,388)**	+5%	(1,174)
	–5%	**1,388**	–5%	1,174

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the reporting dates and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date.

The Company is not exposed to any foreign currency risk at the reporting date.

(iii) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group minimises credit risk by dealing exclusively with high credit rating counterparties. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes internal credit rating, external credit rating, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations, actual or expected significant changes in the operating results of the debtor, significant increases in credit risk on other financial instruments of the same debtor and significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below. The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group determined that its financial assets are credit-impaired when there is significant difficulty of the debtor, a breach of contract, such as a default or past due event, it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation and there is a disappearance of an active market for that financial asset because of financial difficulty.

The Group's credit risk arises primarily from its account and other receivables. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired.	Lifetime ECL (credit-impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

Cash and cash equivalents

The cash and cash equivalents are entered into with bank and financial institution counterparties, which are rated AA- to AA+, based on rating agency ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

Accounts receivable and contract assets

As disclosed in Note 4(a), the Group uses a provision matrix to measure the lifetime expected credit loss allowance for accounts receivable and contract assets. In measuring the expected credit losses, accounts receivable and contract assets are grouped based on their shared credit risk characteristics and numbers of days past due. The expected credit losses on these financial assets are estimated using a provision rate based on the Group's historical credit loss experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

During the current financial year ended 30 June 2019, the Group recognised an allowance for impairment loss of RMB477,000 (2018: Nil) on accounts receivable. The details of the loss allowance are disclosed in Note 19.

Loan and other receivables

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

During the current financial year ended 30 June 2019, the Group recognised an allowance for impairment loss of RMB6,496,000 (2018: Nil) and RMB16,159,000 (2018: RMB2,407,000) on loan and other receivables respectively. The details of the loss allowance are disclosed in Notes 16 and 20 respectively.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

Credit risk exposure and significant credit risk concentration

The credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

Group	Internal credit rating	ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
2019					
Accounts receivable *(Note 19)*	*Note 1*	Lifetime ECL (Simplified)	**65,291**	**(6,134)**	**59,157**
Deposit paid *(Note 20)*	Performing	12-month ECL	**128,295**	**–**	**128,295**
Other receivables *(Note 20)*	*Note 1*	12-month ECL	**315,928**	**(43,319)**	**272,609**
Other receivables *(Note 20)*	*Note 1*	Lifetime ECL (Simplified)	**282,350**	**(32,456)**	**249,894**
Contract assets *(Note 21)*	Performing	Lifetime ECL (Simplified)	**31,165**	**–**	**31,165**
Loan receivable *(Note 16)*	*Note 1*	12-month ECL	**163,988**	**(14,649)**	**149,339**
2018					
Accounts receivable *(Note 19)*	*Note 1*	Lifetime ECL (Simplified)	35,766	(45)	35,721
Deposit paid *(Note 20)*	Performing	12-month ECL	90,174	–	90,174
Other receivables *(Note 20)*	*Note 1*	12-month ECL	655,617	(13,593)	642,024
Due from customer for contract work *(Note 21)*	Performing	Lifetime ECL (Simplified)	22,444	–	22,444
Loan receivable *(Note 16)*	Performing	12-month ECL	24,952	–	24,952

For Note 1 – The Group have applied the simplified and general approach in IFRS 9 to measure the loss allowance of account and other receivables respectively.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

Credit risk exposure and significant credit risk concentration (Continued)

The credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

Company	Internal credit rating	ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
2019					
Other receivables *(Note 20)*	Performing	12-month ECL	**1,483**	**–**	**1,483**
Due from subsidiaries *(Note 12)*	Performing	12-month ECL	**324,300**	**–**	**324,300**
2018					
Other receivables *(Note 20)*	Performing	12-month ECL	1,406	–	1,406
Due from subsidiaries *(Note 12)*	Performing	12-month ECL	335,699	–	335,699

IAS 39 – financial assets that are neither past due nor impaired

As at 30 June 2018, trade and other receivables that are neither past due nor impaired are with credit-worthy debtors. Cash at banks and other financial assets are placed or entered into with reputable financial institutions.

Financial guarantee

The principal risk to which the Group is exposed to is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. The maximum exposure to credit risk in respect of these financial guarantees at the reporting date is disclosed in Note 36.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's future cash flows.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk

The Group's objective is to ensure that it has adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required.

As at 30 June 2019 and 2018, the remaining contractual maturities of the Group's financial liabilities which are based on undiscounted cash flows are summarised below:

Group	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000
At 30 June 2019						
– Accounts payable	**504,671**	**504,671**	**504,671**	**–**	**–**	**–**
– Accruals, deposits received and other payables	**412,013**	**412,013**	**412,013**	**–**	**–**	**–**
– Interest-bearing bank and other borrowings	**791,344**	**914,960**	**27,006**	**177,924**	**272,260**	**437,770**
	1,708,028	**1,831,644**	**943,690**	**177,924**	**272,260**	**437,770**
– Financial guarantee issued maximum amount guaranteed	**–**	**1,549,305**	**1,549,305**	**–**	**–**	**–**
	1,708,028	**3,380,949**	**2,492,995**	**177,924**	**272,260**	**437,770**
At 30 June 2018						
– Accounts payable	654,664	654,664	654,664	–	–	–
– Accruals, deposits received and other payables	951,950	951,950	951,950	–	–	–
– Interest-bearing bank and other borrowings	759,223	921,578	–	44,135	284,843	592,600
	2,365,837	2,528,192	1,606,614	44,135	284,843	592,600
– Financial guarantee issued maximum amount guaranteed	–	1,302,231	1,302,231	–	–	–
	2,365,837	3,830,423	2,908,845	44,135	284,843	592,600

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

The Group has not recognised in these financial statements the corporate guarantees issued for the facilities issued as disclosed in Note 36. The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amounts if these amounts are claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement *(Note 33(iii))*. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee that the guaranteed financial receivables held by the counterparty suffer credit losses.

At 30 June 2019 and 2018, the Company held no material financial liabilities and the Company ensure that it maintains sufficient financial support from Group's subsidiaries to meet its liquidity requirements.

The management has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(v) Fair value

The fair values of the Group's financial assets and financial liabilities at amortised costs are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair values of interest-bearing bank and non-current other borrowings are not materially different from their carrying amounts at the reporting date.

At 30 June 2019, no financial assets and financial liabilities are measured at fair value in the statements of financial position (2018: Nil).

34. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 June 2019 and 2018 are categorised as follows. See Notes 3(h) and 3(l) for explanations about how the category of financial instruments affects their subsequent measurement.

	Group		Company	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
At amortised cost				
– Accounts receivable, refundable deposits paid and other receivables	**709,955**	767,919	**1,483**	1,406
– Due from subsidiaries	**–**	–	**324,300**	335,699
– loan receivable	**149,339**	24,952	**–**	–
Cash and bank balances	**123,147**	180,310	**–**	–
	982,441	973,181	**325,783**	337,105
Financial liabilities				
At amortised cost				
Accounts payable, accruals, deposits received and other payables	**916,684**	1,606,614	**1,989**	9,888
Interest-bearing bank and other borrowings	**791,344**	759,223	**–**	–
	1,708,028	2,365,837	**1,989**	9,888

35. RELATED PARTY TRANSACTIONS

(a) Related Party Transaction

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

	Nature of transaction	Group 2019 RMB'000	Group 2018 RMB'000
Kaiping Qingshi Auto Parts Co., Ltd.* *(Note)*	Interest income	**3,760**	1,452

Note: Mr. Zhou Jiangtao, a director of the Company, is a legal representative of the related company.

* *The English translation of the company name is for reference only, the official name of these companies are in Chinese.*

(b) Compensation of Key Management Personnel of the Group:

Included in staff costs are key management personnel compensation of the Group and the Company (including Directors' emoluments) during the financial year as follows:

	Group 2019 RMB'000	Group 2018 RMB'000
Directors' emoluments		
– Director's fee	**645**	650
– Salaries and wages, allowances and benefits in kind	**1,513**	1,454
– Retirement scheme contributions	**83**	83
	2,241	2,187
Key management personnel		
– Salaries and wages, allowances and benefits in kind	**1,228**	1,328
– Retirement scheme contributions	**71**	76
	1,299	1,404

36. FINANCIAL GUARANTEE

As at the reporting date, the Group has issued the following guarantees:

(a) The Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. The outstanding guarantees amounted to approximately RMB945,205,000 (2018: RMB1,196,091,000) at the current year end. The guarantees provided by the Group to the banks would be released upon (i) the satisfaction of mortgage loans by the purchasers of properties; or (ii) receiving the real estate owner certificates of the respective properties by the banks from the buyers as security for the mortgage loan facilities granted. These real estate ownership certificates would generally be issued within two years after the purchasers take possession of the relevant properties. No provision for the Group's obligation under the guarantees has been made as the Directors considered that it was not probable that the repayments of the loans would be in default. Also, the Directors did not consider it is probable that the Group will sustain a loss under these guarantees during the year as the individual real estate owner certificates have not been issued to the respective buyers yet. In case of defaults, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors. The Directors also considered that the fair value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group in the event the buyer default payments to the banks.

(b) The Group had given financial guarantee to banks for banking facilities granted to certain contractors of the Group, of maximum amount approximately RMB604,100,000 (2018: RMB106,140,000). No financial guarantee to bank for banking facilities was released during the year ended 30 June 2019 (2018: financial guarantee to bank for banking facilities granted to Honda and Po Xin of maximum amount approximately RMB79,300,000 was released upon the banking facilities expired).

Assets pledged to secure the above banking facilities is disclosed in Note 18.

In the opinion of the Directors, it is unlikely that a claim will be made against the Group and no cash outflow under the financial guarantee contracts at the reporting date, the financial impact arising from the above guarantees is insignificant. Accordingly, they are not accounted for in these financial statements.

37. LITIGATION

Save as disclosed elsewhere in these financial statements, the Group does not have any material litigation or claims to be pending or threatened against any members of the Group as at 30 June 2019 and 2018.

38. EVENTS SUBSEQUENT TO REPORTING DATE

On 3 September 2019, the Company announced that it is proposing to undertake a reorganisation of its share capital to, inter alia, reduce the par value of each ordinary share in the capital of the Company from HK$2.00 to HK$0.10.

Shareholders' Information

STATISTIC OF SHAREHOLDINGS AS AT 16 SEPTEMBER 2019

Authorised share capital	:	HK$600,000,000
Issued and fully paid-up capital	:	HK$138,800,000
Class of shares	:	69,400,000 Ordinary shares of HK$2.00 each
Voting rights	:	One vote per share
Number of Treasury Shares & Subsidiary Holdings	:	Nil

STATISTICS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	1	0.06	10	0.00
100 –1,000	1,061	60.08	490,260	0.71
1,001 – 10,000	579	32.78	2,091,410	3.01
10,001 – 1,000,000	118	6.68	9,603,930	13.84
1,000,001 and above	7	0.40	57,214,390	82.44
Total:	**1,766**	**100.00**	**69,400,000**	**100.00**

TREASURY SHARES

Pursuant to Rule 1207(9)(f) of the listing manual of the SGX-ST, the Company does not hold any treasury shares or subsidiary holdings.

TWENTY LARGEST SHAREHOLDERS AT AT 16 SEPTEMBER 2019

No.	Name	No. of Shares	%
1	CHEN JIANFENG	32,040,000	46.17
2	PROVEN CHOICE GROUP LIMITED	12,960,000	18.68
3	DBS VICKERS SECURITIES (S) PTE LTD	3,991,200	5.75
4	CITIBANK NOMINEES SINGAPORE PTE LTD	2,374,500	3.42
5	OCBC SECURITIES PRIVATE LTD	2,362,000	3.40
6	LI SIU LING	2,292,200	3.30
7	DBS NOMINEES PTE LTD	1,194,490	1.72
8	RAFFLES NOMINEES (PTE) LIMITED	900,720	1.30
9	LAU WEI PENG	681,320	0.98
10	HSBC (SINGAPORE) NOMINEES PTE LTD	541,800	0.78
11	PHILLIP SECURITIES PTE LTD	479,100	0.69
12	NG SENG CHOO	450,000	0.65
13	TEO YEONG KWEE	420,200	0.61
14	2G CAPITAL PTE LTD	364,300	0.52
15	OU YANG YAN TE	357,880	0.52
16	CHOO KIM HIONG	343,900	0.50
17	UOB KAY HIAN PTE LTD	213,500	0.31
18	ESW CAPITAL MARKETS PTE LTD	204,000	0.29
19	KWAN CHEE SENG	204,000	0.29
20	NG CHUEN GUAN	204,000	0.29
		62,579,110	**90.17**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Chen Jianfeng	32,040,000	46.17	3,786,700[1]	5.46
Lin Yeju[2]	–	–	35,826,700	51.63
Proven Choice Group Limited[3]	12,960,000	18.67	–	–
Wang Lin Jia[3]	–	–	12,960,000	18.67

Notes:

(1) Shares held by DBS Vickers Securities (S) Pte Ltd.

(2) Madam Lin Yeju is deemed to be interested in all the Shares that her spouse, Mr Chen Jianfeng, is interested in. Mr Chen Jianfeng has a direct interest of 32,040,000 Shares and a deemed interest of 3,786,700 Shares.

(3) Proven Choice Group Limited is an investment company incorporated in the British Virgin Islands. It is wholly-owned by Mr. Wang Lin Jia who is not related to any Directors or Substantial Shareholders.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 29.70% of the Company's issued ordinary shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CHINA YUANBANG PROPERTY HOLDINGS LIMITED (the "Company") will be held at Meeting Room 327, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 29 October 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Auditors' Report thereon.

(Resolution 1)

2. To re-elect the following Directors of the Company pursuant to the Company's Bye-laws:

(i)	Mr Zhou Jiangtao	(Retiring under Bye-law 86(1))	**(Resolution 2)**
(ii)	Mr Teo Yi-Dar	(Retiring under Bye-law 86(1))	**(Resolution 3)**

Mr Zhou Jiangtao will, upon re-election as a Director of the Company, remain as an Executive Director of the Company. Detailed information on Mr Zhou required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.

Mr Teo Yi-Dar will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating Committee, Remuneration Committee and Share Option Scheme Committee. Mr Teo will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Detailed information on Mr Teo required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.

3. To approve the payment of Directors' fees of S$130,000/– for the financial year ending 30 June 2020, to be paid half-yearly in arrears. (FY2019: S$130,000/-).

(Resolution 4)

4. To re-appoint Moore Stephens LLP, Public Accountants and Chartered Accountants, Singapore as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 5)

5. To transact any other ordinary business which may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. Share Issue Mandate

That pursuant to Rule 806 of the Listing Manual ("Listing Manual") of the SGX-ST, authority be given to the Directors of the Company to allot and issue ordinary shares ("Shares") in the Company whether by way of rights, bonus or otherwise (including Shares as may be issued pursuant to any Instruments (as defined below) made or granted by the Directors while this resolution is in force notwithstanding that the authority conferred by this resolution may have ceased to be in force at the time of issue of such Shares) and/or make or grant offers, agreements or options or otherwise issue convertible securities (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and for such purpose and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings);

(b) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (a) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, after adjusting for:

  (i) new Shares arising from the conversion or exercise of convertible securities;

  (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

  (iii) any subsequent bonus issue, consolidation or subdivision of Shares; and

(c) such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law or by the Bye-Laws to be held, whichever is earlier.

See Explanatory Note (i)

(Resolution 6)

AS SPECIAL BUSINESS (Continued)

7. Authority to Offer and Grant Options and to Allot and Issue Shares Under the China Yuanbang Share Option Scheme

That, the Directors be authorised and empowered to:

(a) offer and grant options from time to time to selected Executive and Non-Executive directors and employees of the Company and its subsidiaries in accordance with the terms and conditions of the China Yuanbang Share Option Scheme (the "Scheme"); and

(b) allot and issue Shares to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Scheme upon the exercise of such options and in accordance with the terms and conditions of the Scheme,

provided always that the aggregate number of Shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

See Explanatory Note (ii)

(Resolution 7)

By Order of the Board

Huang Tak Wai
Company Secretary

4 October 2019

Explanatory Notes to Resolutions to be passed –

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting or the date by which such Annual General Meeting is required to be held (whichever is earlier), to allot and issue Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to the Resolution) up to an amount not exceeding fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to twenty per cent. (20%) may be issued other than on a *pro rata* basis.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, to offer and grant options to selected Executive and Non-Executive Directors and employees of the Company and its subsidiaries under the Scheme and to allot and issue Shares of up to a number not exceeding in total fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time pursuant to the exercise of the options under the Scheme.

Explanatory Notes to Resolutions to be passed – (Continued)

Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50 of Singapore)) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Depositor wishes to appoint a proxy/proxies to attend the Annual General Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited, 8 Robinson Road #03-00, ASO Building, Singapore 048544, at least forty-eight (48) hours before the time of the Annual General Meeting.

3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.


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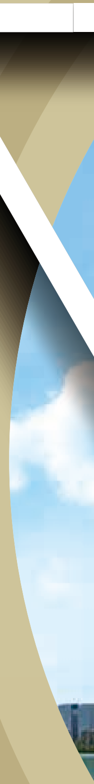

China Yuanbang Property Holdings Limited

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