

## CHINA YUANBANG PROPERTY HOLDINGS LIMITED

Registration Number 39247

(Incorporated in Bermuda)

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### RESPONSES TO QUERIES FROM SGX REGCO

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The Board of Directors of China Yuanbang Property Holdings Limited (the "**Company**" or together with its subsidiaries, the "**Group**") refers to Company's announcement on "Status Update of Loan Receivables of the Group" released via SGXNet on 6 April 2021 and have received queries from SGX RegCo.

Please see the followings in response to the SGX RegCo's queries dated 8 April 2021.

- 1) **The Company disclosed that "The Group provided a loan of RMB146.8 million to Jiadi Xindu (the "Jiadi Xindu Loan"). The Jiadi Xindu Loan was used to fund Jiadi Xindu's property development project" and "the Group and Jiadi Xindu have agreed to extend the final repayment date of the Jiadi Xindu Loan to 31 December 2021." Please elaborate on and disclose the following:**

- (i) **Details on Jiadi Xindu, its directors, shareholders, its financial standing and size of its operations:**

**Response:**

Guangzhou Jiadi Xindu Development Co., Ltd ("**Jiadi Xindu**") was incorporated in 1994 to conduct property development business. Mr. Wu Guangning, an independent third party, is the sole director and shareholder of Jiadi Xindu. Since its incorporation, Jiadi Xindu has been involved and completed different property development projects. Among which, residential projects in Guangzhou, Guangdong Province, mixed development projects in Fujian Province and Liaoning Province.

Jiadi Xindu is currently developing a mixed development project in Guangdong and the said project has approximately 29,028 sq. m. gross floor area and expected gross development value of approximately RMB400 million ("**Jiadi Xindu Guangdong Property Project**"). The Jiadi Xindu Guangdong Property Project has started its pre-sale in October 2020.

- (ii) **Reason why the Company extended the loan to Jiadi Xindu when money lending is not in the ordinary course of the Company's business. Please disclose if shareholders' approval was obtained for the extension of the loan and to provide details of the information required under Listing Rule 1010 if any of the ratios under Listing Rule 1006 amounted to 5% or more:**

**Response:**

As disclosed in our responses to SGX queries dated 9 September 2019, the Company had considered that the Jiadi Xindu Loan to be in its ordinary course of business as the purpose of the loan is for the Group to participate in Jiadi Xindu Guangdong Property Project. Accordingly, Chapter 10 of the Listing Rules is not applicable.

As disclosed in the Company's results announcement for the year ended 30 June 2019 and our responses to SGX's queries dated 9 September 2019, the loan made to Jiadi Xindu was to secure the rights for the Group to participate jointly in Jiadi Xindu Guangdong Property Project and potential tourism projects in Beidaihe Province, Liaoning Province and Hainan Province. The Group decided to structure its involvement in the Jiadi Xindu Guangdong Property Project via loan arrangement after taking into consideration of the followings:

- (i) Bidding for new land parcels directly in an auction organised by the relevant government authorities in China requires a large amount of fund upfront and also, there is keen competition from other property developers. Hence, as an alternative, the Group cooperates with other property developers or land owner to relieve funding pressure encountered in a normal land bidding process and at the same time, enable itself to participate in the property development project at a lower cost;
- (ii) The Group is able to better manage its risk exposure as the Group can derive a guaranteed return of 16.0% and the principal and returns are secured against the sale proceeds of Jiadi Xindu Guangdong Property Project; and
- (iii) Such arrangement will help to strengthen the business relationship between the Group and Jiadi Xindu, which the Group believes will pathway for more established cooperation with Jiadi Xindu for its future property development projects.

**(iii) Whether Jiadi Xindu has any relationship with the Company, its directors, substantial shareholders or key management or their respective associates. If the loan is an IPT, please disclose the details under Listing Rule 917, where applicable and to disclose the AC's views as to whether the transaction is on normal commercial terms and the extension of the repayment of the loan is not prejudicial to the interest of the Company and its minority shareholders. If not applicable, please disclose the basis:**

**Response:**

The Jiadi Xindu Loan is not an Interested Person Transaction as Jiadi Xindu is an independent third party to the Company. None of its directors, substantial shareholders or key management or their respective associates are related to Jiadi Xindu. Accordingly, Chapter 9 of the Listing Rule is not applicable.

**(iv) When the loan was extended, the principal amount loaned, the repayment dates, initial maturity date and any extensions of the repayment granted:**

**Response:**

The Company has extended following repayment dates of loan principal that were due on 8 July 2020 and 25 October 2020, respectively, to 31 December 2021.

| Principal Amount<br>RMB'000 | Borrowing date | Interest rate | Repayment date  | Collection date | Installment<br>RMB'000 | Repayment<br>RMB'000        | Outstanding balance<br>RMB'000 |
|-----------------------------|----------------|---------------|-----------------|-----------------|------------------------|-----------------------------|--------------------------------|
| 36,000                      | 26/10/2018     | 16% p.a.      | 25/10/2019      | 25/10/2019      | 7,200                  | (7,200)                     | -                              |
|                             |                |               | 25/4/2020       | 25/4/2020       | 10,800                 | (10,800)                    | -                              |
|                             |                |               | 25/10/2020      | N/A             | 18,000                 | -                           | 18,000                         |
|                             |                |               | <b>Subtotal</b> | <b>Subtotal</b> | 36,000                 | (18,000)                    | 18,000                         |
| 52,000                      | 9/7/2018       | 16% p.a.      | 8/7/2019        | 8/7/2019        | 10,400                 | (10,400)                    | -                              |
|                             |                |               | 8/1/2020        | 8/1/2020        | 15,600                 | (15,600)                    | -                              |
|                             |                |               | 8/7/2020        | N/A             | 26,000                 | (12,900)                    | 13,100                         |
|                             |                |               | <b>Subtotal</b> | <b>Subtotal</b> | 52,000                 | (38,900)                    | 13,100                         |
| 60,600                      | 9/2/2018       | 16% p.a.      | 8/2/2019        | 8/2/2019        | 12,120                 | (12,120)                    | -                              |
|                             |                |               | 8/8/2019        | 8/8/2019        | 18,180                 | (18,180)                    | -                              |
|                             |                |               | 8/2/2020        | 8/2/2020        | 30,300                 | (30,300)                    | -                              |
|                             |                |               | <b>Subtotal</b> | <b>Subtotal</b> | 60,600                 | (60,600)                    | -                              |
| <u>148,600</u>              |                |               | <b>Total</b>    | <b>Total</b>    | <u>148,600</u>         | <u>(117,500)</u>            | <u>31,100</u>                  |
|                             |                |               |                 |                 |                        | Add:<br>accrued<br>interest | <u>19,480</u>                  |
|                             |                |               |                 |                 |                        |                             | <u>50,580</u>                  |

**(v) The instances where Jiadi Xindu had failed to comply with any of the repayments of principal or interest to-date:**

**Response:**

Jiadi Xindu has missed the repayment dates that were due on 8 July 2020 and 26 October 2020 as the pre-sale of Jiadi Xindu Guangdong Property Project was delayed due to the Covid-19 situation.

- 2) The Company disclosed that “The Group provided a loan of RMB23.5 million to Kaiping Qingshi (the “Kaiping Qingshi Loan”). The Kaiping Qingshi Loan was used to partly finance the Phase 1 development of a property development project in Kaiping, Guangdong Province. (“Phase 1 Kaiping Qingshi Project”)” and “In view of the imminent commencement of Phase 2 Development, the Group and Kaiping Qingshi have agreed to extend the final repayment date of the Kaiping Qingshi Loan to 31 December 2022.” Please elaborate on and disclose the following:

**(i) Details on Kaiping Qingshi, its directors, shareholders, its financial standing and size of its operations:**

**Response:**

Kaiping Qingshi Auto Parts Co., Limited" ("**Kaiping Qingshi**") was originally engaged in manufacturing and trading of auto part and it owns a piece of industrial land in Kaiping City, Guangdong Province. In 2016, Kaiping Qingshi applied to local government to convert its industrial land to residential use and ceased its auto parts trading business.

The land was intended to be redeveloped into a mixed development project via two phases. Phases 1 and 2 of Kaiping Qingshi Project comprise approximately 14,000 sq. m. and 39,000 sq. m. of gross floor area for residential units respectively. In addition, Kaiping Qingshi Project also has approximately 14,600 sq. m. gross floor area of commercial units. The gross development value of Kaiping Qingshi Project is expected to be approximately RMB387 million.

The directors of Kaiping Qingshi are Mr. Zhou Jiangtao and Mr. Li Zhi Jiang. The shareholders of Kaiping Qingshi are Mr. Jiao Haisong and Mr. Zhou Jiangtao. Mr. Zhou Jiangtao holds an effective equity interest of 28.6% and Mr Jiao Haisong holds the remaining effective equity interest in Kaiping Qingshi. Save for Mr Zhou Jiangtao, who is the Executive Director of the Company, none of its directors, substantial shareholders or key management or their respective associates are related to Kaiping Qingshi.

**(ii) Details on the development cost of Phase 2 Kaiping Qingshi project and how much of this development is funded by the Company based on the loan extended:**

**Response:**

The estimated development cost of Phase 2 Kaiping Qingshi is approximately RMB 150 million. The entire loan extended will be used in the development of Phase 2 Kaiping Qingshi Project.

**(iii) Reason why the Company extended the loan to Kaiping Qingshi when money lending is not in the ordinary course of the Company's business. Please disclose if shareholders' approval was obtained for the extension of the loan and to provide details of the information required under Listing Rule 1010 if any of the ratios under Listing Rule 1006 amounted to 5% or more:**

**Response:**

As disclosed in our response to SGX queries dated 9 September 2019, the Company had considered that the Kaiping Qingshi Loan to be in its ordinary course of business as the purpose of this loan is for the Group to participate in Kaiping Qingshi Project. Accordingly, Chapter 10 of the Listing Rule is not applicable.

As disclosed in the Company's results announcement for the year ended 30 June 2019 and its responses to SGX's queries dated 9 September 2019, the loan made to Kaiping Qingshi was to fund the development of Kaiping Qingshi Project. The Group

decided to structure its involvement in the Kaiping Qingshi Project via loan arrangement after taking into consideration of the followings:

- (i) Bidding for new land parcels directly in an auction organised by the relevant government authorities in China requires a large amount of fund upfront and also, there is keen competition from other property developers. Hence, as an alternative, the Group cooperates with other property developers or land owner to relieve funding pressure encountered in a normal land bidding process and at the same time, enable itself to participate in the property development project at a lower cost;
- (ii) The Group is able to better manage its risk exposure as the Group can derive a guaranteed return of 16.0% and the principal and returns are secured against the sale proceeds of Kaiping Qingshi Project; and
- (iii) Such arrangement will help to strengthen the business relationship between the Group and Kaiping Qingshi, which the Group believes will pathway for more established cooperation with Kaiping Qingshi.

As disclosed in the announcement dated 6 April 2021 on “Status Update of Loan Receivables of the Group”, Kaiping Qingshi has granted the Group a three-month exclusivity till 30 June 2021 to conduct an evaluation of its Phase 2 Kaiping Qingshi Project, for the Group to evaluate whether to participate as a co-developer of the said project.

- (vi) Details under Listing Rule 917, where applicable and to disclose the AC’s views as to whether the transaction is on normal commercial terms and the extension of the repayment for the loan is not prejudicial to the interest of the Company and its minority shareholders. If not applicable, please disclose the basis:**

**Response:**

Save for Mr Zhou Jiangtao, who is an Executive Director of the Company and holds an effective equity interest of 28.6% in Kaiping Qingshi, none of the directors, substantial shareholders or key management of the Company or their respective associates are related to Kaiping Qingshi. The Kaiping Qingshi Loan is not an Interested Person Transaction as Kaiping Qingshi is not an associate of Mr Zhou Jiangtao. Accordingly, Chapter 9 of the Listing Rules is not applicable.

**(iv) When the loan was extended, the principal amount loaned, the repayment dates, initial maturity date and any extensions of the repayment granted:**

**Response:**

The Company has extended following repayment dates of loan principal that were due on 29 September 2020 and 28 March 2021, respectively, to 31 December 2022.

| <b>Principal Amount<br/>RMB'000</b> | <b>Interest rate</b> | <b>Borrowing date</b> | <b>Repayment date</b> | <b>Repayment amount<br/>RMB'000</b> |
|-------------------------------------|----------------------|-----------------------|-----------------------|-------------------------------------|
| 23,500                              | 16% p.a.             | 30/9/2019             | 29/9/2020             | 4,700                               |
|                                     |                      |                       | 28/3/2021             | 18,800                              |
|                                     |                      |                       |                       | <u>23,500</u>                       |
|                                     |                      |                       | Add: accrued interest | <u>8,725</u>                        |
|                                     |                      |                       |                       | <u><u>32,225</u></u>                |

**(v) The instances where Kaiping Qingshi had failed to comply with any of the repayments of principal or interest to-date:**

**Response:**

Kaiping Qingshi has missed the repayment dates of 29 September 2020 and 28 March 2021 due to pre-sales of Kaiping Qingshi project was delayed due to Covid-19 situation. Both parties have agreed to extend the repayment dates to 31 December 2022.

**BY ORDER OF THE BOARD**

Huang Tak Wai  
Chief Financial Officer / Company Secretary  
Date: 12 April 2021