# China Yuanbang Property Holdings Limited

(Company Registration Number: 39247)

(Incorporated in Bermuda on 4 December 2006)

ANNUAL REPORT 2023

# Contents



# Corporate Information

## BOARD OF DIRECTORS

### Non-Executive Director:

Lin Yeju *(Chairman)*

### Executive Directors:

Ouyang Sheng
Zhou Jiangtao

### Independent Directors:

Chua Siong Kiat
Xia Weichang
Chong Eng Wee

## AUDIT COMMITTEE

Chua Siong Kiat *(Chairman)*
Xia Weichang
Chong Eng Wee

## NOMINATING COMMITTEE

Chong Eng Wee *(Chairman)*
Chua Siong Kiat
Xia Weichang

## REMUNERATION COMMITTEE

Xia Weichang *(Chairman)*
Chua Siong Kiat
Chong Eng Wee

## COMPANY SECRETARY

Huang Tak Wai

## ASSISTANT SECRETARY

Conyers Corporate Services (Bermuda) Limited

## REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM11
Bermuda

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## BERMUDA SHARE REGISTRAR

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

## SINGAPORE SHARE TRANSFER AGENT

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Singapore 068896

## AUDITORS

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Public Accountants and Chartered Accountants
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Singapore 079903

## AUDIT PARTNER-IN-CHARGE

Ms. Chong Jia Yun, Michelle (Appointed since the financial year ended 30 June 2023)

# 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" (人傑地靈) 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

| | **FY2023** | FY2022 | FY2021 | FY2020 | FY2019 |
|---|---|---|---|---|---|
| Revenue (RMB'000) | **239,624** | 79,180 | 500,291 | 577,148 | 1,943,703 |
| Gross Profit (RMB'000) | **67,107** | 28,394 | 156,281 | 212,111 | 305,116 |
| Net (Loss)/Profit for the Year (RMB'000) | **(234,118)** | (127,660) | 28,822 | 55,740 | 90,625 |
| Net (Loss)/Profit Attributable to Owners of the Company (RMB'000) | **(210,970)** | (100,090) | 24,055 | 46,010 | 87,938 |
| Total Assets (RMB'000) | **2,865,313** | 3,016,383 | 2,965,276 | 3,216,359 | 3,491,967 |
| Net Assets (RMB'000) | **677,102** | 920,170 | 1,048,773 | 1,014,213 | 915,751 |
| Equity Attributable to Owners of the Company (RMB'000) | **476,852** | 696,772 | 797,805 | 768,012 | 686,775 |

## FINANCIAL RATIO

| | **FY2023** | FY2022 | FY2021 | FY2020 | FY2019 |
|---|---|---|---|---|---|
| (1) Gross Profit Margin | **28.0%** | 35.9% | 31.2% | 36.8% | 15.7% |
| (2) Net (Loss)/Profit Margin | **(97.7%)** | (161.2%) | 5.8% | 9.7% | 4.7% |
| (3) Basic (Loss)/Profit per Share (RMB) | **(3.04)** | (1.44) | 0.35 | 0.66 | 1.27 |
| (4) Net Assets Value per Share (RMB) | **6.87** | 10.04 | 11.50 | 11.07 | 9.90 |
| (5) Return on Equity (%) | **(35.95%)** | (13.39%) | 3.07% | 6.33% | 13.44% |
| (6) Net Debt to Equity (%) | **150.40%** | 117.77% | 101.58% | 116.74% | 173.07% |
| (7) Interest Coverage Ratio | **(3.71)x** | (2.42)x | (0.06)x | 0.61x | 1.47x |

*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.

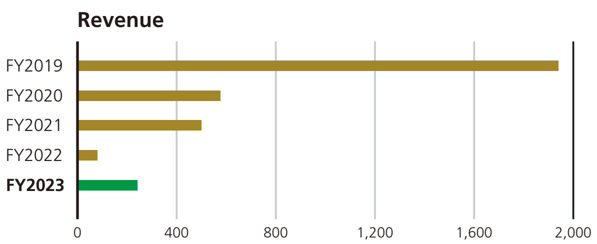
(4) Net assets value per share equals equity attributable to owners of the Company divided by number of shares.

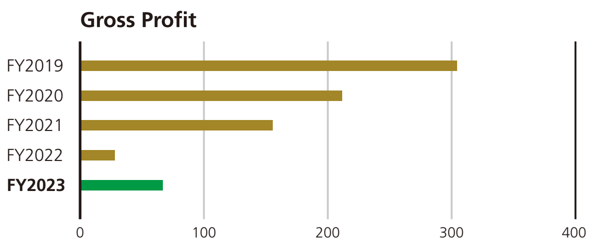
(5) Return on equity equals net (loss)/profit attributable to owners of the Company divided by average of equity attributable owner of the Company.

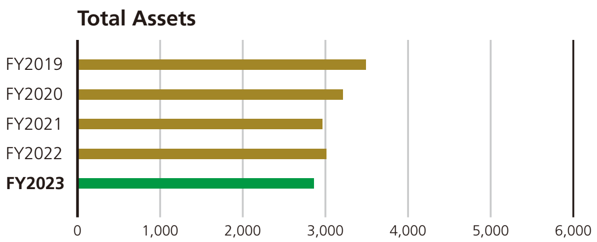
(6) Net debt to equity equals total debt less cash and cash equivalents divided by total equity.

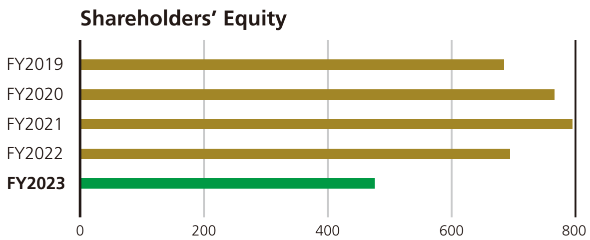
(7) Interest coverage ratio equals earnings before interest and taxes divided by interest expense.

## FINANCIAL HIGHLIGHTS (express in RMB million)

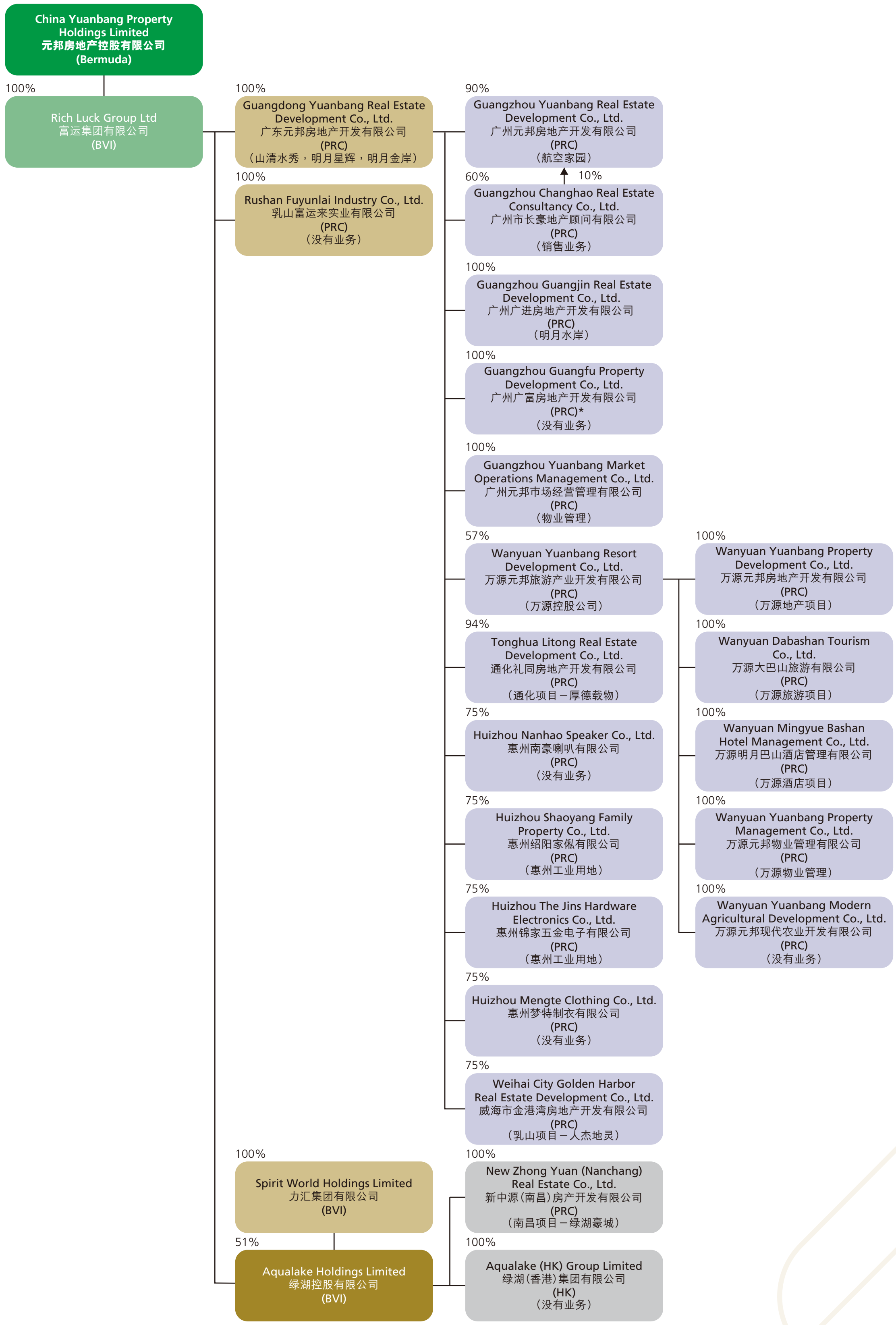


# Corporate Structure




* *deregistered on 21 October 2022*

# 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 2023 ("FY2023").

## MARKET OVERVIEW

According to data released by the National Bureau of Statistics of China, the average prices of new homes in China's 70 major cities remained stable in June 2023. However, Guangzhou saw a decline of 0.8% in average new home prices during the same period. In addition, property sales, measured by floor area, experienced a significant drop of 28.1% compared to the previous year.

The challenges faced by China's real estate industry have been exacerbated by the difficulties encountered by the country's largest property developer. This developer is currently struggling to meet its international bond payment obligations. This situation has the potential to create ripple effects that may impact other developers and pose risks to the broader economy.

## YEAR IN REVIEW

In FY2023, the Group reported a significant increase in revenue, reaching approximately RMB239.6 million, compared to RMB79.2 million in FY2022, driven by the delivery of more residential units, specifically 59 units of Shan Qing Shui Xiu and 46 units of Hou De Zai Wu. However, the gross profit margin decreased to 28.0% due to declining residential unit prices in the second half of FY2023.

Cost of sales increased to RMB172.5 million, leading to a higher gross profit of RMB67.1 million, but with a reduced profit margin. The challenging market conditions had led the Group to offer sales discounts to stimulate short-term sales.

The Group reported a loss before tax of RMB161.8 million in FY2023, compared to a loss of RMB99.5 million in FY2022. Consequently, it recorded a net loss of RMB234.1 million in FY2023, in contrast to a net loss of RMB127.7 million in FY2022.

## BUSINESS OUTLOOK

In 2023, China's real estate sector grapples with a multitude of challenges. Property prices have steadily declined over the past year, leading to a loss of confidence among potential buyers. The government has responded with a series of measures to stabilise the market, but uncertainty clouds the sector's future, posing potential economic ramifications for the nation. These challenges are further exacerbated by the largest property developer's struggle to meet international bond payment obligations, raising concerns about its potential ripple effect on other developers and the broader economy. In light of this negative sentiment and market turmoil, management anticipates a persistent weakness in the residential property sector and is exploring the development of a tourism property project as a strategic response to the current headwinds.

The Group will closely monitor Chinese Government policies and market trends while focusing on promoting the sales of its ongoing projects, namely Shan Qing Shui Xiu and Hou De Zai Wu.

For over a decade, the Group has focused its property development efforts in Guangdong province. It remains committed to this strategy, with a specific focus on Guangzhou, in order to capitalise on the anticipated economic growth within the Greater Bay Area.

# Chairman's Statement

## APPRECIATION

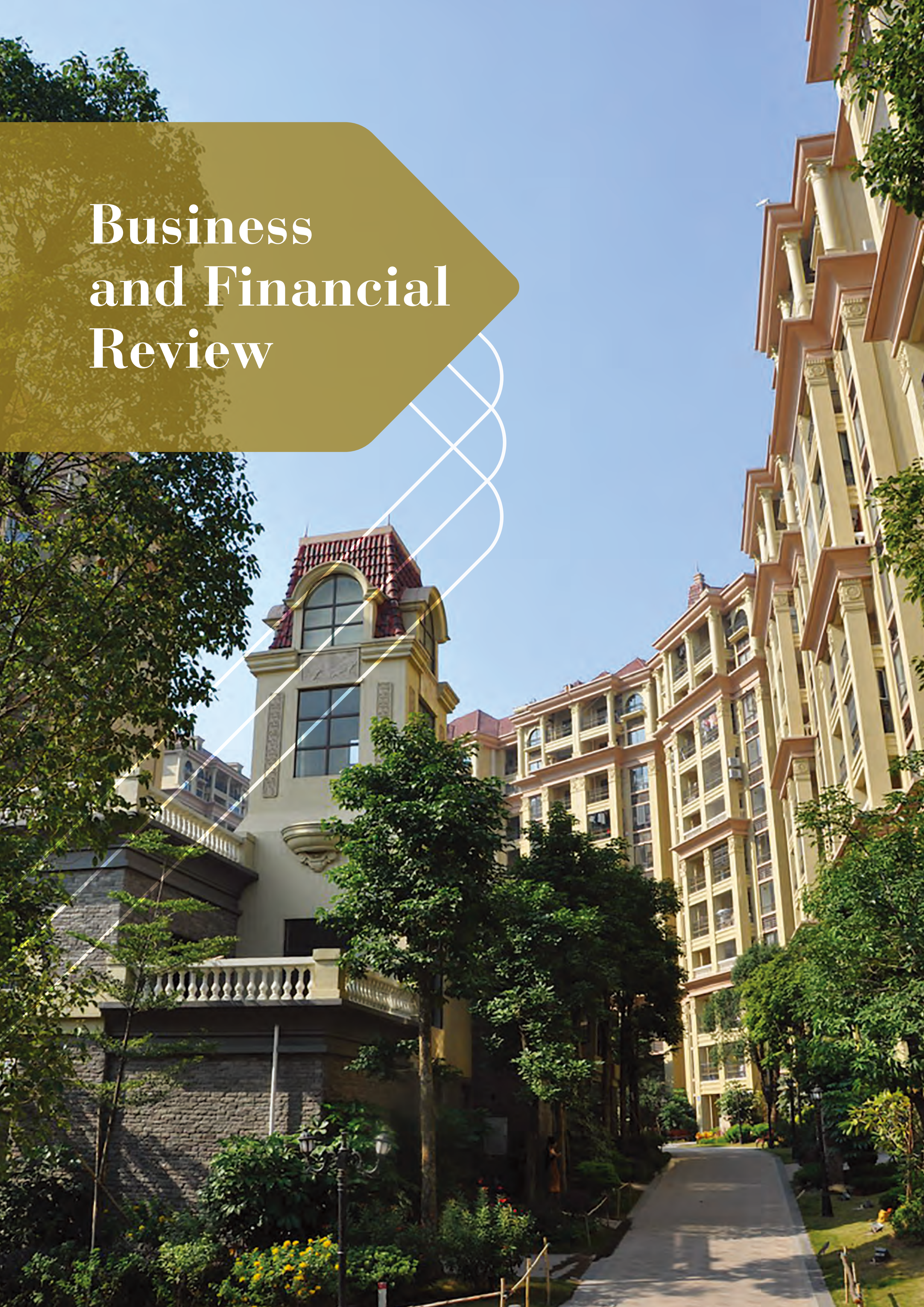
On behalf of the Board, I would like to take this opportunity to express our gratitude to all members of the Board, Management and staff for their dedication and contributions to the Group.

I would like to take this opportunity to express our gratitude to Mr. Chong Soo Hoon Sean ("Mr. Sean Chong"), who stepped down from his role as Non-Executive & Independent Director on 11 September 2023. Mr. Chong has diligently served the Board as Non-Executive & Independent Director for more than eight years. His stepping down aligns with the Board's renewal to bring in new Directors and skill sets as part of Board succession planning. On behalf of the Board, I extend our heartfelt appreciation to Mr. Sean Chong for his valuable contributions and unwavering guidance to the Company and its management during his tenure.

We would also like to take this opportunity to welcome Mr. Chong Eng Wee who joined the Board as an Non-Executive & Independent Director on 11 September 2023. Mr. Chong Eng Wee has also succeeded Mr. Sean Chong as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee respectively. On behalf of the Board, I would like to extend a warm welcome to Mr. Chong Eng Wee and look forward to his service and guidance to the Board.

I also wish to convey my deepest appreciation to our shareholders, customers, and business partners for their enduring trust and unwavering support. We remain dedicated to exerting our utmost efforts to achieve favorable business outcomes and enhance returns for our valued shareholders.

# 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 2023. The Group has completed handover of all residential units.

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 74% of the units were handed over to buyers as at 30 June 2023. 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 RMB120.9 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 |
|---|---|---|---|---|
| Residential/commercial building | 6,693.6 | 42,867.9 | 462 | Working progress |

As at 30 June 2023, Shan Qing Shui Xiu has generated a total contracted sales of approximately RMB25.8 million, with 24 residential units sold. During FY2023, 59 residential units had been handed over to buyers.

***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.

During FY2023, 7 car parks had been handed over to buyers.

With 74% of total units handed over to buyers as at 30 June 2023, the value of pre-sale units not handed over to buyers stood at RMB0.1 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 2023, Hou De Zai Wu has generated a total contracted sales of approximately RMB81.6 million, with 136 residential units sold. During FY2023, 46 residential units had been handed over with a revenue of RMB29.0 million generated.

With 83% of total units handed over to buyers as at 30 June 2023, the value of pre-sale units not handed over to buyers stood at RMB546.7 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.

***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 120 sq km located in the vicinity of Batai Mountain National Park (八台山國家地質公園) 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 RMB3.3 million for FY2023.

# Business and Financial Review

***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 RMB7.9 million.

## INVESTMENT PROPERTIES

The investment properties held by the Group have generated approximately RMB16.0 million of revenue for FY2023.

| | **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.<br><br>It was 64% occupied as at 30 June 2023, with the lease expiring dates from 6 July 2022 to 30 June 2028. |
| 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 2023.<br><br>The lease expiring from 15 October 2024 to 17 September 2026. |
| 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.<br><br>The units were 60% occupied as at 30 June 2023 with the lease expiring from 31 July 2023 to 30 June 2026. |
| 4 | A parcel of land and various units located at Hong Hua Yuan 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.<br><br>The units were 77% occupied as at 30 June 2023 with the lease expiring from 31 August 2023 to 30 June 2026. |
| 5 | A parcel of land and various units located at Hong Hua Yuan 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.<br><br>The units were 95% occupied as at 30 June 2023 with the lease expiring from 31 July 2023 to 8 April 2026. |

## FINANCIAL REVIEW

### A) Review of Financial Results for FY2023 Compared to FY2022

The Group's revenue for the financial year ended 30 June 2023 ("FY2023") was approximately RMB239.6 million compared to approximately RMB79.2 million in FY2022, an increase of RMB160.4 million.

The increase in revenue was attributed to the increase in the number of residential units handed over in FY2023. The Group handed over 59 residential units of Shan Qing Shui Xiu in FY2023, compared to 6 residential units of Shan Qing Shui Xiu handed over in FY2022. The Group also handed over a higher number of 46 residential units of Hou De Zai Wu in FY2023 compared to 7 residential units in FY2022.

The Group recorded cost of sales of RMB172.5 million for FY2023 which was RMB121.7 million higher compared to RMB50.8 million in FY2022.

The Group recorded a higher gross profit of RMB67.1 million in FY2023 which was RMB38.7 million higher compared to RMB28.4 million in FY2022 due to higher revenue achieved in FY2023. The gross profit margin for FY2023 decreased to 28.0%, compared to the 35.9% in FY2022. This decline is primarily attributed to the decrease in the price of residential units in the second half of FY2023. The recent decrease in the price of these units directly impacted the overall profitability, leading to a reduction in the overall gross profit margin.

In the second half of FY2023, the Group experienced a significant drop in gross profit margin. The reason for the decrease was mainly due to the sharp decline in Ren Jie Di Ling's gross profit for FY2023 was primarily attributed to the general decrease in house prices in Shandong province. The Group had offered substantial sales discounts to buyers as a means to stimulate sales and generate funds in the short term. This aggressive discounting strategy, while temporarily boosting sales, ultimately lead to a decrease in the gross profit margin.

Additionally, to further enhance sales in the market downturn, the Group reduced its unit prices for car parks in completed projects such as Aqualake City, Ming Yue Xing Hui and Ming Yue Jin An. Although this pricing adjustment may have contributed to increased sales volume, it also had the adverse effect of negatively impacting the gross profit margin. The lower gross profit margin in the second half of FY2023 was a result of the Group's strategics in order to navigate challenging market conditions and maintain liquidity.

The Group recorded other income and gains of RMB32.3 million for FY2023 which was RMB4.4 million lower compared to RMB36.7 million in FY2022. The decrease was mainly due to decreases in admission ticket and in-park recreation income. This decline is primarily a result of the economic downturn and the effects of the COVID-19 situation. These factors have greatly affected people's willingness to travel.

The Group recorded a fair value adjustment loss of RMB44.7 million on the Group's investment properties in FY2023, compared to RMB14.9 million in FY2022. The fair value adjustment was determined based on an independent property valuation report dated 25 August 2023 which was carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The decline in fair value attributed to two key factors. Firstly, the downturn in the Chinese economy exerted pressure on property valuations. Secondly, a reduction in rental income due to re-negotiated lease contracts, contributing to the overall decrease in the investment properties' fair value.

In FY2023, the Group recorded selling expenses of RMB12.8 million, a decrease of RMB4.0 million when compared to RMB16.8 million in FY2022. This decrease was primarily attributable to decreased commissions paid due to fewer car park unit sales during the year. The Group had delivered 19 Shan Qing Shui Xiu car parks, in contrast to 159 units handed over in FY2022.

## Business and Financial Review

The Group recorded administrative expenses of RMB56.0 million for FY2023 which were RMB1.5 million slightly higher compared to RMB54.5 million in FY2022. Included in the administrative expenses were mainly salaries and related costs, travelling and transportation costs and professional fees. The administrative expenses for FY2023 in relation to FY2022 shows a consistent spending pattern, which aligned with the Group's cost control policy.

The Group recorded other operating expenses of RMB111.8 million for FY2023 which were RMB54.1 million higher compared to RMB57.7 million in FY2022. The expenses mainly comprised:

(i) direct expenses such as staff cost, repair and maintenance, amounting to RMB4.4 million (FY2022: RMB6.8 million) in relation to the operation of Batai Mountain National Park. The decrease in direct expenses was in line with the decrease in admission ticket income;

(ii) the Group has recorded a written down on property held under development and held for sales of RMB15.3 million, primarily attributed to the recent decline in land prices in the Guangzhou region; and

(iii) the Group incurred an impairment loss amounting to RMB84.2 million, a significant increase compared to the impairment loss of RMB48.5 million recorded in FY2022. This impairment pertains to the Group's loan and other receivables, and its recognition was a result of a comprehensive assessment conducted using the Expected Credit Loss model.

The impairment mainly comprised the following components:

(1) an impairment of RMB20.2 million has been recognized in connection with the building reimbursement from the Tonghua Government. The Tonghua Government had rejected a RMB20.2 million reimbursement request for a building project. This is the remaining amount of a total reimbursement of RMB59.5 million, for details, please refer to the announcement dated 29 August 2023. In FY2022, RMB39.3 million of the reimbursement request was rejected and fully impaired. The remaining RMB20.2 million was pending approval from the government. The recent rejection of this amount has resulted in the impairment of the RMB20.2 million in other receivables.

(2) the remaining impairment was attributable to the Group's loan and other receivables. The increase in impairment in this category is primarily attributed to the prevailing downturn in the Chinese real estate market. The Chinese real estate market's current downturn can impact other receivables as real estate-related businesses face financial stress, potentially leading to delayed or defaulted payments. The Group's prudential assessment indicates an increasing likelihood of default by counterparties due to the economic challenges, thereby accentuating the inherent credit risk associated with the outstanding receivables portfolio.

For FY2023, the Group recorded a total finance cost of RMB59.7 million (FY2022: RMB70.2 million) of which RMB23.6 million (FY2022: RMB49.7 million) was capitalised for property development projects and RMB36.0 million (FY2022: RMB20.6 million) was used for general operating purpose. Total finance cost was RMB10.6 million lower compared to FY2022.

The breakdown of income tax expense is as follows:

| | **FY2023**<br>**RMB'000** | FY2022<br>RMB'000 |
|---|---|---|
| Current income tax PRC | | |
| – Enterprise income tax | **2,260** | 406 |
| – Land appreciation tax | **37,182** | 59,467 |
| – Underprovision in rest of prior year | **44,000** | – |
| | **83,441** | 59,873 |
| Deferred tax – PRC | **(11,170)** | (31,706) |
| Total income tax expense | **72,272** | 28,167 |

The Group recorded an income tax expense of RMB72.3 million for FY2023, which was RMB44.1 million higher compared to RMB28.2 million in FY2022. The amount mainly comprises the provision of PRC enterprise income tax ("EIT") of RMB46.3 million, land appreciation tax ("LAT") of RMB37.2 million which was partially offset against deferred tax credit of RMB11.2 million provided for the year.

As a result of the above factors, the Group attained a loss before tax in FY2023 of RMB161.8 million, against a loss of RMB99.5 million in FY2022. Further, the Group recorded a net loss of RMB234.1 million in FY2023 compared to a net profit of RMB127.7 million in FY2022.

## B) Review of Financial Position as at 30 June 2023 and Cash Flow for FY2023

As at 30 June 2023, the Group had non-current assets of RMB805.4 million, representing a decrease of RMB58.5 million compared to RMB863.9 million as at 30 June 2022. The decrease was mainly due to:

(i) decrease in investment properties of RMB44.7 million arising from the fair value adjustments;

(ii) decrease in property, plant and equipment of RMB5.7 million as a result of depreciation expense; and

(iii) decrease in deposit paid of RMB3.7 million due to impairment loss recognized according to Expected Credit Loss model.

As at 30 June 2023, the Group's current assets stood at RMB2,059.9 million, representing a decrease of RMB92.6 million compared to RMB2,152.5 million as at 30 June 2022. The decrease was mainly attributable to (a) a decrease in properties held under development of RMB106.9 million; (b) a decrease in loan receivable of RMB6.1 million due to impairment provided during the year; and (c) a decrease in prepayments, deposits paid and other receivables of RMB21.8 million. Such decrease was offset by an increase in properties held for sale by RMB43.5 million.

On 1 July 2023, the Group and Kaiping Qingshi had reached an agreement to extend the repayment of the outstanding loan amount of RMB35.9 million. This will be done over the course of the next 18 months and will be secured by the sales proceeds from Kaiping Qingshi's project as well as a pledge of 1,880 sq m commercial units valued at approximately RMB40 million. Regarding the Jiadi Xindu loan, it was subsequently settled all outstanding balance on 1 July 2023.

As at 30 June 2023, the Group's current liabilities stood at RMB1,728.2 million, representing an increase of RMB68.5 million, compared to RMB1,659.7 million as at 30 June 2022. The increase in current liabilities was mainly due to the net effect of:

(i) an increase in contract liabilities by RMB99.9 million due to increase in pre-sale units of Shan Qing Shu Xiu and Hou De Zai Wu that were not handed over to buyers as a result of the shutdown of the project sales centers;

(ii) an increase in accounts payable by RMB124.3 million which was due to increase in construction cost payable;

(iii) a decrease of interest-bearing bank and other borrowings by RMB221.6 million due to repayment of loans during the year; and

(iv) an increase in income tax payable of RMB69.7 million, due to accrual of Land Appreciation Tax payable.

As at 30 June 2023, the Group's non-current liabilities stood at RMB460.0 million, representing an increase of RMB23.5 million, compared to RMB436.5 million as at 30 June 2022. This was mainly due to renewal of certain current portion of borrowings during the year and was reclassified as long-term loan.

As at 30 June 2023, the equity attributable to owners of the Company decreased by RMB219.9 million from RMB476.9 million as at 30 June 2023 to RMB696.8 million as at 30 June 2022. The decrease in equity attributable to owners of the Company was mainly due to the net loss recorded during the financial year.

In FY2023, net cash generated from operating activities was approximately RMB73.9 million, comprising operating cash flow before working capital changes of RMB15.2 million, net working capital inflow of RMB90.9 million and net income taxes paid of RMB32.4 million. Despite the increase in properties held under for sale of RMB194.1 million and increase in prepayments, deposits paid and other receivables of RMB39.9 million, the Group recorded a net working capital inflow of RMB90.9 million mainly due to an increase in contract liabilities of RMB99.9 million, increase in account payables of RMB124.3 million and increase in property held under development of RMB94.7 million.

In FY2023, net cash generated from investing activities of RMB10.5 million was mainly due to the decrease in cash use for restricted cash of RMB10.1 million.

In FY2023, net cash used in financing activities of RMB75.3 million was mainly due to the net cash used in repayment of bank and other borrowings of RMB39.3 million and payment of interest of RMB36.0 million.

As a result, the Group has a cash and cash equivalent of RMB32.1 million as at the end of FY2023.

### C) Review of Financial Results for FY2022 Compared to FY2021

The Group's revenue for the financial year ended 30 June 2022 ("FY2022") was approximately RMB79.2 million compared to approximately RMB500.3 million in FY2021, a decrease of RMB421.1 million.

The decrease in revenue was mainly due to the decrease in the number of residential units handed over in FY2022. In FY2021, there were 83 and 286 residential units of Shan Qing Shui Xiu and Hou De Zai Wu being handed over, respectively. For FY2022, the Group only handed over 18 and 7 residential units of Shan Qing Shui Xiu and Hou De Zai Wu to buyers.

The decrease in handover of residential units was mainly due to the temporary shutdown of sales centers of the Group's projects namely Hou De Zai Wu, Ren Jie Di Ling and Shan Qing Shui Xiu in April and May 2022. The shutdown was due to COVID outbreaks in those cities and the local residents were restricted from travelling out of their home premises.

The Group recorded cost of sales of RMB50.8 million for FY2022 which was RMB293.2 million lower compared to RMB344.0 million in FY2021. The decrease in cost of sales by 85.2% was in tandem with the decrease in revenue.

Despite an increase in gross profit margin from 31.2% in FY2021 to 35.9% in FY2022, the Group recorded a lower gross profit of RMB28.4 million in FY2022 which was RMB127.9 million lower compared to RMB156.3 million in FY2021. The Group recorded a higher gross profit margin in FY2022 as it did not hand over any Hou De Zai Wu's resettlement housing units in FY2022, which commands a lower profit margin. The decrease in gross profit in FY2022 was attributable to the decline in the revenue recognized.

The Group recorded other income and gains of RMB36.6 million for FY2022 which was RMB9.3 million lower compared to RMB45.9 million in FY2021. The decrease was mainly due to decreases in admission ticket and in-park recreation income. During August to December 2021, Sichuan Province had confirmed COVID cases which deterred people's willingness to travel. Income from ticket and in-park recreation decreased from RMB14.9 million in FY2021 to RMB7.0 million in FY2022.

The Group recorded a loss of RMB14.9 million arising from fair value adjustments on the Group's investment properties in FY2022, as compared to a gain of RMB0.6 million in FY2021. The fair value adjustment was determined based on an independent property valuation report dated 22 August 2022 which was carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The decrease in fair value of investment properties was due to a slight decrease in rental income generated from the investment properties.

The Group recorded selling expenses of RMB16.8 million for FY2022 which was RMB7.3 million higher compared to RMB9.5 million in FY2021. The increase in selling expenses was mainly due to the sales incentive given to the sales staff to boost sales of car park units of Shan Qing Shui Xiu.

The Group recorded administrative expenses of RMB54.5 million for FY2022 which were RMB10.0 million lower compared to RMB64.5 million in FY2021. Included in the administrative expenses were mainly salaries and related costs, travelling and transportation costs and professional fees. The decrease in administrative expenses was mainly due to:

(i) decrease in staff wages and employee benefit cost of approximately RMB4.2 million due to decrease in headcount of administrative staff;

(ii) decrease in professional fees of approximately RMB1.5 million;

(iii) decrease in entertainment and travelling expenses of RMB2.2 million and RMB1.8 million, respectively, due to cost control; and

(iv) decrease in depreciation expenses of RMB0.7 million due to fully depreciated assets.

The Group recorded other operating expenses of RMB57.7 million for FY2022 which were RMB15.9 million higher compared to RMB41.8 million in FY2021. The expenses mainly comprised:

(i) direct expenses such as staff cost, repair and maintenance, amounting to RMB6.8 million (FY2021: RMB15.3 million) in relation to the operation of Batai Mountain National Park. The decrease in direct expenses was in line with the decrease in admission ticket income; and

(ii) an impairment loss of loan and other receivables amounting to RMB48.5 million (FY2021: RMB17.8 million). The Group has recognised an impairment loss based on results of the Expected Credit Loss model. The increase in impairment loss was mainly due to an impairment of RMB38 million provided for land bidding cost and land acquisition cost for the resettlement of a local school in Tonghua. In November 2021, the Group's subsidiary, Tonghua Litong Real Estate Development Co., Ltd ("Tonghua Litong"), filed a claim against local government of Tonghua for the compensation of the land preparation cost and prepaid construction cost. However, in January 2022, the court had ruled in favour of Tonghua government that no compensation would be made to Tonghua Litong. Tonghua Litong had filed an appeal against the Tonghua government in January 2022. The appeal application is still under review by the Higher People's Court of Jilin Municipality.

For FY2022, the Group recorded a total finance cost of RMB70.2 million (FY2021: RMB74.1 million) in which RMB49.6 million (FY2021: RMB56.6 million) was capitalised for property development projects and RMB20.6 million (FY2021: RMB17.5 million) was used for general operating purpose. Total finance cost was RMB3.9 million slightly lower compared to FY2021.

The Group recorded an income tax expense of RMB28.2 million for FY2022, which was RMB12.4 million lower compared to RMB40.6 million in FY2021. The amount mainly comprises the provision of PRC enterprise income tax ("EIT") of RMB0.4 million, land appreciation tax ("LAT") of RMB59.5 million which was partially offset against deferred tax credit of RMB31.7 million provided for the year.

The decrease in provision of PRC EIT from last year was due to the decrease in assessable profits during the year. The LAT for FY2022 was mainly due to the provision of LAT for appreciation of the properties in Hou De Zai Wu and Shan Qing Shui Xiu.

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

As a result of the above factors, the Group attained a loss before tax in FY2022 of RMB99.5 million, against a profit of RMB69.4 million in FY2021. Further, the Group recorded a net loss of RMB127.7 million in 2022 compared to a net profit of RMB28.8 million in FY2021.

## D) Review of Financial Position as at 30 June 2022 and Cash Flow for FY2022

As at 30 June 2022, the Group had non-current assets of RMB863.9 million, representing a decrease of RMB6.8 million compared to RMB870.7 million as at 30 June 2021. The decrease was mainly due to (i) decrease in investment properties of RMB14.9 million arising from the fair value adjustments; (ii) decrease in loan receivables of RMB8.6 million; (iii) decrease in property, plant and equipment of RMB5.8 million as a result of depreciation expense; and (iv) decrease in deposit paid of RMB5.1 million due to impairment loss recognized according to Expected Credit Loss model, which was partially offset by an increase in deferred tax assets of RMB28.0 million.

As at 30 June 2022, the Group's current assets stood at RMB2,152.5 million, representing an increase of RMB57.9 million compared to RMB2,094.6 million as at 30 June 2021. The increase was mainly attributable to (i) an increase in properties held under development by RMB207.7 million; and (ii) increase in loan receivables of RMB7.0 million. The increase was partially offset by (a) a decrease in properties held for sales of RMB106.4 million; (b) a decrease in cash and bank balances by RMB48.4 million due to the payment of income tax of RMB34.7 million relating to the settlement of EIT and LAT of Nanchang project; and (c) a decrease in prepayments, deposits paid and other receivables of RMB2.5 million.

As at 30 June 2022, the Group's current portion of the loan receivable was RMB43.2 million, representing an increase of RMB7.0 million compared to RMB36.2 million as at 30 June 2021. The increase was due to accrued interest of the loan receivables. As at 30 June 2022, the Group and Jiadi Xindu entered into a loan renewal agreement whereby the outstanding amount of RMB53.8 million will be repaid over the next 18 months. The renewal is further secured by sales proceeds from Jiadi Xindu project and pledge of 16 residential units with a total worth of approximately RM55.6 million. In addition, as disclosed in the half year results announcement on 10 February 2022, due to the continued weakness in the real estate sector, the Group has decided to delay the acquisition of an equity stake in Kaiping Qingshi, and continued to retain its participation in Kaiping Qingshi through a redeemable debt. The Group will continue to monitor the development of Phase 2 of Kaiping Qingshi. To the best knowledge of the Group, Kaiping Qingshi had pre-sold 130 units of its residential units of Phase 1 as of 30 June 2022.

***Current liabilities***

As at 30 June 2022, the Group's current liabilities stood at RMB1,659.7 million, representing an increase of RMB174.5 million, compared to RMB1,485.2 million as at 30 June 2021. The increase in current liabilities was mainly due to the net effect of (i) an increase in contract liabilities by RMB208.3 million due to increase in pre-sale units of Shan Qing Shu Xiu and Hou De Zai Wu that were not handed over to buyers as a result of the shutdown of the project sales centers; (ii) a decrease in accounts payable by RMB17.3 million which due to lower construction cost payable; and (iii) a decrease of interest-bearing bank and other borrowings by RMB21.1 million due to repayment of loans during the year.

***Non-current liabilities***

As at 30 June 2022, the Group's non-current liabilities stood at RMB436.5 million, representing an increase of RMB5.2 million, compared to RMB431.3 million as at 30 June 2021. This was mainly due to renewal of certain current portion of borrowings during the year and was reclassified as long-term loan.

***Total equity***

As at 30 June 2022, the equity attributable to owners of the Company decreased by RMB101.0 million from RMB797.8 million as at 30 June 2021 to RMB696.8 million as at 30 June 2022. The decrease in equity attributable to owners of the Company was mainly due to the net loss recorded during the financial year.

***Cash flows analysis***

In FY2022, net cash used in operating activities was approximately RMB19.6 million, comprising operating cash flow before working capital changes of RMB20.2 million, net working capital inflow of RMB35.0 million and net income taxes paid of RMB38.6 million. Despite the increase in properties held under development of RMB199.2 million and increase in other receivable and prepayment of RMB37.7 million, the Group recorded a net working capital inflow of RMB35.0 million mainly due to an increase in contract liabilities of RMB208.3 million, increase in accruals deposits received and other payables of RMB33.0 million and decrease in property held for sale of RMB48.5 million.

In FY2022, net cash generated from investing activities of RMB16.4 million was mainly due to the decrease in cash use for restricted cash of RMB11.7 million and repayment in loan receivables of RMB4.7 million.

In FY2022, net cash used in financing activities of RMB33.4 million was mainly due to the net cash used in repayment of bank and other borrowings of RMB12.9 million and payment of interest of RMB20.6 million.

As a result, the Group has a cash and cash equivalent of RMB33.1 million as at the end of FY2022.

# 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**<br>(元邦航空家園)<br>Huangshi West Road<br>Baiyun District<br>Guangzhou City<br>Guangdong Province, PRC | 34,398 | 127,999 | R, C | R: 70 years<br>C: 40 years<br>Other uses: 50 years | 96 | 100 |
| **Yuanbang Mingyue Gardens**<br>(元邦明月園)<br>He'nan Chigang<br>Haizhu District<br>Guangzhou City<br>Guangdong Province, PRC | 13,843 | 65,527 | R, C | R: 70 years<br>C: 40 years<br>Other uses: 50 years | 100 | 100 |
| **Aqua Lake Grand City**<br>(綠湖豪城)<br>Hongjiaozhou<br>Honggutan New District<br>Nanchang City Jiangxi Province, PRC | 193,380 | 444,958 | R, C, H | R: 70 years<br>C: 40 years<br>Other uses: 50 years | 51 | PI: 100<br>R: 100<br>PIII: 100 |
| **Ming Yue Xing Hui**<br>(明月星輝)<br>Wenchang North Road<br>Liwan District<br>Guangzhou City<br>Guangdong Province, PRC | 9,510 | 68,139 | R, C | R: 70 years<br>C: 40 years<br>Other uses: 50 years | 100 | R: 100<br>C: commenced leasing |
| **Ming Yue Jin An**<br>(明月金岸)<br>Northern West Hengsha Village<br>Shijing Town Baiyun District<br>Guangzhou City<br>Guangdong Province, PRC | 26,505 | 50,350 | R, C | R: 70 years<br>C: 40 years<br>Other uses: 50 years | 100 | R: 70 |
| **Ming Yue Shui An**<br>(明月水岸)<br>Yu'anwei, Xilang Village<br>South of Huadi Avenue<br>Liwan District<br>Guangzhou City<br>Guangdong Province, PRC | 48,194 | 139,134 | R, C | R: 70 years<br>C: 40 years<br>Other uses: 50 years | 100 | R: 74% |
| **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**<br>(山清水秀)<br>North Shanqian Tourist<br>Avenue Qixin Village<br>Furong Town Huadu District<br>Guangzhou City<br>Guangdong Province, PRC | 269,572 | 351,594 | R | R: 70 years | 100 | R: 74% |
| **Hou De Zai Wu**<br>(厚德載物)<br>Jiang Nan Xin Qu<br>Xiu Zheng Da Qiao<br>Nan Ce<br>Tonghua City<br>Jilin Province, PRC | 224,677 | 538,360 | R, C | R: 70 years<br>C: 40 years<br>Other uses: 50 years | 94 | R: 83% |
| **Ren Jie Di Ling**<br>(人傑地靈)<br>North of Guangzhou<br>Road West of Zhanjiang Road<br>Rushan City<br>Shandong Province, PRC | 65,863 | 214,322 | R, C | R: 70 years<br>C: 40 years | 75 | R: 24 |
| **Batai Mountain Project**<br>Tianchiba Village<br>Batai Town<br>Wanyuan City<br>Sichuan Province, PRC | 231,137 | 462,273 | R, C, H | R: 70 years<br>C: 40 years<br>Other uses: 50 years | 57 | N/A |
| **Huizhou Project**<br>Honghuayuan of Hutou Village<br>Longxi Town<br>Boluo County<br>Huizhou City<br>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 and Service Apartment

# Board of Directors

## MADAM LIN YEJU (林葉菊), AGE 54

### 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 30 October 2020. 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 September 2019, 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 59

### 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 29 October 2021. 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 51

### Executive Director

Mr. Zhou was appointed as the Group's Executive Director on 8 December 2016 and was last re-elected on 29 October 2019. 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. 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. CHUA SIONG KIAT (蔡尚傑), AGE 52

### Independent Director

Mr. Chua was appointed as Independent Non-Executive Director on 1 October 2022.

He is an experienced corporate financial executive and consultant with substantial international broad-based financial and management experience of close to 30 years, mainly in real estate investment and development, building construction and materials, healthcare and medical assurance, energy and utilities sectors; and having lived and worked in London, Beijing, Ho Chi Minh City and Singapore. He is a director of Lighthouse Business Consulting Pte Ltd, a boutique business consulting firm he founded in 2017. He is the CFO of Memiontec Holdings Limited, a SGX listed company and also serves as independent non-executive director of another three SGX listed companies and a NASDAQ listed company.

Mr. Chua is a Fellow of Chartered Certified Accountant (FCCA, UK), Certified Internal Auditor (CIA, USA), Chartered Accountant of Singapore (CA Singapore), Chartered Valuer and Appraiser (CVA) and member of the Singapore Institute of Director (SID). He holds a Master of Business Administration and Diploma of the Imperial College in Management (MBA, DIC) from Imperial College London Business School, University of London.

## MR. CHONG ENG WEE, AGE 43

### Independent Director

Mr. Chong Eng Wee is our Independent Director and was appointed to our Board on 11 September 2023. He chairs our Nominating Committee and is a member of our Audit Committee and Remuneration Committee.

Mr. Chong is the Managing Director and heads the Corporate & Capital Markets Practice at Chevalier Law LLC. He is admitted as an Advocate and Solicitor in Singapore, Solicitor of the High Court of Hong Kong, Lawyer of the Supreme Court of New South Wales, Australia, and a Barrister and Solicitor of the High Court of New Zealand.

Prior to founding his own firm, he was a Partner and Head of Corporate at Kennedys Legal Solutions Pte. Ltd., a joint law venture between Kennedys Singapore LLP and Legal Solutions LLC, the Deputy Head of both the Capital Markets and the International China (Southeast Asia) practices at RHTLaw Taylor Wessing LLP and the representative for the Shanghai representative office of another joint law venture firm, Duane Morris & Selvam LLP in Singapore.

His areas of practice include capital markets, mergers and acquisitions, private equity, funds, China ("PRC"), private wealth, corporate and commercial contracts, regulatory compliance, and corporate governance. He has advised issuers, issue managers, underwriters and placement agents, private equity funds, multinational corporations, high net-worth individuals and small and medium enterprises on transactions including initial public offerings ("IPO"), pre-IPO investment, dual listings, reverse takeovers, public takeovers, rights and warrants issues, placement, local and cross border acquisitions and disposals of shares and assets, downstream investment by private equity funds, joint ventures, and corporate restructuring. He has advised clients on variable capital companies, establishment of family offices and their tax incentives and applications to the Monetary Authority of Singapore pertaining to capital market service licenses and registered fund management companies. He has also acted in various cross border transactions with PRC elements, and frequently advises issuers on their regulatory compliance and corporate governance issues. He was ranked as Singapore's Top 40 Most Influential Lawyers aged 40 and under by Singapore Business Review (2015).

Currently, he is a Non-Executive and Lead Independent Director of Heatec Jietong Holdings Ltd. (Stock Code: 5OR) since April 2018 and a Non-Executive and Independent Director of OEL (Holdings) Limited (Stock Code: 584) since June 2020, all of which are SGX-ST Catalist listed companies, and Non-Executive and Lead Independent Director of Willas-Array Electronics (Holdings) Limited, listed on both SGX-ST Mainboard (Stock Code: BDR) and the Mainboard of Hong Kong Stock Exchange (Stock Code: 00854), since August 2023.

He is also the Company Secretary of Sincap Group Limited (Stock Code: 5UN) since November 2021, LHN Logistics Limited (Stock Code: GIH) since August 2021, both SGX-ST Catalist listed companies, Shanghai Turbo Enterprises Ltd. (Stock Code: AWM), a SGX-ST Mainboard listed company since October 2022, China Vanadium Titano-Magnetite Mining Company Limited (Stock Code: 893), a company listed on Mainboard of the Hong Kong Stock Exchange since December 2019, and LHN Limited, listed on both SGX-ST Catalist Board (Stock Code: 41O) and the Mainboard of Hong Kong Stock Exchange (Stock Code: 1730) since April 2020.

## MR. XIA WEICHANG (夏偉昌), AGE 66

### Independent Director

Mr. Xia was appointed as an Independent Non-Executive Director on 13 March 2017 and was last re-elected on 30 October 2020. 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 for re-election at the annual general meeting pursuant to SGX Listing Rule 720(6).

| Name of Director | Mdm. Lin Yeju ("Mdm. Lin") | Mr. Xia Weichang ("Mr. Xia") | Mr. Chong Eng Wee ("Mr. Chong") |
|---|---|---|---|
| Date of Appointment | 5 February 2015 | 13 March 2017 | 11 September 2023 |
| Date of last re-appointment (if applicable) | 30 October 2020 | 30 October 2020 | N/A |
| Age | 54 | 66 | 43 |
| Country of principal residence | People's Republic of China | 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 Mdm. Lin as Non-Executive Non-Independent Director was recommended by the Nominating Committee ("NC") and the Board has accepted the NC's recommendation, after taking into consideration Mdm. Lin's credentials, experience and overall contribution since she was appointed as a Director of the Company. | The re-election of Mr. Xia as Independent Director was recommended by the Nominating Committee ("NC") and the Board has accepted and approved the NC's recommendation, after taking into consideration Mr. Xia's qualification and experience as an Independent Director of the Company. | The re-election of Mr. Chong as Independent Director was recommended by the Nominating Committee ("NC") and the Board has accepted and approved the NC's recommendation, after taking into consideration Mr. Chong's qualification and experience as an Independent Director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Executive Director and Chairman of the Board | Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee | Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee |

| Name of Director | Mdm. Lin Yeju ("Mdm. Lin") | Mr. Xia Weichang ("Mr. Xia") | Mr. Chong Eng Wee ("Mr. Chong") |
|---|---|---|---|
| Professional qualifications | Nil | • Bachelor's Degree in Engineering from South China University of Technology | • Admitted as Advocate & Solicitor of Supreme Court of Singapore<br>• Admitted as Solicitor of the High Court of Hong Kong<br>• Admitted as Barrister & Solicitor of High Court of New Zealand<br>• Admitted as lawyer of the Supreme Court of New South Wales, Australia<br>• Postgraduate Practical Course in Law, Board of Legal Education, Singapore<br>• Graduate Diploma in Singapore Law, National University of Singapore<br>• Certificate for Professional Legal Studies course (New Zealand), Institution of Professional Legal Studies<br>• Bachelor of Laws, Victoria University of Wellington |
| Working experience and occupation(s) during the past 10 years | • Executive Director of the Group's subsidiary, Nanchang Changhao Real Estate Consultancy Co. Ltd. from 2008 to 2019 (the company had been de-registered as announced via SGXNet on 5 September 2019) | • Chief Engineer of Guangzhou Shanding Architectural Design Consulting Limited since January 1999 | • Coronet Ventures (Singapore) Pte. Ltd. – Director (May 2023 – Present)<br>• Chevalier CS Pte. Ltd. – Director (April 2022 – Present)<br>• Nixon Peabody CWL – Partner (July 2023 – Present)<br>• Nixon Peabody CWL – Consultant (December 2021 – June 2023)<br>• Chevalier Law LLC – Managing Director (August 2021 – Present)<br>• Kennedys Legal Solutions Pte. Ltd. – Partner & Head of Corporate (October 2017 – July 2021)<br>• RHTLaw Taylor Wessing LLP – Partner & Deputy Head, Capital Markets & International China Practice (July 2015 – October 2017)<br>• Duane Morris & Selvam LLP – Associate Director & Representative of Shanghai Representative Office (April 2011 – June 2015) |
| Shareholding interest in the listed issuer and its subsidiaries | 35,826,700 shares in the Company | Nil | Nil |

# Board of Directors

| Name of Director | Mdm. Lin Yeju ("Mdm. Lin") | Mr. Xia Weichang ("Mr. Xia") | Mr. Chong Eng Wee ("Mr. Chong") |
|---|---|---|---|
| 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 | Mdm. Lin is deemed to be interested in 35,826,700 shares in the Company held by her spouse, Mr. Chen Jianfeng. | Nil | Nil |
| Conflict of interest (including any competing business) | Nil | 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 | Yes |
| **Other Principal Commitments* Including Directorships#**<br>* "Principal Commitments" has the same meaning as defined in the Code.<br># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9) | | | |
| Past (for the last 5 years) | Directorship:<br>• Nanchang Changhao Real Estate Consultancy Co. Ltd. (company had been de-registered as announced via SGXNet on 5 September 2019) | Directorship:<br>Nil | Directorship:<br>• Non-Executive and Lead Independent Director, GS Holdings Limited (January 2019 – June 2023)<br>• Consultant, Nixon Peabody CWL (December 2021 – June 2023)<br>• Non-Executive and Independent Director, KTL Global Limited (August 2019 – March 2022)<br>• Non-Executive and Independent Director, CW Group Holdings Limited (November 2018 – June 2019)<br>• Non-Executive and Independent Director, Innopac Holdings Limited (April 2018 – December 2018) |
| Present | Directorship:<br>• China Yuanbang Property Holdings Limited | Directorship:<br>• China Yuanbang Property Holdings Limited | Directorship:<br>• Managing Director, Chevalier Law LLC (August 2021 – present)<br>• Partner, Nixon Peabody CWL (July 2023 – present)<br>• Non-Executive and Independent Director, OEL (Holdings) Limited (June 2020 – present)<br>• Non-Executive and Lead Independent Director, Heatec Jietong Holdings Limited (April 2018 – present)<br>• Lead Independent Director, Willas-Array Electronics (Holdings) Limited (August 2023 – present) |

| Name of Director | Mdm. Lin Yeju ("Mdm. Lin") | Mr. Xia Weichang ("Mr. Xia") | Mr. Chong Eng Wee ("Mr. Chong") |
|---|---|---|---|
| **Information required**<br>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? | No | No | No |
| (b) Whether there is 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? | No | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No |

| Name of Director | Mdm. Lin Yeju ("Mdm. Lin") | Mr. Xia Weichang ("Mr. Xia") | Mr. Chong Eng Wee ("Mr. Chong") |
|---|---|---|---|
| (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? | No | No | No |
| (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? | No | No | No |
| (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? | No | No | No |

| Name of Director | Mdm. Lin Yeju ("Mdm. Lin") | Mr. Xia Weichang ("Mr. Xia") | Mr. Chong Eng Wee ("Mr. Chong") |
|---|---|---|---|
| (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? | No | No | No |
| (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? | No | No | No |
| (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? | No | No | No |
| (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 | No | No | No |
| (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 | No | No | No |

# Board of Directors

| Name of Director | Mdm. Lin Yeju ("Mdm. Lin") | Mr. Xia Weichang ("Mr. Xia") | Mr. Chong Eng Wee ("Mr. Chong") |
|---|---|---|---|
| (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 | No | No | No |
| (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? | No | No | No |
| (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? | No | No | No |

| **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.<br><br>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.<br><br>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).<br><br>**Not applicable as this is a re-election of Director.** |

# Key Management Personnel

## MR. HUANG TAK WAI (黃德威), AGE 37

### 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 57

### 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 40

### 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.

This report sets out the Company's corporate governance practices for the financial year ended 30 June 2023 ("FY2023") with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "CG2018"). Where there were any deviations from the CG2018, explanations as to how the Company's practices were consistent with the intent of the Principle(s) are provided.

## BOARD MATTERS

### The Board's Conduct of Affairs

***Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.***

*Provision 1.1 – Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.*

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 holds Management accountable for the overall performance of the Group and its long-term success.

The Board's roles include:

(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 of the Remuneration Committee and approving remuneration packages for the Board and key management personnel;

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

(v) declaring interim and final dividends;

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

(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;

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

(x) setting the Board Diversity Policy.

The Board objectively makes decisions in the best interests of the Group at all times. Where a Director is conflicted in a matter, he or she will recuse himself or herself from the deliberations and abstain from voting on the matter.

The Group has put in place a Code of Conduct Policy to guide the Group's Directors and employees to better understand the general principles relating to conflicts of interest and in identifying, disclosing and managing conflicts of interest situation. The Code of Conduct Policy further serves to emphasise the Group's commitments to ethics and compliance with the law, for the protection of the Company's interest and the promotion of transparency for the benefit of shareholders and ensures proper accountability within the Group.

*Provision 1.2 – Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.*

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 to understand the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST pursuant to Rule 210(5)(a) of the Listing Manual of the SGX-ST.

Where necessary, arrangement will be made for the Independent Directors of the Company to visit the Group's various project sites to understand the status of the various property developments. Directors may request for further explanations, briefings and formal discussions on any aspects of the Group's operations or business and any other issues.

All Directors are updated on an on-going basis via Board meetings and/or circulars/new releases on matters relating to, *inter alia*, changes to the regulations of SGX-ST, code of corporate governance, financial reporting standards and/or other statutory requirements from time to time. At the Audit Committee ("AC") meetings, the external auditors would update the AC and the Board on new or revised accounting standards which are applicable to the Group. When necessary, the Board may seek independent professional advice at the Company's expense.

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. Continuing professional development briefings and training for Directors will be arranged whenever necessary.

At the end of FY2023, all Directors of the Company have completed the required training on sustainability matters as prescribed by the SGX-ST.

*Provision 1.3 – The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's 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, appointment and/or resignations of directors/key management personnel, interested person transactions, adoption of Group's policies, 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.

Matters that require the Board's approval are approved by a majority vote.

*Provision 1.4 – Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.*

To ensure that specific issues are reviewed in-depth and in a timely manner, the Board is supported by the Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC") (collectively, the "Board Committees").

Each of the Board Committees is constituted with clear written terms of reference setting out their compositions, authorities and duties that have been approved by the Board. 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.

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.

*Provision 1.5 – Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.*

Notwithstanding that the Company had ceased to announce its quarterly results, the Audit Committee and Board continue to meet at least once after the close of each quarter to review the Group's interim financial positions and performance of the Group. As and when required, additional Board or Board Committees' 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.

The Board and Board Committees meetings are scheduled in advance to facilitate Directors' individual arrangements in respect of ongoing commitments.

Details of Board, Board committees and general meeting held during FY2023 are disclosed in the table below:

| Meetings | Board | Audit Committee | Nominating Committee | Remuneration Committee | Annual General Meeting |
|---|---|---|---|---|---|
| **Total held in FY2023** | 4 | 4 | 1 | 1 | 1 |
| Lin Yeju | 4 | N/A | N/A | N/A | 1 |
| Ouyang Sheng | 4 | N/A | N/A | N/A | 1 |
| Zhou Jiangtao | 3 | N/A | N/A | N/A | 1 |
| Teo Yi-dar# | 1 | 1 | 1 | 1 | 0 |
| Chua Siong Kiat* | 3 | 3 | 0 | 0 | 1 |
| Chong Soo Hoon Sean** | 4 | 4 | 1 | 1 | 1 |
| Xia Weichang | 4 | 4 | 1 | 1 | 1 |

\# *resigned on 26 September 2022*
* *appointed on 1 October 2022*
** *resigned on 11 September 2023*
*N/A: Not applicable*

*Provision 1.6 Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.*

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 quarterly consolidated management accounts of the Group to enable them to oversee the Group's operational and financial performance. Continual updates on matters affecting the financial performance and business of the Group, if any, are also provided to the Board on a timely basis. The CEO also updates the AC and Board at each meeting on the Group's property projects developments status.

*Provision 1.7 Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.*

The Board has independent and separate access to Management and the Company Secretary and may request for any additional information needed at any time to enable them to make informed decisions. 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 CEO and respective Board Committees' Chairman and Board Chairman, and ensures that information flows between 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.

## Board Composition and Guidance

***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decision in the best interests of the company.***

*Provision 2.1 An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.*

The Board currently consists of six members, three of whom are independent. The Independent Directors made up half of the Board. Currently, there is no alternate Director appointed.

**Non-Executive Director**
Lin Yeju *(Chairman)*

**Executive Directors**
Ouyang Sheng
Zhou Jiangtao

**Independent Directors**
Chua Siong Kiat*
Chong Eng Wee**
Xia Weichang

* *appointed on 1 October 2022*
** *appointed on 11 September 2023*

Review of Directors' Independence

The Nominating Committee ("NC") reviews the independence of each Independent Director annually by taking into consideration the existence of relationships or circumstances, including those provided in CG2018. Each Independent Director is required to complete a Confirmation of Independence form drawn up based on the Principle 2 of the CG2018 for the NC's review and recommendation to the Board. The Independent Directors are also required to disclose any relationships or appointments which would impair their independence to the Board. Each of the Independent Directors has recused himself from reviewing his own independence.

The NC had reviewed the independence of the Board members and had determined *Mr. Chua Siong Kiat, Mr. Xia Weichang, **Mr. Chong Soo Hoon Sean ("Mr. Sean Chong") and **Mr. Chong Eng Wee to be independent and free from any of the relationships outlined in the CG2018 that could interfere with the exercise of their independent judgements.

* *Mr. Chua Siong Kiat was appointed as Independent Director on 1 October 2022.*
** *Mr. Sean Chong resigned from the Board on 11 September 2023 and Mr. Chong Eng Wee was appointed as Independent Director of the Company on the same date.*

*Provision 2.2 Independent directors make up a majority of the Board where the Chairman is not independent.*

*Provision 2.3 Non-executive directors make up a majority of the Board.*

The NC and the Board are cognisant of the CG2018's recommendation for independent directors to make up a majority of the Board where the Chairman is not independent. The Board will continuously review and increase its independence composition, depending on the evolvement of the Group's operations. Based on the assessment of its independence element, the Board is of the view that the current composition of Directors provides an appropriate level of independence, in consideration of the following factors:

(a) there are in aggregate four Non-Executive Directors including three Independent and Non-Executive Directors, out of a total of six members. Non-Executive Directors make up 67% of the Board while Independent Directors make up 50% of the Board;

(b) the Independent and Non-Executive Directors have been assessed based on the independence criteria which include (i) independence from Management, the Company and its related corporations; (ii) independence from substantial shareholders of the Company; (iii) ensure tenure limit serving on the Board not exceeding nine years from date of first appointment;

(c) a Lead Independent Director has been appointed given that the Chairman is a Non-Independent Director. The Lead Independent Director serves in a lead capacity to co-ordinate the activities of the non-executive independent members in circumstances where it is inappropriate for the Chairman to direct and address matters relating to the Company; and

(d) interested Director(s) are required to abstain from voting from all discussions and decisions.

*Provision 2.4 The Board and Board Committees are of an appropriate size, and comprise directors who as a group of provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.*

The Group recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. The Board has adopted a diversity policy to appoint members of the Board from diverse and varied skills, experience, gender and knowledge. Selection of candidates will be based on a range of diversity perspectives as mentioned above. The ultimate decision will be based on merit and contributions that the selected candidates will bring to the Board.

The Board diversity is considered from a number of aspects, including but not limited to the following:

(a) gender;

(b) age;

(c) nationalities;

(d) ethnicity;

(e) cultural background;

(f) educational background;

(g) experience;

(h) skills;

(i) knowledge;

(j) independence (if applicable); and

(k) length of service.

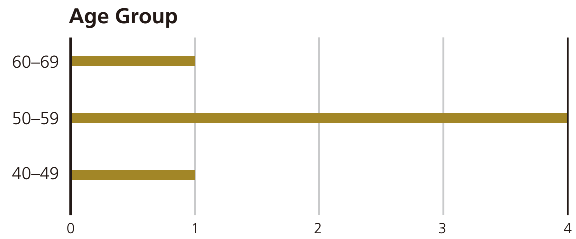
The Company is committed to building a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skill sets, business experience, industry discipline, gender, age and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

The Company has put in place a Board Diversity Policy since 28 August 2020 which commits to giving due consideration to the benefits of diversity when seeking to appoint candidates to the Board. Both the NC and Board view that "diversity" is not referring to gender but also to skill sets, industry experience, age, background among others as well as other relevant person attributes important to providing a range of perspectives, insights and challenges needed to support good decision-making. The ultimate decision will be based on merit and contributions that the selected candidates will bring to the Board.

In terms of gender diversity, the Board aims to have at least one female representation on the Board, taking into account the skills, experience and other diversity requirements on the Board.

Besides gender diversity, the Board strives towards achieving diversity more broadly. In discussion of Board's renewal and diversity, the Board is pleased to have appointed a new Independent and Non-Executive Director with legal background, Mr. Chong Eng Wee, on the Board on 11 September 2023.

The Board has maintained its targets for gender, skill sets, industry experience and age diversity for FY2023.




| Directors Experience/ Skills Matrix | Accounting | Business Development | Construction | Economics | Engineering | Financial and Management | Legal | Property Development Strategy | Quality Control | Sales and Marketing |
|---|---|---|---|---|---|---|---|---|---|---|
| Mdm. Lin Yeju | ✓ | | | | | | | | | ✓ |
| Mr. Chua Siong Kiat | ✓ | | | | | ✓ | | | | |
| Mr. Chong Eng Wee | | ✓ | | | | | ✓ | | | |
| Mr. Xia Weichang | | | | | ✓ | | | | | |
| Mr. Ouyang Sheng | | | ✓ | ✓ | ✓ | | | ✓ | ✓ | |
| Mr. Zhou Jingtao | | ✓ | | | ✓ | | | | | |

The current Board comprises persons who as a group provide a balance of skills, experience, complimentary backgrounds 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 is related and does not have any relationship with the Group or its related companies or its 5% shareholders or its officers who could interfere or to be reasonably perceived to interfere with the exercise of their independent judgement, save for Madam Lin Yeju, who is the spouse of Mr. Chen Jianfeng, a substantial shareholder of the Company.

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 or her calibre, experience and skills 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 Company adopts the principle of collective decisions process and hence, no individual or smaller group of individuals dominates the Board's decision-making process. Given the present scope and nature of the Company's operations, the Board considers its current size and profile of its members, whose core competencies, qualifications, skills and experience are diverse, extensive and complementary, to be appropriate. Collectively and individually, the Directors act in good faith and exercise due diligence and care during the course of their deliberations and, at all times, consider objectively the interest of the Company and its shareholders.

*Provision 2.5 Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.*

The IDs meet for discussions, where warranted, without the presence of Management or the Executive Directors and provide feedback to the Board as appropriate.

### Chairman and Chief Executive Officer ("CEO")

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.***

*Provision 3.1 The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.*

*Provision 3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the 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.

In keeping with the Principle, there is a clear separation of the roles and responsibilities between the Chairman and the CEO. The separation of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties and accountability.

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 half of the Board comprising IDs, which is in compliance with Rule 210(5)(c) of the Listing Rules. The IDs are open to constructive debate on pertinent issues as well as exercise objective judgement in the affairs and business 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.

*Provision 3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.*

The Lead Independent Director, Mr. Chua Siong Kiat, is available at email alex.chua@yuanbang.com by shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman, CEO or Chief Financial Officer are inappropriate or inadequate. The Lead Independent Director also co-ordinates meeting with other Independent Directors as and when required, without the presence of Management, and provides feedback to the Chairman.

## Board Membership

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.***

*Provision 4.1 The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:*

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any).

*Provision 4.2 The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.*

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

#Chong Eng Wee *(Chairman)*
**Chua Siong Kiat
Xia Weichang

\# *Mr. Chong Eng Wee was appointed as NC Chairman on 11 September 2023 replacing Mr. Chong Soo Hoon Sean who resigned from the Board and Board Committees on the same date.*

** *Mr. Chua Siong Kiat was appointed as NC member on 1 October 2022 replacing Mr. Teo Yi-dar who resigned from the Board and Board Committees on 26 September 2022.*

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 contributions and performance (e.g. attendance, level of participation, candour);

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

(e) review the overall performance and effectiveness of the Board, Board committees and the Directors;

(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 CG2018 and any other salient factors;

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

For FY2023, the NC had reviewed the succession planning framework with a specific focus on key management personnel, including succession planning for key roles, leadership assessment, attraction and retention of talents;

(i) oversee the induction, orientation and training and professional development for any new and existing Directors;

(j) review the terms of reference of NC; and

(k) carry out other duties as may be agreed by the NC and the Board.

The NC also reviewed the Board Diversity Policy as mentioned above under Provision 2.4.

*Provision 4.3 The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.*

Appointment and Re-appointment of Directors

In accordance with the Company's Bye-Laws and the listing rules, each Director is required to retire at least once in every three years. Bye-Law 85(6) also requires newly appointed Directors by the Board 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. Xia Weichang and Madam Lin Yeju will be seeking re-election at the forthcoming AGM.

The NC having considered the attendance, participation and candour of Mr. Xia Weichang and Madam Lin Yeju at the Board and Committee meetings, in particular, their contributions to the oversight, management of the decision-making process regarding the business and operations of the Group, had nominated them for re-election at the forthcoming AGM.

The Board has accepted the NC's recommendation. Mr. Xia Weichang and Madam. Lin Yeju has each abstained from voting on any resolutions and/or participation in the deliberations regarding his/her re-election as a Director.

Mr. Chong Eng Wee, a newly appointed Director, will be retiring pursuant to Bye-Law 86(5) of the Company's Bye-Laws at the forthcoming AGM. The NC has recommended his re-election and the Board has accepted the NC's recommendation with regard to Mr. Chong's re-election.

The Board and NC are cognisant of Board and key management succession planning and ensure there are suitable candidates developed to fill in the C-suites and Board level. In anticipation of nine-year tenure for Independent Directors, the Board has appointed Mr. Chua Siong Kiat on 1 October 2022 and Mr. Chong Eng Wee on 11 September 2023 as new Independent Directors of the Company as part of Board renewal process.

Key information regarding the Directors are provided on pages 22 to 24 of this Annual Report.

Information regarding the Director nominated for re-election, including the information required under Appendix 7.4.1 of the listing rules can be found on pages 24 to 30 of the Annual Report.

Process for Appointment of New Directors

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 to assess their suitability and availability 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.

In anticipation of nine-year limit for Independent Directors, Mr. Sean Chong who was appointed on 13 March 2015 had resigned from the Board on 11 September 2023 to facilitate Board renewal process. Mr. Chong Eng Wee was appointed as an Non-Executive and Independent Director and he succeeded Mr. Sean Chong on the Board and the NC on the same date.

*Provision 4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and reasons in its annual report.*

The NC determines annually, and as and when circumstances require, based on a Confirmation of Independence form completed by the Independent Director to confirm his independence, having regard to the circumstances or independence criteria set forth in Provision 2.1 of the Code. None of the Independent Directors has served on the Board for more than nine years.

The NC has reviewed the Confirmation of Independence submitted by the Independent Directors and has determined that each Independent Director remains independent. Please see elaboration of the above compliance as provided under Provision 2.1. The Board has considered and agrees with the NC's determination.

*Provision 4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.*

On competing time commitments faced by Directors who have multiple Board representations, the NC 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 FY2023, 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.

### Board Performance

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

*Provision 5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.*

*Provision 5.2 The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.*

The NC believes that performance of the whole Board, the Board Committees and individual Directors are assessed and reflected in their proper guidance, oversight, able leadership and support that they lend to Management.

The NC has adopted a structured process in assessing the performance of the Board, Board Committees and individual Directors. This process encompasses all Directors to complete the Evaluation Questionnaires which set out the performance criteria determined by the NC. The criteria takes into consideration factors such as Board size and composition, information flow to the Board, Board procedures, Board accountability, Board meetings participation, 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 individual Director Evaluation Questionnaires take into account a Director's attendance, adequacy of preparation at meetings, industry and business knowledge, contribution and conduct. The individual Director undertakes his/her own evaluation. The results of self-assessment will then be reviewed by the NC.

The evaluation questionnaires were completed by all Directors and were then collated by an external corporate secretarial firm. 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 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 FY2023. 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. All NC members have abstained from the voting and review of any matter in connection with the assessment of his performance.

The NC will continue to evaluate the process for such review, its effectiveness and development from time to time.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

***Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

*Provision 6.1 The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:*

*(a) a framework of remuneration for the Board and key management personnel; and*

*(b) the specific remuneration packages for each director as well as for the key management personnel.*

*Provision 6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.*

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

Xia Weichang *(Chairman)*
*Chong Eng Wee
#Chua Siong Kiat

* *Mr. Chong Eng Wee was appointed as RC member on 11 September 2023 replacing Mr. Chong Soo Hoon Sean who resigned from the Board and Board Committees on the same date.*

\# *Mr. Chua Siong Kiat was appointed as RC member on 1 October 2022 replacing Mr. Teo Yi-dar who resigned from the Board and Board Committees on 26 September 2022.*

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 and key management personnel;

(b) determine specific remuneration packages and terms of employment for each Director 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 key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time;

(f) review the terms of reference; and

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

There was no external expert advice sought for FY2023. The RC will seek external expert advice on remuneration matters if and when required.

*Provision 6.3 The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.*

The RC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits-in-kind in the review of remuneration packages for the Directors and the key management personnel with an aim to be fair and to avoid rewarding poor performance, before making any recommendation to the Board.

The RC also reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors and key management personnel.

The RC's recommendations are submitted for endorsement by the entire Board. No Director is involved in deciding his/her own remuneration. Each member of the RC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

*Provision 6.4 The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.*

The RC has full authority to engage any external professional adviser on matters relating to remuneration, if the need arises. There were no external professional advisers engaged for FY2023.

### Level and Mix of Remuneration

***Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

*Provision 7.1 A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.*

*Provision 7.2 The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.*

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 the same amount of Directors' fees of S$100,000 (equivalent to RMB528,000) for the financial year ending 30 June 2024, payable half-yearly in arrears. The Board had endorsed and the Directors' fees will be tabled for shareholders' approval at the Company's forthcoming AGM.

The Executive Directors do not receive Directors' fees.

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 Non-executive role.

*Provision 7.3 Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.*

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

The employment of the Executive Directors is on a one-year term pursuant to their respective service agreements and are automatically renewed annually.

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.

No Director is involved in deciding his own remuneration. Each of Mr. Chua Siong Kiat, Mr. Sean Chong and Mr. Xia Weichang being RC members during FY2023, had abstained from deliberation and voting in respect of their own remuneration.

### Disclosure on Remuneration

***Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

*Provision 8.1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:*

*(a) each individual director and the CEO; and*

*(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.*

The level and mix of each individual Director's and the CEO's remuneration for FY2023 is as follows:

| **Directors** | **Directors' fees** | **Salary** | **Bonus** | **Benefits**[1] | **Total** |
|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Lin Yeju | – | 244 | – | – | 244 |
| Ouyang Sheng* | – | 396 | – | – | 396 |
| Zhou Jiangtao | – | 410 | – | – | 410 |
| Chua Siong Kiat** | 133 | – | – | – | 133 |
| Chong Soo Hoon Sean# | 200 | – | – | – | 200 |
| Xia Weichang | 137 | – | – | – | 137 |
| Teo Yi-dar## | 74 | – | – | – | 74 |

* *Executive Director and CEO*

** *Appointed on 1 October 2022*

# *resigned from the Board on 11 September 2023*

## *resigned from the Board on 26 September 2022*

*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% |
| Yue Lili, Human Resources Manager | 100% | – | – | 100% |

Notwithstanding Provision 8.2 of the CG2018, there were only three key management personnel (who are not Directors or the CEO) during FY2023.

The total remuneration paid to the above Group's key management personnel was RMB1,038,000 for FY2023. There were no post-employment benefits granted to the Directors, the CEO and the top three key management personnel. The RC will consider an employee share option scheme or other long-term incentive scheme as and when necessary.

*Provision 8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.*

Other than Mr. Chen Jianfeng (a director and legal representative of Guangdong Yuanbang Real Estate Development Co Ltd., a principal subsidiary of the Group) who is a substantial shareholder of the Company and spouse of Mdm. Lin Yeju, there are no immediate family members of a Director or the CEO, and whose remuneration exceeds S$100,000 during the year. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent. Mr. Chen does not receive any remuneration from the Group.

*Provision 8.3 The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.*

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

*Provision 9.1 The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.*

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.

Having considered the Group's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. Currently, the AC and the Board assume responsibility for the risk management function.

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 (the "Framework") identifying the principal risk categories, namely strategic, financial, information technology, operational and compliance risks. The Framework is reviewed on a half-yearly basis, taking into account changes in the business and operation environments. A risk register identifying the key risks, determining key owners for the risks identified and the mitigation controls were put in place. The ownership of the risks lies with the respective heads of departments who will implement appropriate risk mitigation plans and continually monitor the risks and refine the mitigation plans. Management reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

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.

*Provision 9.2 The Board requires and discloses in the company's annual report that it has received assurance from:*

*(a) the CEO and the Chief Financial Officer ("CFO") that 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 CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.*

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 will continue to focus on improving the standard of internal controls and corporate governance.

For FY2023, the Board has obtained assurance from:

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

(b) the CEO and other Key Management Personnel who are responsible, that the Group's risk management systems and internal control systems are adequate and effective.

Accordingly, the Group complies with Listing Rule 1204(10).

## Audit Committee

***Principle 10: The Board has an Audit Committee which discharges its duties objectively.***

*Provision 10.1 The duties of the AC include:*

*(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;*

*(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;*

*(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;*

*(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;*

*(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and*

*(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.*

*Provision 10.2 The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.*

*Provision 10.3 The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.*

*Provision 10.4 The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.*

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

*Chua Siong Kiat *(Chairman)*
Xia Weichang
#Chong Eng Wee

* *Appointed as AC Chairman on 1 October 2022 replacing Mr. Teo Yi-dar who resigned from the Board and Board Committee on 26 September 2022.*

\# *Mr Chong Eng Wee was appointed as AC member on 11 September 2023 replacing Mr. Chong Soo Hoon Sean who resigned from the Board and Board Committees on the same date.*

The AC members have numerous years of experience in senior management positions and have sufficient financial management expertise to discharge their responsibilities. The AC Chairman is a certified chartered accountant.

The AC will meet quarterly in a year and as and when deemed appropriate to carry out its functions. The AC does not comprise any former partner or director of the external auditors within the previous two years or who holds any financial interest in the auditing firm.

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 FY2023, 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 responses;

(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 FY2023, 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 as reported by the external auditors are disclosed in pages 83 to 85 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 for FY2023 amount to approximately RMB984,000;

(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;

MS LLP provides regular updates and briefings to the AC and changes to accounting standards and other financial issues to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any;

(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. There was no incident of whistle-blowing reported for FY2023;

(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) reviewed any whistle-blowing report (if any) at its meetings;

(m) reviewed its terms of reference; and

(n) 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 its accounts and its foreign-incorporated subsidiaries. The Group's significant subsidiaries are disclosed under Note 12 to the Financial Statements on pages 123 to 127 of this Annual Report.

The AC met four times during the year under review. Details of AC members and their attendance at meetings are provided on page 35.

*Provision 10.5 The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.*

Internal Audit

The internal audit function is outsourced to BT. 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 is of the opinion that the Group's internal audit function is independent, effective and that BT is adequately resourced and staffed by suitably qualified and experienced professionals who have appropriate standing in the Company.

For FY2023, the AC is satisfied with the independence, adequacy and effectiveness of the internal audit function.

For FY2023, the IA completed an internal audit review of the Group's processes as set out below:

- Financial reporting Process
- Cash management Process
- Expenses Management

The findings and recommendations of the IA, Management's responses and implementations have been reviewed by the AC.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

***Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

*Provision 11.1 The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.*

At the AGM or the Special General Meeting ("SGM"), 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/SGM 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 two 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.

The Company's AGM in respect of the financial year ended 30 June 2022 was held virtually pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The Order was ceased on 1 July 2023.

Following the legislative amendments and taking into account the SGX guidance, the Company's AGM in respect of FY2023 will be held wholly in physical format.

*Provision 11.2 The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.*

Each item of special business included in the notice of the general meetings will be accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions will be proposed for substantially separate issues at a general meeting.

*Provision 11.3 All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.*

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

*Provision 11.4 The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.*

Pursuant to the Company's Bye-laws, a poll may be demanded by the Chairman of the general meeting or by at least two (2) members or any member present in person or by proxy representing not less than one-tenth of the total voting rights of all members having the rights to vote at the meeting.

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.

An independent scrutineer is also appointed to validate the vote tabulation procedures. The detailed voting results, including the total number of votes cast for or against each resolution tabled and the respective percentages, will be announced to SGX-ST via SGXNet on the same day after the conclusion of the meetings.

As the authentication of shareholder identity information and other related security issues remains a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

*Provision 11.5 The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.*

The minutes of the general meetings are prepared by the Company Secretary, and include substantial comments or queries from shareholders and responses from the Board members and Management. Minutes of these meetings will be made available upon shareholders' request. Minutes of the general meeting will be published via the Company's website and SGXNet within one month from the date of the general meeting.

*Provision 11.6 The company has a dividend policy and communicates it to shareholders.*

The Group does not have a dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit, growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as determined by the Board.

Having reviewed the Group's FY2023 financial performance, no dividend has been declared or recommended for FY2023 as the Group wishes to conserve its cash for operational and financial requirements of the Group. For any declaration of dividends, the details of dividend payment would be disclosed via the release of financial results announcements through SGXNET.

***Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

*Provision 12.1 The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.*

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) half-yearly and annual financial statements containing a summary of the financial information and affairs of the Group for the period under review;

(d) notices of and explanatory notes for AGM and SGM; and

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

*Provision 12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.*

*Provision 12.3 The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.*

The Company does not have an investor relations policy. Other than communicating with shareholders at general meetings, shareholders may raise questions to the Company through the Company's website of which the Company may respond to such questions. The Company will review the need for analyst briefings, investor roadshows or Investors' Day briefings when appropriate.

## MANAGING STAKEHOLDERS' RELATIONSHIPS

### Engagement with Stakeholders

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

*Provision 13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.*

*Provision 13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.*

*Provision 13.3 The company maintains a current corporate website to communicate and engage with stakeholders.*

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Group are served.

The Group has identified key stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations such as customers, suppliers, employees, regulators, shareholders and investors.

The Company ensures engagement and communication with the relevant stakeholders through the various means to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. Details of the areas of focus, methods of engagement and stakeholders' response can be found in our Sustainability Report on pages 60 to 80 of this Annual Report.

The Company maintains a corporate website (http://www.yuanbang.com) to communicate and engage with its stakeholders.

## ANTI-FRAUD POLICY

The Company's Anti-Fraud Policy sets 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 acting on behalf of the Group, including but not limited to Group's customers, suppliers, agents, representatives, intermediaries and the community.

## WHISTLE-BLOWING POLICY

The Group has in place a whistle-blowing policy to ensure independent investigations of complaints relating to fraud, corruption, possible improprieties in financial reporting, breach of law, non-compliance with the Group's code of conduct and business practices, and any wrongful acts by any employee of the Group, and for appropriate follow up action.

The whistle-blowing policy establishes the processes by which whistleblowing complaints are treated fairly and protected from reprisal. Anonymous complaints may be considered, taking into account factors such as the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources.

All reported whistle-blowing incidents or concerns will be independently investigated and remedial actions will be taken to address the whistle-blowing incidents. The AC is responsible for the oversight and monitoring of the investigation of whistle-blowing reports made in good faith. Whistle-blowers may raise potential issues through a dedicated secured email address or contact AC chairman directly.

New employees are briefed on the whistle blowing policy.

No whistle blowing reports were received in FY2023.

## 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 (whether on a voluntary basis or if required to do so under the relevant Listing Rules) and at least one month before the release of the half-yearly and 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 FY2023.

## 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 FY2023.

## 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.

There was no IPT during FY2023.

# 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 together with its subsidiaries, the "Group") for the financial year ended 30 June 2023.

## 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:

Chua Siong Kiat *(Lead Independent Director)* (appointed on 1 October 2022)
Chong Eng Wee (appointed on 11 September 2023)
Xia Weichang

### Share Options

There is currently no share option scheme on unissued shares of the Company.

## 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 2023, or on 21 July 2023, as follows:

| | Shares beneficially held by Directors | | Shareholdings in which Directors are deemed to have an interest | | |
|---|---|---|---|---|---|
| **Directors** | **At 1.07.2022** | **At 21.07.2023 and 30.06.2023** | **At 1.07.2022** | **At 30.06.2023** | **At 21.07.2023** |
| Lin Yeju[1] | – | – | 35,826,700 | 35,826,700 | 35,826,700 |
| Ouyang Sheng | – | – | – | – | – |
| Zhou Jiangtao | – | – | – | – | – |
| Chua Siong Kiat | – | – | – | – | – |
| Chong Soo Hoon Sean[2] | – | – | – | – | – |
| 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.

*Notes:*

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.*

2. *Mr. Chong Soo Hoon Sean resigned from the Board on 11 September 2023.*

## 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 on pages 32 to 56 of this annual report.

## INDEPENDENT AUDITORS

The auditors, Moore Stephens LLP, Singapore, have expressed their willingness to accept re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board,

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

4 October 2023

# 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:

(i) the accompanying consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and statement of financial position and statement of changes in equity of the Company together with the notes thereto as set out on pages 88 to 157, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2023 and of the results of the business of the Group, changes in equity of the Company and of the Group and cash flows of the Group for the year then ended; and

(ii) at the date of this statement, based on the factors described in Note 3(a) to the financial statements there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

**Lin Yeju**
*Non-Executive Chairman*

**Zhou Jiangtao**
*Director*

4 October 2023

# Sustainability Report

China Yuanbang Property Holdings Limited (the "Company" or together with its subsidiaries, the "Group") is pleased to present our sixth annual sustainability report for the period from 1 July 2022 to 30 June 2023 (the "Reporting Period"). The report covers the performance data from all operating entities in the People's Republic of China (the "PRC") and Hong Kong. This report was prepared in accordance with the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST") Rules 711A and 711B for sustainability reporting, and the Global Reporting Initiative ("GRI") Standards Core reporting guidelines. The Group's most recent previous report was published on 12 October 2022.

## BOARD SUSTAINABILITY STATEMENT

The Board of Directors ("the Board") recognizes our shared responsibility towards a sustainable future for all, and continually strives to integrate environmental, social and governance ("ESG") across our operations. Sustainability continues to be an important consideration and crucial approach to create long-term value for customers, employees and investors of the Group and even the vast community.

The Board is responsible for long-term sustainability goals and is willing to take action to achieve the strategic and business objectives of the Group. The Board regularly reviews climate-related risks, discusses climate-related risks and opportunities, reviews implementation and monitoring of climate-related risks and controls. The Board also regularly reviews and evaluates performance metrics carbon emissions performance, effectiveness of the risk management process and progress on the carbon emissions reduction targets. The Board is responsible for sustainability strategies and goals including providing guidance to management and monitoring progress against achieving the goals of any sustainability initiatives to drive continued progress and improvement in the areas of ESG.

The Group perseveres to create a positive impact on the environment and society, strives to set a role model for the community and achieves an optimal balance in environmental protection, the society and corporate governance, caring about employees and community contributions during business.

## ECONOMIC AND SUSTAINABILITY APPROACH

While our primary objective is to deliver economic returns to our stakeholders, we have put in place sustainable practices for long term gains within a framework of good 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 engaged 6 construction contractors in various locations in the PRC, providing labour and machine intensive services of approximately RMB90 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 of our operational excellence and quality development.

During the pandemic period, we communicate using online channels to ensure the health and safety of all stakeholders.

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

## SUSTAINABILITY GOVERNANCE

The Group continues to strengthen its governance capabilities and has established the Sustainability Working Group to facilitate an effective management of the ESG performances. The Sustainability Working Group comprises of members from middle to senior management of various operating entities.

The Board has an overall responsibility for overseeing the Group's sustainability strategy and targets, and the Sustainability Working Group serves as a supportive role to the Board in assessing and managing climate-related risks and opportunities, implementing the strategy and relevant measures, monitoring the implementation of the measures, and reporting regularly to the Board about the ESG performance of the Group.

The Board will continue to review the progress and improve the Group's sustainable development.

# Sustainability Report

The Group understands the importance of climate-related risks and is dedicated to integrate the process of identifying, assessing, and managing climate-related risks into the Group's overall risk management. The Board, Sustainability Working Group and functional departments have embedded sustainability as one of the key principles in climate-related risk assessment framework.

## STAKEHOLDER ENGAGEMENT

Stakeholder 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, environmental, social and governance.

| Key Stakeholders | Engagement Methods | Topics |
|---|---|---|
| **Investors, Shareholders, Media** | – AGM and EGM<br>– Annual reports<br>– SGX announcements<br>– Press releases<br>– Corporate website | – Financial statements<br>– New business development |
| **Regulatory Bodies** | – Email communication | – Financial results<br>– Announcements |
| **Customers** | – Advertisements<br>– Service hotlines<br>– Corporate website<br>– Questionnaire | – New projects for sale |
| **Business Partners** | – Meetings<br>– Corporate website<br>– Questionnaire | – New and ongoing projects |
| **Employees** | – Staff meetings<br>– Questionnaire | – Employee policies |
| **Community** | – Email communication<br>– Service hotlines<br>– Corporate website | – Development programs<br>– Response to impact complaint |

## MATERIALITY ASSESSMENT

To ensure this Sustainability Report has comprehensively covered and responded to the key issues of concerns to stakeholders, in addition to regular communication with stakeholders, the Group has made reference to information such as GRI's materiality principles, industry trends, and internal policies of the Group. The Materiality Assessment Matrix is used to determine the impact of ESG factors by identifying the material factors according to the level of impact and importance on the organization and our stakeholders.

We have reviewed and maintained the key material topics such as Economic Performance, Employment, and Occupational Health and Safety. Management has also reviewed and included the additional topics such as Emissions, Energy, Occupational Health and Safety, and Diversity and Equal Opportunity for the Reporting Period.

| ESG material issues | |
|---|---|
| **Critical** | |
| 1. | Economic Performance |
| 2. | Occupational Health and Safety |
| 3. | Employment |
| 4. | Customer Privacy |
| 5. | Child Labour |
| 6. | Forced or Compulsory Labour |
| 7. | Diversity and Equal Opportunity |
| 8. | Non-discrimination and Harassment |
| **Moderate and emerging** | |
| 9. | Emissions |
| 10. | Energy |
| 11. | Indirect Economic Impacts |
| 12. | Customer Health and Safety |
| 13. | Water and Effluents |
| 14. | Anti-corruption |
| 15. | Training and Education |

Using a phased reporting approach, disclosures are made for material topics identified as critical issues and moderate and emerging issues.

## 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 sites. In the course of development, we are involved in infrastructures 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

In the property development business, the Group outsources construction works to sub-contractors who manage all operations in the construction sites. To mitigate any adverse effect of construction on the environment, the Group requires its contractors to implement control measures on the emissions of dust in building sites and on the emission of exhausted gas generated from fuel combustion which has to be in accordance with the Air Pollution Prevention and Control of the PRC. The Group also conducts site visits on a regular basis to monitor the practices and the performances of the contractors, to ensure its contractors' full compliance with all applicable environmental laws and regulations in the cities where the Group operates. The relevant laws and regulations include but not limited to, the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Law on the Prevention and Control of Atmospheric Pollution of the PRC, and the Law on Prevention and Control of Environmental Pollution by Solid Waste of the PRC. This is essential in strengthening the prevention and control of environmental pollutions, safeguarding public health, advancing ecological civilization and promoting the sustainable development of economy and society.

During the Reporting Period, there has been no incidence of significant fines and non-monetary sanctions for non-compliance with the laws and regulations related to environmental protection in the city where the Group operates.

## EMISSIONS

Global warming is mainly attributable to the greenhouse gas ("GHG") emissions. In an effort to reduce GHG emissions and carbon footprint, the Group embraces green practices in its day-to-day business operations, contributing to environmental conservation, natural resource preservation and waste reduction.

The Group's major sources of GHG emissions could be attributed to the indirect emission from purchased electricity consumption, which is regarded as scope 2 emission. Meanwhile, the Group has generated direct GHG emissions from the use of vehicle, which is regarded as scope 1 emission. During the Reporting Period, the total GHG emissions intensity increased significantly, as compared to the level of baseline year ended 30 June 2022. This is because the business operation of the Group gradually resumed as the pandemic situation relieved. It led to higher electricity consumption. Hence, the emissions generated from the source mentioned above rise significantly. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the total GHG emission intensity between 90% to 120% of the level of baseline year ended 30 June 2023 in the next two reporting periods.

We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate GHG emissions. The following are the details of the GHG emissions generated by the Group:

| GHG Emissions ($tCO_2e$) | FY2023 |
|---|---|
| Scope 1 (Vehicles)[1] | **148.89** |
| Scope 2 (Purchased Electricity)[2] | **1,874.49** |
| Total ($tCO_2e$) | **2,023.38** |
| GHG Emissions Intensity ($tCO_2e$/employee) | **12.26** |

In an attempt to cut down our GHG emissions, we have implemented a range of green practices in our daily operations, aiming to limit the consumption of electricity at our workplace. Reminders have been posted next to switches, in order to encourage our employees to switch off all idle electronic appliances when they are not in use and before they leave the office. Besides, air conditioners should be set at a reasonable temperature level, with all the windows closed to maximize energy efficiency. Fines may be imposed on those employees who are found to violate the office guidelines. With these measures, the Group hopes to cultivate energy-saving habit among its employees and contribute to energy conservation.

The Group has also adopted certain vehicle management measures, including but not limited to rational use of vehicles, prohibition of private use of company cars and strict approval of long-distance travel arrangements, so as to reduce non-essential business trips. The Group's vehicles are inspected and maintained on a weekly basis to improve energy efficiency.

For the property management, recycling bins for different types of recyclable materials, such as metal and plastic, are placed along common areas to promote and encourage recycling among tenants.

1 The source of the emission factors and the global warming potential rates adopted is GHG Protocol – Emission Factors from Cross-Sector Tools, April 2014; WRI, EPA, "Emission Factors for Greenhouse Gas Inventories", 9 March 2018.

2 The emission factors adopted for electricity consumption is based on the latest "Corporate Greenhouse Gas Emissions of Enterprises Accounting Methods and Reporting Guidelines – Power Generation Facilities" published by the Ministry of Ecology and Environment of the PRC.

## ENERGY

The Group pledges to become an environmentally-friendly and a sustainable enterprise. To reduce carbon emission and footprint, we have implemented a range of carbon reduction measures in our daily operations. One area of environmental conservation is in reducing energy consumption. By upgrading to energy-efficient technologies in our offices and development properties, we will lower our own expenditure and help our customers lower their utility costs.

The following are the details of the energy consumed by the Group:

| Energy Consumption (MWh) | FY2023 |
|---|---|
| Diesel | **53.72** |
| Motor Gasoline | **563.33** |
| Purchased Electricity | **3,286.84** |
| Total (MWh) | **3,903.89** |
| Energy Consumption Intensity (MWh/employee) | **23.66** |

During the Reporting Period, the total energy consumption amounted to approximately 3,903.89 MWh, with an energy consumption intensity of approximately 23.66 MWh per employee. The energy consumption intensity increased significantly, as compared to the level of baseline year ended 30 June 2022. This is because the business operation of the Group gradually resumed as the pandemic situation relieved. It led to higher electricity consumption. Hence, the energy consumed from the source mentioned above rise significantly.

The electricity consumed by the Group was the main contributor to its GHG emissions, energy consumption level and carbon footprint. To reduce the Group's energy consumption and the corresponding carbon footprint, the Group has posted energy-saving reminders in prominent areas and has been encouraging its employees to use natural lighting instead of electric lightings whenever possible. In the long run, the Group will also upgrade the energy-efficient technologies in its offices and development properties, such as upgrading the current electronic appliances to more energy-efficient alternatives, which will help lowering its own expenditure and assists tenants in lowering their utility cost. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the total electricity consumption intensity between 90% to 120% of the level of baseline year ended 30 June 2023 in the next two reporting periods. We will put continuous effort in the aspect of energy conservation to further minimize our carbon footprint.

## WATER AND EFFLUENTS

Water and effluents have become one of the material issues during the Reporting Period. This reflects a growing recognition that the climate crisis is a water crisis. With the growing concern across the globe about water, and considering the amount of water consumed by the Group during its business operations, it has led to water and effluents becoming a material issue for the Group.

The Group's properties source water from municipal water utilities across the PRC, and any wastewater is responsibly discharged through the same utilities. The Group recognizes water as a precious resource and has implemented water-saving measures in the workplace. For example, water wastage phenomenon is prohibited, water leakage, breakage or other potential damage of water pipes are regularly inspected and identified and water-saving education and ideas of water-saving are continuously promoted among our employees. The Group does not consume other natural water resources such as surface water or underground water. Water was supplied by third parties, therefore, there was no issue in sourcing water.

The Group are committed to achieve water conservation under the principle of saving, purifying, and recycling:

- Any water wastage phenomenon is prohibited;
- Water used for washing hand or fruit is used to flush the toilet;
- Any water leakage, breakage or other potential damage of water pipes are regularly inspected and identified;
- Meter reading is checked constantly for revealing any hidden leakage phenomena; and
- Water-saving education and ideas of water-saving are continuously promoted among our employees.

During the Reporting Period, the total water consumption and its intensity were approximately 200,179 cubic meters and 1,213 cubic meters per employee respectively. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the total water consumption intensity between 90% to 120% of the level of baseline year ended 30 June 2023 in the next two reporting periods. Going forward, the Group will continue to monitor and record water consumption, enhance related data collection systems and develop targets and reduction plans when appropriate.

The following are the details of the water consumed by the Group:

| **Water Consumption ($m^3$)** | **FY2023** |
|---|---|
| Total ($m^3$) | **200,179** |
| Water Consumption Intensity ($m^3$/employee) | **1,213.21** |

## CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Group has identified climate-related risks as a key risk framework including both physical and transition risks. Physical risks include consideration of extreme heat, floods, extreme storms and extreme cold. Transition risks include policy and regulation, carbon market and new technology. The assessment based on the scenarios on magnitude and likelihood of the issue and evaluating the strategy on mitigation or adaptation measures.

This scenarios analysis in accordance with the Intergovernmental Panel on Climate Change (IPCC) and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) projection (scenarios from 1.5℃ to 3℃ for current to long-term time frames), to draw conclusions on the financially material physical and transition risks and to validate its current strategy.

The Group defines time horizons as Short-term: 1–5 years, Medium-term: 6–10 years, Long-term: >/= 11 years. The details description of identification, assessment and resilience strategy of climate-related risks and opportunities over the short, medium, and long term in scenarios as follow.

Table 1: Physical risks assessed under 3℃ scenario

| Risk Type | Risk Driver | Time Horizon | Potential Impact | Strategy |
|---|---|---|---|---|
| Chronic-Extreme heat | • Extreme heat and heat would become more common and severe | Long-term | • Increase in cooling cost due to higher cooling demand<br>• Higher electricity costs due to higher electricity demand for cooling | • Review and assess climate scenario analysis to better understanding the impact of physical risks |
| Chronic-Extreme cold | • Cold days and extreme cold could become more common and/or severe | Long-term | • Increase in heating cost due to higher heating demand | • Review and assess climate scenario analysis to better understanding the impact of physical risks |
| Acute-Flooding | • Properties in coastal areas would be exposed to continuous sea level rise<br>• Flooding might occur due to excessive rain | Short- and Medium-term | • Increase in operating and repair costs due to the damage of flooding<br>• Cost expenditures on flood defences | • Conduct property-level flood assessment<br>• Install flood defences when necessary |
| Acute-Tropical cyclones | • Properties in coastal area might face more frequent and severe tropical cyclones | Short- and Medium-term | • Increase the chance on damage of properties<br>• Increase in operating and repair costs due to the damage of tropical cyclones | • Install tropical cyclones defence measure to reduce the chance of damages.<br>• Conduct tropical cyclones assessment and contingency plan |

Table 2: Transition risks assessed under 1.5℃ scenario

| Risk Type | Risk Driver | Time Horizon | Potential Impact | Strategy |
|---|---|---|---|---|
| Policy and regulation | • More stringent polices and regulations might be established for climate change in the real estate industry | Medium- and Long-term | • Emissions reporting obligations might be enhanced<br>• Increase operating costs | • Comprehensive plan for disclosures on climate change actions, metrics and targets |
| Carbon market | • Carbon emission might be priced through taxation<br>• Carbon offset schemes | Short-term | • Increase in cost associated with carbon pricing | • Using sustainable financing instruments with lower interest rates<br>• Adopt green building measures |
| Emerging technology | • Use of lower emission technology and more investment in the development for green technology | Medium- and Long-term | • Increase investment cost in emerging low-emissions technologies<br>• Higher cost in applying lower emissions technology | • Review and assess on replacement opportunity by using new technology<br>• Research in new and alternative technologies<br>• Capital investments in technological development |

Despite the challenges poses by climate change, efforts to mitigate transition risks arising from climate change can create opportunities for the Group. The transition to a low-carbon economy unleashes potential cost-savings from improved operational efficiency and provides access to new business opportunities. Increase in demand for low-emissions real estate also drive innovations that the Group can leverage on to help maintain its competitive edge in the industry.

Table 3: Opportunities assessed in different scenario

| Opportunities | Opportunities Driver | Time Horizon | Potential Impact | Strategy to climate-related opportunities |
|---|---|---|---|---|
| Cost savings by using emerging technologies | • Use of emerging technology to lower emission level and improve efficiency | Long-term | • Increase investment cost in short term but decrease in operating costs in long-term | • Adopt green building measure |
| Green and sustainable finance | • Change in policy, carbon market and electricity prices enhance development in green and sustainable finance | Long-term | • Related lower capital costs in green and sustainable finance market | • Review and assess on practicing green and sustainable finance<br>• Promote carbon offset market |

## CUSTOMER PRIVACY

Due to the business nature, the Group has to collect personal information from customers such as customers' names, addresses, telephone numbers, etc. Nevertheless, all the personal information collected by the Group is strictly used in accordance with relevant data privacy laws and regulations, including but not limited to Cybersecurity Law and Personal Information Protection Law of the PRC.

The Group has implemented several controls in protecting the personal data collected. Access controls are in place, such as in the archive room of the General Management Department, confidential documents are locked and kept by the designated person, in order to prevent unauthorized access to confidential information. According to the Employee Handbook, all employees are required to protect the sensitive information and clients' personal information when discharging duties. Information should not be disclosed to any third parties unless and to the extent that it is necessary to make such disclosure and proper approval has been obtained. If there is any leakage of the Group's confidential information, the Group may impose fines, administrative penalties or pursue legal liabilities against the parties concerned to protect the interest of the Group and its clients.

## CUSTOMER HEALTH AND 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 of 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.

To minimize the risk of contracting and spreading COVID-19, the sales team allocates more resources to boost online presence with advertisements to attract and invite potential customers to view the Group's property listings through the internet. The Group will closely monitor and continue to assess the development of the COVID-19 outbreak, and regularly reviews the relevant countermeasures in accordance with the local government regulations to ensure the effectiveness of the measures.

## SOCIOECONOMIC COMPLIANCE

Trust is of utmost importance to us and the Group is committed to ethical conduct in doing business. The Group has no tolerance for any forms of corruption, extortion, fraud and bribery. The Group abides by the Anti-Unfair Competition Law, the Interim Provisions on Prohibiting Commercial Bribery and Anti-Money Laundering Law of the PRC 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. The Group has established anti-fraud policy and whistle-blowing policy to guide its employees, and our employees are also 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.

Our whistle-blowing policy and program were 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 Chief Executive Officer 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 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 the general public. It emphasizes the 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 Reporting Period.

The Occupational Health and Safety policy strictly adherence to local laws and regulations on labour and human rights.

During the Reporting Period, no incidents of corruption were recorded. In addition, there is no incidence of significant fines and non-monetary sanctions for non-compliance with applicable socioeconomic laws and regulations.

## NON-DISCRIMINATION AND HARASSMENT

The Group has zero tolerance towards any forms of harassment, violence, intimidation and discrimination of any kind involving race, colour, religion, national origin, gender, sexual orientation, age, disability or, where applicable, marital status.

We have always been an equal opportunity employer to establish a fair workplace, following the principles of equality and non-discrimination. The Group strives to provide equal opportunities and access to all candidates during the recruitment and promotion processes, so as to create an equal and diversified working environment. Similarly, this principle of impartiality is also applied to supplier selectin process to promote fairness and non-discrimination.

During the Reporting Period, the Group received zero complaints of discrimination observed in our businesses.

## LABOUR STANDARDS

We comply with all relevant laws and regulations that have a significant impact on us relating to forced and child labour, including but not limited to, the Provisions on the Prohibition of Using Child Labour of the PRC, the Law of the PRC on the Protection of Minors, and the Labour Law of the PRC.

To avoid forced and child labour, the Human Resources and Administration Department performs detailed interview screening procedures on each candidate. A thorough background check is conducted to verify personal data stated on the application form by examining the applicant's original identity card and making detailed inquiries to ensure that we do not employ child and forced labour. In addition, prior to engaging the contractors or suppliers, our responsible departments, such as General Management Department and Project Team would conduct evaluation to ensure their social compliance in relation to child or forced labour.

If our management discovers any child or forced labour, we would immediately terminate the contract and investigate the incident, and might take disciplinary actions against any staff members who are responsible for the causes of the incident. During the Reporting Period, the Group recorded zero case of child and forced labour, also no such incidents were discovered along our supply chain.

## OCCUPATIONAL HEALTH AND SAFETY

The Group is committed to safeguarding the safety, health and welfare of its employees. Hazard identification and management are important steps we take in creating a safe and conducive working environment. The Group conducts regular risk assessments and actively identifies potential risks that may result in accidents. Relevant safety measures would be developed and implemented in response to any potential hazards identified.

The Group strictly complies with the applicable occupational laws and regulations, including the Labour Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Disease, and Fire Control Law of the PRC. The Group also complies with the Social Insurance Law of the PRC, contributes sufficient social insurance that covers work injuries and other medical needs of its employees. In case of work injury, our employees are entitled to medical leave.

Relevant personal health and work safety guidance are included in the Employee Handbook, fire safety is also incorporated into our daily safety management. The Group has equipped its office with adequate resources in dealing the potential hazards. For instance, fire extinguishers and fire hydrants are placed in our offices, construction sites and properties, and are under regular inspections to ensure they are in good condition. Regular safety trainings are also provided to all employees to keep them updated on the latest safety protocols. For example, the Group holds regular fire drills and fire safety training sessions to enhance the fire safety awareness of the employees, and to strengthen their response capability in case of fire emergencies.

In the midst of the COVID-19, the Group has implemented all practicable preventive and protective measures to minimize occupational risk, including but not limited to encouraging the employees to wear surgical mask and remain social distancing, when necessary, and providing sanitizers. The Group will pay close attention to the latest development and regularly reviews the measures implemented to ensure the measures are effective.

During the Reporting Period, the Group recorded zero case of work injury and no relevant lost days. No work-related fatalities were recorded by the Group in the past three years including the Reporting Period. In the event of a work-related incident, the Group would report the work-related injuries in accordance with the requirements of relevant regulation and law. We also welcome feedback from our employees on areas of improvement to make the working environment safer and more conducive.

As the Group places its employees' safety as top priority, it will continue to strive for a safe and healthy work environment for its employees and target zero work-related injury in the next two reporting periods.

The Group also considers the health and safety of our contractors and their employees. Contractors are informed of our health and safety practices and expectations at the beginning of the engagement. Health and safety management of the contractor or supplier is also considered during our supplier selection process. For instance, we ensure our main contractors' adherence to the ISO 45001: 2018 Occupational Health & Safety Management System, ISO 14001: 2015 Environmental Management System, or their in-house Health Safety Environment Management systems are in line with the relevant laws and regulations in the PRC.

## TRAINING AND EDUCATION

The Group understands that employee development is indispensable to its growth, hence the Group pledges to offer sufficient and effective training to its employees. We also review the ability of employees of different levels so that our training can cater to their needs accordingly. In this way, our employees can grow with the Group hand in hand.

The Group offers a range of internal training and development to its employees to enhance their performance, professional skills and knowledge. Induction training is provided to all newly recruited employees, covering topics such as the Group's vision and mission, internal policies, employee benefits and corporate culture. This helps to familiarize our employees with our business and foster a sense of belonging to the Group.

During the Reporting Period, the Group has offered a total of 399.5 hours of training to its employees. Each of the trained employees received an average of 2.4 hours of trainings. The Group offered an average of 2.1 hours and 2.9 hours of training to male and female employees respectively; while an average of 1.1 hours, 3.0 hours and 5.2 hours of training were provided to junior staff, senior staff and management respectively.

The Group will continue to invest more resources in its employees' development, to equip its employees with necessary knowledge and skills to keep abreast of the market trends, as well as achieving personal career development. By these means, all employees can grow together with the Group.

## EMPLOYMENT

The Group believes that its employees are the most valuable asset and one of the most important factors for the sustainable development and success of the Group. The ultimate objective of the Group's human resource management is to build a sound platform for employees' career development, encourage them to maximize their potential, achieve a virtuous circle of their personal value enhancement and the development of the enterprise. The Group has implemented on responding to the expectations and anticipant of its stakeholders. It includes questionnaire, surveys and feedback mechanisms to both internal and external stakeholders. We apply notification periods required by law that are in force locally.

Year-end performance appraisals applied between managers and employees to reflect on their contributions and accomplishments. During the reporting period, 100% of full-time employees received appraisals with managers for career development a periodic performance review. Our aim is to maintain the appraisals performance management target and ensure all employees receive career development reviews.

Our staff includes 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. No reported case on violations involving rights of indigenous peoples.

**Employees by employment contract, by gender**

| Permanent | | Temporary | |
|---|---|---|---|
| Male | Female | Male | Female |
| 93 | 62 | 3 | 7 |

**Employees by employment contract, by region**

| | Permanent | Temporary |
|---|---|---|
| **Guangzhou** | 42 | 3 |
| **Huizhou** | 13 | – |
| **Shandong** | 4 | 1 |
| **Sichuan** | 83 | – |
| **Tonghua** | 12 | 6 |
| **Hong Kong** | 1 | – |

**Employees by employment type, by gender**

| Full-time | | Part-time | |
|---|---|---|---|
| Male | Female | Male | Female |
| 96 | 69 | 0 | 0 |

**Employees by employment type, by region**

| | Full-time | Part-time |
|---|---|---|
| **Guangzhou** | 45 | – |
| **Huizhou** | 13 | – |
| **Shandong** | 5 | – |
| **Sichuan** | 83 | – |
| **Tonghua** | 18 | – |
| **Hong Kong** | 1 | – |

**Percentage of employees by gender, by age group, and by employee category**

| By Gender | | By Age Group | | | By Employee Category | | |
|---|---|---|---|---|---|---|---|
| Male | Female | <30 | 30–50 | >50 | Junior | Senior | Management |
| 58% | 42% | 16% | 70% | 15% | 57% | 19% | 24% |

**Percentage of individuals within the governance bodies, by gender and by age group**

| By Gender | | By Age Group | | |
|---|---|---|---|---|
| Male | Female | <30 | 30–50 | >50 |
| 83% | 17% | 0% | 33% | 67% |

**Total number and rate of new employee hires during the Reporting Period, by gender and by age group[3]**

| By Gender | | By Age Group | | |
|---|---|---|---|---|
| Male | Female | <30 | 30–50 | >50 |
| 36 (38%) | 0 (0%) | 3 (12%) | 25 (22%) | 8 (33%) |

**Total number and rate of new employee hires during the Reporting Period, by region[3]**

| | Part-time |
|---|---|
| **Guangzhou** | 0 (0%) |
| **Huizhou** | 0 (0%) |
| **Shandong** | 0 (0%) |
| **Sichuan** | 36 (43%) |
| **Tonghua** | 0 (0%) |
| **Hong Kong** | 0 (0%) |

**Total number and rate of employee turnover during the Reporting Period, by gender and by age group[4]**

| By Gender | | By Age Group | | |
|---|---|---|---|---|
| Male | Female | <30 | 30–50 | >50 |
| 30 (31%) | 20 (29%) | 3 (12%) | 35 (30%) | 12 (50%) |

**Total number and rate of employee turnover during the Reporting Period, by region[4]**

| | Part-time |
|---|---|
| **Guangzhou** | 13 (29%) |
| **Huizhou** | 1 (8%) |
| **Shandong** | 0 (0%) |
| **Sichuan** | 36 (43%) |
| **Tonghua** | 0 (0%) |
| **Hong Kong** | 0 (0%) |

3 The rate of new employee hires during the Reporting Period is disclosed and calculated by new employees hired in the specified category divided by the number of employees in the specified category.

4 The rate of employee turnover during the Reporting Period is disclosed and calculated by employees in the specified category leaving employment divided by the number of employees in the specified category.

## TCFD CONTENT INDEX

| TCFD Recommended Disclosure | Reference |
|---|---|
| **GOVERNANCE** | |
| Describe the board's oversight of climate-related risks and opportunities | 60–62 |
| Describe management's role in assessing and managing risks and opportunities | 60–62 |
| **STRATEGY** | |
| Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term | 68–71 |
| Describe the impact of climate-related risks and opportunities the organization has identified over the short, medium, and long term | 68–71 |
| Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | 68–71 |
| **RISK MANAGEMENT** | |
| Describe the organization's processes for identifying and assessing climate-related risks | 68–71 |
| Describe the organization's processes for managing climate-related risks | 60–62 |
| Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | 60–62 |
| **METRICS AND TARGETS** | |
| Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process | 66–68 |
| Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | 66 |
| Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets | 66–68 |

## GRI CONTENT INDEX

| | |
|---|---|
| Statement of use | China Yuanbang Property Holdings Limited has reported in accordance with the GRI Standards for the period from 1 July 2022 to 30 June 2023. |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI Standard | Disclosure | Location |
|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-1 Organizational details | 60 |
| | 2-2 Entities included in the organization's sustainability reporting | 60 |
| | 2-3 Reporting period, frequency and contact point | 60 |
| | 2-4 Restatements of information | No restatements of information made from pervious reporting periods |
| | 2-5 External | No external assurance |
| | 2-6 Activities, value chain and other business relationships | 60 |
| | 2-7 Employees | 75–76 |
| | 2-8 Workers who are not employees | 75–76 |
| | 2-9 Governance structure and composition | 61–62 |
| | 2-10 Nomination and selection of the highest governance body | 61–62 |
| | 2-11 Chair of the highest governance body | 61–62 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 61–62 |
| | 2-13 Delegation of responsibility for managing impacts | 61–62 |
| | 2-14 Role of the highest governance body in sustainability reporting | 61–62 |
| | 2-15 Conflicts of interest | 26, 32–33 |
| | 2-16 Communication of critical concerns | 63 |
| | 2-17 Collective knowledge of the highest governance body | 61–62 |
| | 2-18 Evaluation of the performance of the highest governance body | 61–62 |
| | 2-19 Remuneration policies | 45–48 |
| | 2-20 Process to determine remuneration | 45–48 |
| | 2-21 Annual total compensation ratio | 45–48, 120 |
| | 2-22 Statement on sustainable development strategy | 60 |
| | 2-23 Policy commitments | 60 |
| | 2-24 Embedding policy commitments | 60 |
| | 2-25 Processes to remediate negative impacts | 60, 65–74 |
| | 2-26 Mechanisms for seeking advice and raising concerns | 72, 75 |
| | 2-27 Compliance with laws and regulations | 65–72 |
| | 2-28 Membership associations | No membership associations |
| | 2-29 Approach to stakeholder engagement | 63 |
| | 2-30 Collective bargaining agreements | No reported collective bargaining agreements in place within the Group |

| GRI Standard | Disclosure | Location |
|---|---|---|
| **GRI 3: Material Topics 2021** | 3-1 Process to determine material topics | 64 |
| | 3-2 List of material topics | 64 |
| | 3-3 Management of material topics | 64–76 |
| **Material Topics (Economic) & Management Approach** | | |
| **GRI 3: Material Topics 2021** | **3-3 Management of material topics** | 65, 72 |
| **GRI 201: Economic Performance 2016** | 201-1 Direct economic value generated and distributed | 88–95 |
| **GRI 203: Indirect Economic Impacts 2016** | 203-2 Significant indirect economic impacts | 65 |
| **GRI 205: Anti-corruption 2016** | 205-3 Confirmed incidents of corruption and actions taken | 72, 55–56 |
| **Material Topics (Environmental) & Management Approach** | | |
| **GRI 3: Material Topics 2021** | **3-3 Management of material topics** | 65–68 |
| **GRI 302: Energy 2016** | 302-1 Energy consumption within the organization | 67 |
| | 302-3 Energy intensity | 67 |
| **GRI 303: Water and Effluents 2018** | 303-1 Interactions with water as a shared resource | 68 |
| | 303-2 Management of water discharge-related impacts | 68 |
| | 303-3 Water withdrawal | 68 |
| | 303-4 Water discharge | 68 |
| | 303-5 Water consumption | 68 |
| **GRI 305: Emissions 2016** | 305-1 Direct (Scope 1) GHG emissions | 66 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 66 |
| | 305-4 GHG emissions intensity | 66 |

| GRI Standard | Disclosure | Location |
|---|---|---|
| **Material Topics (Social) & Management Approach** | | |
| **GRI 3: Material Topics 2021** | **3-3 Management of material topics** | 71–76 |
| **GRI 401: Employment 2016** | 401-1 New employee hires and employee turnover | 75–76 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 75–76 |
| | 401-3 Parental leave | No reported parental leave was taken |
| **GRI 403: Occupational Health and Safety 2018** | 403-1 Occupational health and safety management system | 73–74 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 73–74 |
| | 403-3 Occupational health services | 73–74 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 73–74 |
| | 403-5 Worker training on occupational health and safety | 73–74 |
| | 403-6 Promotion of worker health | 73–74 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 73–74 |
| | 403-9 Work-related injuries | No reported work-related injuries case |
| **GRI 404: Training and Education 2016** | 404-1 Average hours of training per year per employee | 74 |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | 75–76 |
| **GRI 406: Non-discrimination 2016** | 406-1 Incidents of discrimination and corrective actions taken | 73 |
| **GRI 408: Child Labor 2016** | 408-1 Operations and suppliers at significant risk for incidents of child labor | 73 |
| **GRI 409: Forced or Compulsory Labor 2016** | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 73 |
| **GRI 416: Customer Health and Safety 2016** | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 71 |
| **GRI 418: Customer Privacy 2016** | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 71 |

# 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 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company 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, the statement of financial position and statement of changes in equity 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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial 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.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3(a) to the financial statements, which indicates that for the financial year ended 30 June 2023, the Group has incurred a net loss before income tax of RMB161,846,000 (2022: RMB99,493,000). As at 30 June 2023, the Group has net current assets of RMB331,666,000 (2022: RMB492,759,000), which include properties held under development of RMB343,991,000 (2022: RMB450,903,000) and properties held for sale of RMB1,115,476,000 (2022: RMB1,072,034,000) (collectively the "properties").

The ability of the Group to continue as a going concern is dependent on the realisation of these properties in time to generate the cash flows needed to discharge its liabilities as and when they fall due and/or the extension/roll-over of the payment tenure of the Group's borrowings and other liabilities.

The above conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

## 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

| Key Audit Matters | How our audit addressed the key audit matters |
|---|---|
| **Valuation of properties held under development and properties held for sale**<br><br>We refer to Notes 3(i), 3(j), 4(a)(i), 17 and 18 to the consolidated financial statements.<br><br>The Group's properties held under development ("PUD") and properties held for sale ("PHS") amounted to RMB343,991,000 and RMB1,115,476,000 respectively. These accounted for approximately 51% of the Group's total assets as at 30 June 2023.<br><br>PUD and PHS are stated at the lower of their costs and their net realisable values.<br><br>The determination of the estimated net realisable values of these PUD and PHS involves significant judgement and is dependent upon the Group's critical estimation of future selling prices of these properties and costs to complete the projects.<br><br>The valuation of PUD and PHS is identified as a key audit matter due to the magnitude of the carrying amounts as at 30 June 2023 and the significant judgement involved in estimating their net realisable values. | **Our response**<br><br>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 the net realisable values, including expected future selling prices and estimated construction costs to complete.<br><br>We reviewed the reasonableness of expected future selling prices used in the above net realisable values assessment, by comparing them to recently-transacted prices of the same project and comparable properties located in the same vicinity, as well as publicly available information on the People's Republic of China property prices.<br><br>We 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.<br><br>**Our findings**<br><br>Based on our audit procedures, we found management's assessment on the net realisable values of the PUD and PHS to be reasonable. |

## 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), 4(a)(ii) and 14 to the consolidated financial statements. | We considered the qualifications, competence and objectivity of the professional valuer. |
| The Group's investment properties amounted to RMB510,820,000 as at 30 June 2023. This significant category of assets is stated at their fair values based on valuations determined by the independent professional qualified valuer. | We discussed with management and the professional valuer, and considered the appropriateness of the valuation methodologies used. We also evaluated the reasonableness of the key assumptions and inputs used by the professional valuer to determine the valuation of each property. |
| The valuation of investment properties is identified as a key audit matter due to the magnitude of the carrying amount as at 30 June 2023 and the significant judgement involved in the valuation of the investment properties. | In addition, we reviewed the adequacy of the disclosures for investment properties in Note 14 to the financial statements, including the disclosures relating to the valuation techniques and key inputs applied by the professional valuer. |
| | **Our findings** |
| The valuation of the investment properties is highly dependent on the underlying assumptions applied and hence, extremely sensitive to changes in key assumptions. | We found the valuation of investment properties to be reasonable and the disclosures to be appropriate. |

## KEY AUDIT MATTERS (Continued)

| Key Audit Matters | How our audit addressed the key audit matters |
|---|---|
| **Recoverability of loan receivables, accounts receivables, other receivables (including deposits) and contract assets**<br><br>We refer to Notes 3(h), 4(a)(iii), 4(a)(iv), 16, 19, 20, 21 and 33(iii) to the consolidated financial statements.<br><br>As at 30 June 2023, the Group has loan receivables, accounts receivables, other receivables (including deposits) and contract assets amounting to RMB48,610,000, RMB27,225,000, RMB496,037,000 and RMB32,585,000 respectively. We focused on this area because of the significance and the degree of judgement required in determining these carrying amounts of these balances as at the reporting date.<br><br>The Group assesses periodically and at each financial year end, the expected credit loss associated with its receivables in accordance with IFRS 9 *Financial Instruments*. When there is expected credit loss, the amount and timing of the future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics. | **Our response**<br><br>We updated our understanding of the Group's processes and key controls relating to the monitoring of receivables and considered debtors aging to identify collection risks.<br><br>We reviewed the reasonableness of the Group's expected credit loss model and considered management's significant judgement used in determining the recoverability of loan receivables, accounts receivables, other receivables (including deposits) and contract assets, and their assessment of the recoverability of long outstanding and overdue receivables.<br><br>We considered management's assessment on the credit worthiness of selected debtors and discussed with key management and the component auditors on the adequacy of the allowance for impairment recorded by the Group.<br><br>We checked to subsequent receipts from major debtors after the year end. We obtained documentary evidence, representation and explanations from management to assess the recoverability of long outstanding debts, where applicable.<br><br>We also reviewed the adequacy and appropriateness of the impairment charge based on the available information.<br><br>**Our findings**<br><br>Based on our audit procedures, we found management's assessment of the recoverability of loan receivables, accounts receivables, other receivables (including deposits) and contract assets to be reasonable. |

## 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.

- 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.

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

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. Chong Jia Yun, Michelle.

**Moore Stephens LLP**
*Public Accountants and*
*Chartered Accountants*

Singapore
4 October 2023

# Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2023

| | Notes | 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| **Revenue** | 6 | **239,624** | 79,180 |
| Cost of sales | | **(172,517)** | (50,786) |
| **Gross profit** | | **67,107** | 28,394 |
| Other income and gains | 6 | **32,312** | 36,656 |
| Fair value adjustments on investment properties | 14 | **(44,680)** | (14,900) |
| Selling expenses | | **(12,759)** | (16,845) |
| Administrative expenses | | **(56,030)** | (54,548) |
| Provision for impairment of other receivables | 20 | **(65,348)** | (45,343) |
| Provision for impairment of loan receivables | 16 | **(18,871)** | (3,115) |
| Allowance for write down of properties held under development | 17 | **(12,177)** | – |
| Allowance for write down of properties held for sale | 18 | **(3,147)** | – |
| Other operating expenses | | **(12,225)** | (9,235) |
| **Operating loss** | 7 | **(125,818)** | (78,936) |
| Finance costs | 8 | **(36,028)** | (20,557) |
| **Loss before income tax** | | **(161,846)** | (99,493) |
| Income tax expense | 9 | **(72,272)** | (28,167) |
| **Loss for the year** | | **(234,118)** | (127,660) |
| **Other comprehensive loss, net of tax** | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of financial statements of foreign operations | | **(8,950)** | (943) |
| **Total comprehensive loss for the year** | | **(243,068)** | (128,603) |
| **Loss attributable to:** | | | |
| Owners of the Company | | **(210,970)** | (100,090) |
| Non-controlling interests | | **(23,148)** | (27,570) |
| | | **(234,118)** | (127,660) |
| **Total comprehensive loss attributable to:** | | | |
| Owners of the Company | | **(219,920)** | (101,033) |
| Non-controlling interests | | **(23,148)** | (27,570) |
| | | **(243,068)** | (128,603) |
| | | **RMB** | RMB |
| Loss per share attributable to owners of the Company during the year – Basic and diluted | 11 | **(3.04)** | (1.44) |

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

# Statements of Financial Position

As at 30 June 2023

| | Notes | Group 2023 RMB'000 | Group 2022 RMB'000 | Company 2023 RMB'000 | Company 2022 RMB'000 |
|---|---|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | | | |
| **Non-current assets** | | | | | |
| Interests in subsidiaries | *12* | **–** | – | **134,381** | 134,381 |
| Property, plant and equipment | *13* | **94,488** | 100,242 | **–** | – |
| Investment properties | *14* | **510,820** | 555,500 | **–** | – |
| Land use rights | *15* | **8,658** | 8,945 | **–** | – |
| Deposit paid | *20* | **111,228** | 114,888 | **–** | – |
| Loan receivables | *16* | **11,549** | 15,600 | **–** | – |
| Deferred tax assets | *26* | **68,704** | 68,704 | **–** | – |
| | | **805,447** | 863,879 | **134,381** | 134,381 |
| **Current assets** | | | | | |
| Properties held under development | *17* | **343,991** | 450,903 | **–** | – |
| Properties held for sale | *18* | **1,115,476** | 1,072,034 | **–** | – |
| Accounts receivables | *19* | **27,225** | 27,387 | **–** | – |
| Prepayments, deposits paid and other receivables | *20* | **471,431** | 493,232 | **1,542** | 1,422 |
| Due from subsidiaries | *12* | **–** | – | **335,419** | 326,406 |
| Contract assets | *21* | **32,585** | 32,585 | **–** | – |
| Loan receivables | *16* | **37,061** | 43,225 | **–** | – |
| Cash and bank balances | *22* | **32,097** | 33,138 | **–** | – |
| | | **2,059,866** | 2,152,504 | **336,961** | 327,828 |
| **Current liabilities** | | | | | |
| Accounts payable | *24* | **454,990** | 330,684 | **–** | – |
| Contract liabilities | *23* | **707,473** | 607,603 | **–** | – |
| Accruals, deposits received and other payables | *24* | **81,463** | 85,254 | **3,566** | 3,184 |
| Interest-bearing bank and other borrowings | *25* | **174,810** | 396,372 | **–** | – |
| Income tax payable | | **309,464** | 239,832 | **–** | – |
| | | **1,728,200** | 1,659,745 | **3,566** | 3,184 |
| **Net current assets** | | **331,666** | 492,759 | **333,395** | 324,644 |
| **Total assets less current liabilities** | | **1,137,113** | 1,356,638 | **467,776** | 459,025 |
| **Non-current liabilities** | | | | | |
| Interest-bearing bank and other borrowings | *25* | **339,228** | 304,515 | **–** | – |
| Deferred tax liabilities | *26* | **120,783** | 131,953 | **–** | – |
| | | **460,011** | 436,468 | **–** | – |
| **Net assets** | | **677,102** | 920,170 | **467,776** | 459,025 |

# Statements of Financial Position

As at 30 June 2023

| | Notes | Group 2023 RMB'000 | Group 2022 RMB'000 | Company 2023 RMB'000 | Company 2022 RMB'000 |
|---|---|---|---|---|---|
| **EQUITY** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | *27* | **6,255** | 6,255 | **6,255** | 6,255 |
| Reserves | *28* | **470,597** | 690,517 | **461,521** | 452,770 |
| | | **476,852** | 696,772 | **467,776** | 459,025 |
| **Non-controlling interests** | | **200,250** | 223,398 | **–** | – |
| **Total equity** | | **677,102** | 920,170 | **467,776** | 459,025 |

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 2023

## 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)* | Contributed surplus* RMB'000 *(Note 28)* | Revaluation reserve* RMB'000 *(Note 28)* | Statutory reserve* RMB'000 *(Note 28)* | Translation reserve* RMB'000 *(Note 28)* | (Accumulated losses)/ retained profits* RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **At 1 July 2022** | 6,255 | 302,585 | 31,547 | 20,720 | 127,627 | 10,293 | 110,494 | 19,287 | 67,964 | 696,772 | 223,398 | 920,170 |
| Loss for the year | – | – | – | – | – | – | – | – | (210,970) | (210,970) | (23,148) | (234,118) |
| Other comprehensive loss – Exchange differences on translation of financial statements of foreign operations | – | – | – | – | – | – | – | (8,950) | – | (8,950) | – | (8,950) |
| **Total comprehensive loss for the year** | – | – | – | – | – | – | – | (8,950) | (210,970) | (219,920) | (23,148) | (243,068) |
| Transfer to statutory reserve | – | – | – | – | – | – | 891 | – | (891) | – | – | – |
| **At 30 June 2023** | 6,255 | 302,585 | 31,547 | 20,720 | 127,627 | 10,293 | 111,385 | 10,337 | (143,897) | 476,852 | 200,250 | 677,102 |

* *These reserve accounts comprise the consolidated reserves of RMB470,597,000 (2022: RMB690,517,000) in the consolidated statement of financial position.*

# Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2023

## GROUP (Continued)

| | 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) | Contributed surplus* 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 2021** | 6,255 | 302,585 | 31,547 | 20,720 | 127,627 | 10,293 | 109,253 | 20,230 | 169,295 | 797,805 | 250,968 | 1,048,773 |
| Loss for the year | – | – | – | – | – | – | – | – | (100,090) | (100,090) | (27,570) | (127,660) |
| Other comprehensive loss – Exchange differences on translation of financial statements of foreign operations | – | – | – | – | – | – | – | (943) | – | (943) | – | (943) |
| **Total comprehensive loss for the year** | – | – | – | – | – | – | – | (943) | (100,090) | (101,033) | (27,570) | (128,603) |
| Transfer to statutory reserve | – | – | – | – | – | – | 1,241 | – | (1,241) | – | – | – |
| **At 30 June 2022** | 6,255 | 302,585 | 31,547 | 20,720 | 127,627 | 10,293 | 110,494 | 19,287 | 67,964 | 696,772 | 223,398 | 920,170 |

## COMPANY

| | Share capital RMB'000 (Note 27) | Share premium** RMB'000 (Note 28) | Translation reserve** RMB'000 (Note 28) | Contributed surplus** RMB'000 (Note 28) | Accumulated losses** RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **At 1 July 2022** | **6,255** | **304,474** | **7,161** | **162,691** | **(21,556)** | **459,025** |
| Loss for the year | **–** | **–** | **–** | **–** | **(2,200)** | **(2,200)** |
| – Exchange differences on translation of financial statements of foreign operations | **–** | **–** | **10,951** | **–** | **–** | **10,951** |
| Other comprehensive income | **–** | **–** | **–** | **–** | **–** | **–** |
| Total comprehensive income/(loss) for the year | **–** | **–** | **10,951** | **–** | **(2,200)** | **8,751** |
| **At 30 June 2023** | **6,255** | **304,474** | **18,112** | **162,691** | **(23,756)** | **467,776** |
| **At 1 July 2021** | 6,255 | 304,474 | 5,570 | 162,691 | (19,122) | 459,868 |
| Loss for the year | – | – | – | – | (2,434) | (2,434) |
| – Exchange differences on translation of financial statements of foreign operations | – | – | 1,591 | – | – | 1,591 |
| Other comprehensive income | – | – | – | – | – | – |
| Total comprehensive income/(loss) for the year | – | – | 1,591 | – | (2,434) | (843) |
| **At 30 June 2022** | 6,255 | 304,474 | 7,161 | 162,691 | (21,556) | 459,025 |

** *These reserve accounts comprise the Company's reserves of RMB461,521,000 (2022: RMB452,770,000) in the statement of financial position of the Company.*

# Consolidated Statement of Cash Flows

For the financial year ended 30 June 2023

| | Notes | 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before income tax | | **(161,846)** | (99,493) |
| Adjustments for: | | | |
| Amortisation of land use rights | *7, 15* | **287** | 287 |
| Depreciation of property, plant and equipment | *7, 13* | **5,589** | 5,441 |
| Fair value adjustments on investment properties | *14* | **44,680** | 14,900 |
| Interest expense | *8* | **36,028** | 20,557 |
| Interest income from bank deposits | *6* | **(127)** | (163) |
| Interest income from loan receivables | *6* | **(8,656)** | (10,343) |
| (Gain)/Loss on disposal of property, plant and equipment | *6* | **(296)** | 199 |
| Impairment loss on other receivables | | **65,348** | 45,343 |
| Impairment loss on loan receivables | | **18,871** | 3,115 |
| Allowance for write down of properties held under development and for sale | | **15,324** | – |
| **Operating profit/(loss) before working capital changes** | | **15,202** | (20,157) |
| Decrease/(Increase) in properties held under development | | **94,753** | (199,235) |
| (Increase)/Decrease in properties held for sale | | **(194,124)** | 48,500 |
| Decrease/(Increase) in accounts receivables | | **162** | (341) |
| Increase in prepayments, deposits paid and other receivables | | **(39,887)** | (37,686) |
| Increase/(Decrease) in accounts payable | | **124,306** | (17,285) |
| Increase in contract liabilities | | **99,870** | 208,279 |
| Increase in accruals, deposits received and other payables | | **5,871** | 32,796 |
| **Cash generated from operations** | | **106,153** | 14,871 |
| Income taxes paid | | **(32,422)** | (38,609) |
| Interest received | | **127** | 4,163 |
| ***Net cash generated from/(used in) operating activities*** | | **73,858** | (19,575) |

# Consolidated Statement of Cash Flows

For the financial year ended 30 June 2023

| | Notes | 2023<br>RMB'000 | 2022<br>RMB'000 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Decrease in restricted bank deposits | | **10,055** | 11,673 |
| Decrease in loan receivables | | **–** | 4,774 |
| Purchase of property, plant and equipment | | **(120)** | (939) |
| Proceeds from disposal of property, plant and equipment | | **563** | 842 |
| ***Net cash generated from investing activities*** | | **10,498** | 16,350 |
| **Cash flows from financing activities** | | | |
| Interest paid | *30* | **(36,028)** | (20,557) |
| Proceeds from bank and other borrowings | *30* | **–** | 78,000 |
| Repayment of bank and other borrowings | *30* | **(39,314)** | (90,876) |
| ***Net cash used in financing activities*** | | **(75,342)** | (33,433) |
| **Net increase/(decrease) in cash and cash equivalents** | | **9,014** | (36,658) |
| Effect on foreign exchange translation | | **–** | 1 |
| **Cash and cash equivalents at the beginning of year** | | **18,896** | 55,553 |
| **Cash and cash equivalents at the end of year** | | **27,910** | 18,896 |
| **Analysis of balances of cash and cash equivalents** | | | |
| Cash and bank balances | | **32,097** | 33,138 |
| Less: Restricted bank deposits | | **(4,187)** | (14,242) |
| | *22* | **27,910** | 18,896 |

# Notes to the Financial Statements

For the financial year ended 30 June 2023

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 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 2023 were approved for issue by the board of Directors (the "Directors") on 4 October 2023.

## 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 2022.

## 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 this 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) |
|---|---|
| Amendments to IAS 1, *Disclosure of Accounting Policies and IFRS Practice Statement 2 Making Materiality Judgements* | 1 January 2023 |
| Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* | 1 January 2023 |
| Amendments to IAS 12, *Deferred tax related to Assets and Liabilities arising from a Single Transaction* | 1 January 2023 |
| Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* | 1 January 2023 |
| Amendments to IAS 1 *Classification of Liabilities as Current and Non-Current* | 1 January 2024 |
| Amendments to IAS 1 *Non-Current Liabilities with Covenants* | 1 January 2024 |
| Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback* | 1 January 2024 |
| Amendments to IFRS 7 and IAS 7 *Supplier Finance Arrangements* | 1 January 2024 |
| Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Deferred indefinitely |

The directors of the Company expect that 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.

## 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 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (a) Basis of Preparation (Continued)

***Going concern assumption***

For the financial year ended 30 June 2023, the Group has incurred a net loss before income tax of RMB161,846,000 (2022: RMB99,493,000). As at 30 June 2023, the Group has net current assets of RMB331,666,000 (2022: RMB492,759,000), which include properties held under development of RMB343,991,000 (2022: RMB450,903,000) and properties held for sale of RMB1,115,476,000 (2022: RMB1,072,034,000) (collectively the "properties").

The ability of the Group to continue as a going concern is dependent on the realisation of these properties in time to generate the cash flows needed to discharge its liabilities as and when they fall due and/or the extension/roll-over of the payment tenure of the Group's borrowings and other liabilities.

The above conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business.

Nevertheless, in the preparation of the financial statements of the Group, the directors and management of the Company believe that the use of going concern assumption is appropriate after taking into consideration:

(i) For the current financial year, the Group has net cash generated from operating activities of RMB73,858,000 (2022: net cash used in operating activities of RMB19,575,000);

(ii) Barring unforeseen circumstances, the Board of Directors and management are of the view that the Group will have sufficient working capital and will be able to meet its obligations as and when they fall due based on the cash flow forecast for the next 12 months;

(iii) The Group has successfully extended one of its bank loans subsequent to the financial year end for another two years. Historically, the Group has always managed to extend their bank loans;

(iv) One of its major suppliers has agreed not to demand for repayment for the next 12 months; and

(v) The Government of PRC has rolled out stimulus such as easing of mortgage restrictions to boost property sales.

In the event that the Group is unable to continue as a going concern, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (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 interests that represent 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.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 valuer with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the statements 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

***The Group as lessee***

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Leases (Continued)

***The Group as lessee (Continued)***

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Leases (Continued)

***Short-term lease and lease of low-value assets***

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payment on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

***The Group as lessor***

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Income arising from these leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the rental income.

Sub-lease arrangements where the Group acts as an intermediate lessor are classified as finance or operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset. Where the Group has applied the short-term exemptions to the head lease, then the sub-lease will be classified as an operating lease.

### (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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Financial Assets

***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.

Accounts 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.

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

*Subsequent measurement*

Debt instruments

Debt instruments mainly comprise "deposit paid", "loan receivables", "accounts receivables", "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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Financial Assets (Continued)

***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.

*Simplified approach – accounts receivables and contract assets*

The Group applies the simplified approach to provide ECLs for all accounts 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 – loan receivables and other receivables*

The Group applies the general approach to provide for ECLs on its loan receivables and 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Financial Assets (Continued)

***Impairment (Continued)***

*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);
- 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Financial Assets (Continued)

***Recognition and derecognition (Continued)***

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.

### (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 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.

### (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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (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***

Financial liabilities 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.

### (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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Provisions and Contingent Liabilities (Continued)

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

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 "interest-bearing bank and other borrowings".

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

### (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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (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.

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) Revenue Recognition

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (q) Revenue Recognition (Continued)

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:

*i.* ***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.

*ii.* ***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.

*iii.* ***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.

*iv.* ***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.

*v.* ***Income from hotel, food and beverage***

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

### (r) 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (s) 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.

### (t) 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.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (t) Income Tax (Continued)

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.

### (u) 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (u) Retirement Benefits (Continued)

#### a. *Retirement benefits to employees (Continued)*

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)

### (v) 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); or

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)

### (w) 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 to be 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 2023 are disclosed in Notes 17 and 18 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. Loss allowance for accounts receivables and contract assets*

The Group uses a provision matrix to calculate ECLs for accounts receivables 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 receivables and contract assets as at 30 June 2023 are disclosed in Notes 19 and 21 respectively.

#### *iv. Loss allowance for loan receivables 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 debtors and general economic conditions of the industries in which the debtors 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 receivables and other receivables. The above assessment is after taking into account the current financial status of the debtors.

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

The carrying amounts of the Group's loan receivables and other receivables as at 30 June 2023 are disclosed in Notes 16 and 20 respectively.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (a) Critical Accounting Estimates and Assumptions (Continued)

#### *v. 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.

As at 30 June 2023, the carrying amount of the Group's income tax payable was RMB309,464,000 (2022: RMB239,832,000).

As at 30 June 2023, the carrying amount of deferred tax assets and deferred tax liabilities are disclosed in Note 26.

#### *vi. Impairment of investments in subsidiaries*

The Company follows the guidance of IAS 36 in determining whether an investment in subsidiaries is 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 in subsidiaries 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.

### (b) Critical Judgement in applying the Accounting Policies

#### *Revenue recognition*

The Group has recognised revenue from sale of properties held for sale during the financial year as disclosed in Note 6. The assessment of when the Group 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(q) 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 financial years ended 30 June 2023 and 30 June 2022.

## 6 REVENUE AND OTHER INCOME AND GAINS

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

| | **Group** | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| **Revenue** | | |
| *Recognised at a point in time, derived from the PRC* | | |
| Proceeds from sale of properties held for sale | **239,624** | 79,180 |
| **Other income and gains** | | |
| Interest income from bank deposits | **127** | 163 |
| Interest income from loan receivables | **8,656** | 10,343 |
| Admission ticket and in-park recreation income | **3,299** | 6,963 |
| Rental income from investment properties | **16,031** | 15,212 |
| Building management fee income | **994** | 1,780 |
| Income from hotel, food and beverage | **–** | 200 |
| Gain/(Loss) on disposal of property, plant and equipment | **296** | (199) |
| Others | **2,909** | 2,194 |
| | **32,312** | 36,656 |

## 7 OPERATING LOSS

| | Group 2023 RMB'000 | Group 2022 RMB'000 |
|---|---|---|
| Operating loss is arrived at after charging/(crediting): | | |
| Auditor's remuneration | | |
| – Audit service from auditors of the Company | **634** | 510 |
| – Audit service from other auditors (network firm) | **350** | 350 |
| – Non-audit service | **–** | – |
| | **984** | 860 |
| Amortisation of land use rights *(Note 15)* | **287** | 287 |
| Cost of sales | | |
| – Cost of properties sold | **170,353** | 48,331 |
| Depreciation of property, plant and equipment *(Note 13)* | **5,589** | 5,441 |
| Property management fee | **4,923** | 2,784 |
| Rental expenses (low value assets) | **319** | 481 |
| Direct operating expenses arising from investment properties *(Note 14)* | **8,299** | 5,512 |
| Advertising and promotion expenses | **4,488** | 1,795 |
| Commission expenses | **6,108** | 13,267 |
| Entertainment expenses | **3,209** | 5,352 |
| Legal and professional fees | **1,714** | 3,035 |
| Travelling expenses | **874** | 1,009 |
| Staff costs, including Directors' remuneration *(Note)* | | |
| – Wages and salaries, allowances and benefits in kind | **22,458** | 24,014 |
| – Retirement scheme contribution | **3,247** | 3,115 |
| Less: amount capitalised in | | |
| – Properties held under development | **(1,028)** | (1,246) |
| | **24,677** | 25,883 |
| Other taxes | **2,165** | 2,456 |

*Note:* Included in administrative expenses, selling expenses and other operating expenses of RMB23,384,000, RMB1,293,000, RMB1,028,000 (2022: RMB25,395,000, RMB1,563,000, RMB1,246,000) respectively are staff costs for the Group.

## 8 FINANCE COSTS

| | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| Loans from banks and other financial institutions | **17,750** | 24,226 |
| Other loans | **41,911** | 46,018 |
| | **59,661** | 70,244 |
| Less: amount capitalised in properties held under development | **(23,633)** | (49,687) |
| | **36,028** | 20,557 |

The weighted average capitalisation rate of borrowings was 13.02% (2022: 15.65%) per annum for the year.

## 9 INCOME TAX EXPENSE

| | *Notes* | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| **Current income tax – PRC** | | | |
| – Enterprise Income Tax ("EIT") | *(a)* | **2,260** | 406 |
| – Land Appreciation Tax ("LAT") | *(b)* | **37,182** | 59,467 |
| – Underprovision in respect of prior years | | **44,000** | – |
| | | **83,442** | 59,873 |
| **Deferred tax – PRC** *(Note 26)* | | **(11,170)** | (31,706) |
| **Total income tax expense** | | **72,272** | 28,167 |

*Notes:*

(a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2022: 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 loss at applicable tax rates is as follows:

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| Loss before income tax | **(161,846)** | (99,493) |
| Tax on loss before income tax, calculated at the rate applicable to losses in the PRC | **(40,461)** | (24,873) |
| Tax effect of non-deductible expenses | **37,176** | 14,762 |
| Provision for LAT | **37,182** | 59,467 |
| Tax effect on EIT of LAT payable | **(9,296)** | (14,867) |
| Effect of tax loss not recognised | **3,671** | – |
| Utilisation of tax losses | **–** | (6,322) |
| Underprovision in respect of prior years | **44,000** | – |
| Total income tax expense | **72,272** | 28,167 |

Non-deductible expenses mainly pertain to depreciation of property, plant and equipment, allowance for write down of properties and impairment loss on loan receivables and other receivables.

## 10 DIVIDENDS

The Directors do not recommend the payment of final dividend for the financial years ended 30 June 2023 and 2022.

## 11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the loss attributable to owners of the Company of RMB210,970,000 (2022: RMB100,090,000) and on 69,400,000 (2022: 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 | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| Unlisted investments, at cost | **134,381** | 134,381 |
| Due from subsidiaries | **335,419** | 326,406 |

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

## 12 INTEREST IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

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 2023 % | 2022 % |
|---|---|---|---|---|
| **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 |
| 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 |
| 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 | **57** | 57 |
| Wanyuan Dabashan Tourism Co., Ltd.*/(a) | PRC | Tourism development, PRC | **57** | 57 |
| Wanyuan Yuanbang Property Development Co., Ltd.*/(a) | PRC | Property development, PRC | **57** | 57 |

## 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 2023 % | 2022 % |
|---|---|---|---|---|
| **Indirectly held:** (Continued) | | | | |
| Wanyuan Mingyue Bashan Hotel Management Co., Ltd.*/(a) | PRC | Hotel business and tourism development, PRC | **57** | 57 |
| Wanyuan Yuanbang Property Management Co., Ltd.*/(a) | PRC | Property management, PRC | **57** | 57 |
| Wanyuan Yuanbang Modern Agricultural Development Co,. Ltd.*/(a) | PRC | Agricultural tourism development, PRC | **57** | 57 |
| Tonghua Litong Real Estate Development Co., Ltd. ("Tonghua Litong")* | PRC | Property development, PRC | **94** | 94 |
| 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 |
| 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.*/(b) | PRC | Property development, PRC | **–** | 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 names of these companies are in Chinese.*

** *As at 30 June 2023, the registered capital has not been fully paid.*

(a) *held by Wanyuan Resort*

(b) *deregistered on 21 October 2022*

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

The financial statements of the above subsidiaries for the year ended 30 June 2023 have been audited by Da Hua Certified Public Accountants, PRC for the purpose of incorporation into the Group's financial statements.

Set out below are the summarised financial information for the subsidiaries that had non-controlling interests which is material to the Group, before any intragroup 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 subgroup | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| **Non-controlling interests' percentage** | **49%** | 49% | **6%** | 6% | **25%** | 25% | **43%** | 43% |
| **Summarised statement of financial position** | | | | | | | | |
| **As at 30 June** | | | | | | | | |
| **Current** | | | | | | | | |
| Assets | **635,135** | 639,538 | **665,591** | 711,847 | **176,375** | 225,552 | **163,949** | 142,995 |
| Liabilities | **(68,523)** | (68,570) | **(626,713)** | (592,312) | **(294,785)** | (313,352) | **(237,873)** | (203,527) |
| **Total net current assets/(liabilities)** | **566,612** | 570,968 | **38,878** | 119,535 | **(118,410)** | (87,800) | **(73,924)** | (60,532) |
| **Non-current** | | | | | | | | |
| Assets | **11,138** | 11,138 | **7,456** | 7,673 | **6,193** | 6,218 | **80,302** | 84,737 |
| Liabilities | **–** | – | **–** | – | **(15,100)** | – | **(42,900)** | (49,500) |
| **Total net non-current assets/(liabilities)** | **11,138** | 11,138 | **7,456** | 7,673 | **(8,907)** | 6,218 | **37,402** | 35,237 |
| **Net assets/(liabilities)** | **577,750** | 582,106 | **46,334** | 127,208 | **(127,317)** | (81,582) | **(36,522)** | (25,295) |
| **Accumulated non-controlling interests** | **283,098** | 285,232 | **2,780** | 7,632 | **(31,829)** | (20,396) | **(15,704)** | (10,877) |
| **Summarised statement of comprehensive income** | | | | | | | | |
| **For the year ended 30 June** | | | | | | | | |
| Revenue | **1,011** | 15,825 | **28,984** | 24,565 | **6,496** | 8,210 | **–** | – |
| (Loss)/Profit before income tax | **(4,355)** | 9,366 | **(36,874)** | (54,478) | **(45,733)** | 122 | **(11,226)** | (10,741) |
| Income tax expense | **–** | (51,656) | **(44,000)** | 12,829 | **–** | (181) | **–** | 27 |
| Other comprehensive income | **–** | – | **–** | – | **–** | – | **–** | – |
| Total comprehensive loss | **(4,355)** | (42,290) | **(80,874)** | (41,649) | **(45,733)** | (59) | **(11,226)** | (10,714) |
| Total comprehensive loss allocated to non-controlling interests | **(2,134)** | (20,722) | **(4,852)** | (2,499) | **(11,433)** | (15) | **(4,827)** | (4,607) |
| Dividends paid to non-controlling interests | **–** | – | **–** | – | **–** | – | **–** | – |

No dividends were paid to non-controlling interests for the financial years ended 30 June 2023 and 2022.

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

| | New Zhong Yuan | | Tonghua Litong | | Weihai City Golden Harbor | | Wanyuan Resort subgroup | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | **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 (used in)/generated from operating activities | **(1,000)** | (29,604) | **137,112** | (7,226) | **8,475** | 12,031 | **85** | (1,497) |
| Cash flows generated from/ (used in) investing activities | **664** | 664 | **7,575** | 8,031 | **–** | – | **(111)** | 1,340 |
| Cash flows used in financing activities | **–** | – | **(136,000)** | – | **(9,052)** | (11,732) | **(6,600)** | – |
| Net cash (outflow)/inflow | **(336)** | (28,940) | **8,687** | 805 | **(577)** | 299 | **(6,626)** | (157) |

## 13 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold buildings RMB'000 | Leasehold improvements RMB'000 | Parks and other properties RMB'000 | Furniture, fixtures and office equipment RMB'000 | Motor vehicles RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Year ended 30 June 2023** | | | | | | | |
| Opening net carrying amount | **8,879** | **24** | **65,294** | **1,479** | **1,426** | **23,140** | **100,242** |
| Additions | **–** | **–** | **–** | **8** | **–** | **112** | **120** |
| Disposals | **(178)** | **(6)** | **–** | **(43)** | **(40)** | **–** | **(267)** |
| Depreciation | **(788)** | **–** | **(4,356)** | **(133)** | **(330)** | **–** | **(5,607)** |
| **Closing net carrying amount** | **7,913** | **18** | **60,938** | **1,311** | **1,056** | **23,252** | **94,488** |
| **At 30 June 2023** | | | | | | | |
| Cost | **13,790** | **25,344** | **87,098** | **8,977** | **20,458** | **23,252** | **178,919** |
| Accumulated depreciation | **(5,877)** | **(25,326)** | **(26,160)** | **(7,666)** | **(19,402)** | **–** | **(84,431)** |
| **Net carrying amount** | **7,913** | **18** | **60,938** | **1,311** | **1,056** | **23,252** | **94,488** |

## 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

| | Leasehold buildings RMB'000 | Leasehold improvements RMB'000 | Parks and other properties RMB'000 | Furniture, fixtures and office equipment RMB'000 | Motor vehicles RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Year ended 30 June 2022** | | | | | | | |
| Opening net carrying amount | 9,561 | 139 | 69,649 | 1,658 | 2,482 | 22,620 | 106,109 |
| Additions | – | – | – | 147 | 272 | 520 | 939 |
| Disposals | – | – | – | – | (1,041) | – | (1,041) |
| Depreciation | (682) | (115) | (4,355) | (326) | (287) | – | (5,765) |
| **Closing net carrying amount** | 8,879 | 24 | 65,294 | 1,479 | 1,426 | 23,140 | 100,242 |
| **At 30 June 2022** | | | | | | | |
| Cost | 16,443 | 26,423 | 87,099 | 9,978 | 21,704 | 23,140 | 184,787 |
| Accumulated depreciation | (7,564) | (26,399) | (21,805) | (8,499) | (20,278) | – | (84,545) |
| **Net carrying amount** | 8,879 | 24 | 65,294 | 1,479 | 1,426 | 23,140 | 100,242 |

The leasehold buildings of the Group are located at Guangzhou, Guangdong Province, the PRC with lease terms expiring in 2052 (2022: 2052).

As 30 June 2023, certain parks and other properties of the Group with carrying amount of approximately RMB35,274,000 (2022: RMB37,958,000) and certain construction in progress of the Group with carrying amount of approximately RMB2,779,000 (2022: RMB2,762,000) were pledged to secure loans from banks and other financial institutions of the Group (Note 25(a)).

At 30 June 2023, certain properties of the Group amounting to RMB18,365,000 (2022: RMB18,365,000) for which the Group is still in the process of obtaining the property ownership certificates. In the opinion of the Directors, the Group has obtained the right to use these other properties. As advised by the Group's PRC legal adviser, there is no legal impediment for the Group to obtain these property ownership certificates and respective land use rights certificates.

## 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation charges have been included in:

| | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| Consolidated statement of financial position | | |
| – Capitalised in properties held under development | **8** | 48 |
| – Capitalised in construction in progress under property, plant and equipment | **10** | 276 |
| | **18** | 324 |
| Consolidated statement of comprehensive income *(Note 7)* | | |
| – Selling expenses | **20** | 17 |
| – Administrative expenses | **5,569** | 5,424 |
| | **5,589** | 5,441 |
| | **5,607** | 5,765 |

## 14 INVESTMENT PROPERTIES

| | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| Carrying amount at beginning of the year | **555,500** | 570,400 |
| Fair value adjustments | **(44,680)** | (14,900) |
| Carrying amount at end of the year | **510,820** | 555,500 |

Investment properties included leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2058 (2022: 2042 to 2058). For the financial years ended 30 June 2023 and 2022, certain investment properties of the Group were leased out to non-related parties for rental income under operating lease (Note 6).

At 30 June 2023, certain investment properties of the Group with carrying amount of approximately RMB360,574,000 (2022: RMB477,182,000) 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 RMB16,031,000 (2022: RMB15,212,000); and direct operating expenses amounted to RMB8,299,000 (2022: RMB5,512,000).

The fair value of the investment properties as at 30 June 2023 and 2022 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.

## 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 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| Opening balance (level 3 recurring fair value) | **555,500** | 570,400 |
| Change in fair value of investment properties | **(44,680)** | (14,900) |
| Closing balance (level 3 recurring fair value) | **510,820** | 555,500 |
| Change in unrealised loss for the year included in profit or loss for investment properties at 30 June | **(44,680)** | (14,900) |

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 2023 | 2022 |
|---|---|---|---|---|---|---|
| Commercial offices | 3 | Income approach | Reversionary yield | The higher the reversionary yield, the lower the fair value | **4.50%** | 4.50% |
| | | | Reversionary monthly rental income (RMB/sq m) | The higher the reversionary monthly rental income, the higher the fair value | **59.00 – 118.00** | 59.00 – 119.00 |
| 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 | **26.00 – 491.00** | 31.00 – 520.00 |
| 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 2023 and 2022.

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 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| **At the beginning of the year** | | |
| Cost | **12,316** | 12,316 |
| Accumulated amortisation | **(3,371)** | (3,084) |
| Net carrying amount | **8,945** | 9,232 |
| Opening net carrying amount | **8,945** | 9,232 |
| Amortisation *(Note 7)* | **(287)** | (287) |
| Closing net carrying amount | **8,658** | 8,945 |
| **At the end of the year** | | |
| Cost | **12,316** | 12,316 |
| Accumulated amortisation | **(3,658)** | (3,371) |
| Net carrying amount | **8,658** | 8,945 |

Land use rights represented leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2072 (2022: 2042 to 2072).

At 30 June 2023, 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 2024.

## 16 LOAN RECEIVABLES

| | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| Fixed-rate loan receivables | | |
| – Loan I (i) | **35,920** | 32,960 |
| – Loan II (ii) | **59,449** | 53,753 |
| | **95,369** | 86,713 |
| Less: Allowance for impairment | | |
| – Loan I | **(24,371)** | (8,951) |
| – Loan II | **(22,388)** | (18,937) |
| | **(46,759)** | (27,888) |
| Net amount | **48,610** | 58,825 |
| Analysed as: | | |
| Current | **37,061** | 43,225 |
| Non-current | **11,549** | 15,600 |
| | **48,610** | 58,825 |

(i) The loan I due from a third party is interest bearing at 16% per annum. During the current financial year, the Group entered into a loan extension agreement with the third party, to extend the repayment over 30 months. The loan is secured by the third party's proceeds from the sales of its property development projects.

(ii) The loan II due from a third party is interest bearing at 16% per annum and the outstanding balance was subsequently settled on 1 July 2023, at the amount net of impairment.

The below table reconciles the impairment loss of loan receivables for the years ended 30 June 2023 and 2022:

| | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| At 1 July 2022 | **27,888** | 24,773 |
| Provision for impairment loss | **18,871** | 3,115 |
| At 30 June 2023 | **46,759** | 27,888 |

At 30 June 2023, the Group has determined the loss allowance for loan receivables of RMB46,759,000 (2022: RMB27,888,000). An impairment loss of RMB18,871,000 (2022: RMB3,115,000) has been recognised in profit or loss during the financial year ended 30 June 2023.

## 17 PROPERTIES HELD UNDER DEVELOPMENT

| | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| Leasehold interests in land located in the PRC | **36,941** | 73,979 |
| Development costs | **252,310** | 224,844 |
| Borrowing costs capitalised | **66,917** | 152,080 |
| | **356,018** | 450,903 |
| Less: Allowance for write down | **(12,177)** | – |
| | **343,991** | 450,903 |

Leasehold interests in land are located in the PRC and have lease terms expiring from 2045 to 2082 (2022: 2045 to 2082).

At 30 June 2023, certain properties held under development with carrying amounts of approximately RMB118,145,000 and Nil (2022: RMB116,491,000 and RMB87,596,000) were pledged to secure loans from banks and other financial institutions (Note 25(a)) and other loans (Note 25(b)) of the Group respectively.

At 30 June 2023, properties held under development of RMB89,913,000 (2022: RMB139,058,000) are expected to be recovered within 12 months. On completion, the properties are transferred to properties held for sale.

The below table represents the allowance for write down of properties held under development for the financial years ended 30 June 2023 and 2022:

| | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| At 1 July | **–** | – |
| Addition | **12,177** | – |
| At 30 June | **12,177** | – |

## 18 PROPERTIES HELD FOR SALE

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| Properties held for sale | **1,118,623** | 1,072,034 |
| Less: Allowance for write down | **(3,147)** | – |
| | **1,115,476** | 1,072,034 |

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2081 (2022: 2042 to 2081).

At 30 June 2023, certain properties held for sale with carrying amounts of approximately RMB8,244,000 and RMB75,902,000 (2022: RMB6,851,000 and RMB121,894,000) were pledged to secure loans from banks and other loans (Note 25(b)) of the Group respectively.

At 30 June 2023, certain properties held for sale with carrying amounts of approximately RMB31,607,000 (2022: RMB31,607,000) were frozen by the court under lawsuits (Note 24).

As at 30 June 2022, certain properties held for sale with carrying amounts of approximately RMB60,957,000 were frozen by court to proceed for auction to repay debts owing to a financial institution. The properties held for sale were transferred to the financial institution as a settlement as at 30 June 2023 (Note 25).

The below table represents the allowance for write down of properties held for sale for the financial years ended 30 June 2023 and 2022:

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| At 1 July | **–** | – |
| Addition | **3,147** | – |
| At 30 June | **3,147** | – |

## 19 ACCOUNTS RECEIVABLES

| | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| Accounts receivables | **33,359** | 33,521 |
| Less: Impairment losses recognised | **(6,134)** | (6,134) |
| | **27,225** | 27,387 |

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

At 30 June 2023, accounts receivables included the amount of approximately RMB32,730,000 (2022: RMB32,730,000) representing the receivable due from the purchaser of a property in Aqua Lake Grand City. In June 2018, the Group commenced a legal proceeding against the purchaser and certain equity holders of the purchaser (collectively referred to as the "Defendants") as they had breached the sale and purchase agreement for failing to settle outstanding balance of consideration of approximately RMB32,730,000 (2022: 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 the default interest and penalty for breaching the agreement and the cost of legal proceeding. In June 2019, the Supreme People's Court of Jiangxi Province adjudicated that the Defendants should pay the full amount of RMB32,730,000 to the Group. The Group is still in the process of demanding for the receivable balances from the Defendants as of 30 June 2023.

The below table represents the impairment loss of accounts receivables for the years ended 30 June 2023 and 2022:

| | Group 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|
| At 1 July and at 30 June | **6,134** | 6,134 |

At 30 June 2023, the Group had determined the loss allowance for accounts receivables to be approximately RMB6,134,000 (2022: RMB6,134,000). Management had assessed that there has not been a significant increase in credit risk since initial recognition and therefore, no additional allowance for impairment loss on accounts receivables is required during the financial years ended 30 June 2023 and 2022.

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

The Directors considered that the fair values of accounts receivables 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

| | Notes | Group 2023 RMB'000 | Group 2022 RMB'000 | Company 2023 RMB'000 | Company 2022 RMB'000 |
|---|---|---|---|---|---|
| Non-current asset: | | | | | |
| Deposit paid | *(a)* | **120,000** | 120,000 | **–** | – |
| Less: Impairment loss recognised for deposit paid | | **(8,772)** | (5,112) | **–** | – |
| | | **111,228** | 114,888 | **–** | – |
| Current assets: | | | | | |
| Prepayments | *(b)* | **86,622** | 74,224 | **–** | – |
| Deposits paid | | **975** | 1,382 | **–** | – |
| Other receivables | *(c)* | **586,707** | 558,811 | **1,542** | 1,422 |
| Less: Impairment loss recognised for other receivables | | **(202,873)** | (141,185) | **–** | – |
| | | **471,431** | 493,232 | **1,542** | 1,422 |

*Notes:*

(a) At 30 June 2023 and 2022, 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. At 30 June 2023, the Group had determined the loss allowance for deposit paid to be RMB8,772,000 (2022: RMB5,112,000). Impairment loss allowance of RMB3,660,000 (2022: RMB5,112,000) was recognised in profit or loss during the financial year ended 30 June 2023.

(b) At 30 June 2023 and 2022, prepayments substantially represented the advances made to the subcontractors for purchase of construction materials.

(c) At 30 June 2023, other receivables included the amounts of approximately RMB282,350,000 (2022: RMB282,350,000) 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 above, other receivables with carrying amount of approximately RMB184,816,000 (2022: RMB214,104,000) are unsecured, interest-free and repayable on demand and/or to be set off against construction costs.

At 30 June 2023, the Group had determined the loss allowance for other receivables to be approximately RMB211,645,000 (2022: RMB146,297,000), which included:

(i) an impairment loss allowance of RMB41,404,000 (2022: RMB41,404,000) on other receivables due from companies related to the non-controlling equity owners of New Zhong Yuan; and

(ii) an impairment loss allowance of RMB59,481,000 (2022: RMB39,856,000) provided for land bidding cost and land acquisition cost for the resettlement of a local school in Tonghua. The Group made the impairment loss as the court ruled against its claim of approximately RMB59,482,000 (RMB39,856,000) against the Tonghua local government which the court rejected in January 2023. The Group made the addition impairment loss of approximately RMB19,625,000 during the financial year ended 30 June 2023 and the net carrying value is reduced to Nil.

Total net impairment loss allowance of RMB65,348,000 (2022: RMB45,343,000) was recognised in profit or loss during the financial year ended 30 June 2023.

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 financial years ended 30 June 2023 and 2022:

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| At 1 July | **146,297** | 100,954 | **–** | – |
| Add: | | | | |
| Provision for impairment loss | **65,348** | 45,363 | **–** | – |
| Reversal of impairment loss | **–** | (20) | **–** | – |
| At 30 June | **211,645** | 146,297 | **–** | – |

## 21 CONTRACT ASSETS

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| Contract assets | **32,585** | 32,585 |

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 account receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.

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

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| As at 1 July and 30 June | **32,585** | 32,585 |

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 no allowance for impairment loss on contract assets is required during the financial years ended 30 June 2023 and 2022.

## 22 CASH AND BANK BALANCES

| | | Group | |
|---|---|---|---|
| | Notes | **2023 RMB'000** | 2022 RMB'000 |
| Cash and bank balances | *(a)* | **32,097** | 33,138 |
| Less: | | | |
| Deposits pledged against banking facilities granted to the mortgagees | *(b)* | **(3,716)** | (8,693) |
| Deposits restricted for bank and other loans | *(c)* | **(468)** | (988) |
| Deposits restricted for acquisition of land | | **(3)** | (4,561) |
| | | **(4,187)** | (14,242) |
| Cash and cash equivalents for the purpose of the consolidated statement of cash flows | | **27,910** | 18,896 |

*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 granted to the property purchasers.

(c) At 30 June 2023, the bank deposits represented amounts of approximately RMB468,000 (2022: RMB988,000) (Note 25(a)) with floating interest rates ranging from 0.08% to 0.30% (2022: 0.08% to 0.30%) per annum were pledged against bank loans. The pledge will last for the period from the date of drawdown of secured bank loans to the date when the bank loans are fully settled which is not later than September 2031 (2022: not later than September 2031).

At 30 June 2023, the Group had deposits and cash denominated in RMB amount of approximately RMB31,907,000 (2022: RMB33,121,000), 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 CONTRACT LIABILITIES

| | Group | | |
|---|---|---|---|
| | **2023** | 2022 | 2021 |
| | **RMB'000** | RMB'000 | RMB'000 |
| Contract liabilities | **707,473** | 607,603 | 399,324 |
| Revenue recognised in the current year that was included in the contract liabilities at the beginning of the year | **231,908** | 67,602 | 458,589 |
| Increase due to cash received, excluding amount recognised as revenue during the year | **331,778** | 275,881 | 309,043 |

Contract liabilities 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.

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2023 is RMB707,473,000 The Group expects to recognise RMB701,028,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2023 in the financial year 2024.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| Accounts payable | **454,990** | 330,684 | **–** | – |
| Accruals | **23,272** | 22,698 | **3,566** | 3,184 |
| Refundable deposits made by property purchasers | **3,692** | 3,810 | **–** | – |
| Other payables *(Note)* | **54,499** | 58,746 | **–** | – |
| | **81,463** | 85,254 | **3,566** | 3,184 |

## 24 ACCOUNTS PAYABLE/ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES (Continued)

*Note:* At 30 June 2023, other payables included the amount of approximately RMB31,907,000 (2022: RMB31,907,000) 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 (2022: 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 RMB13,918,000 (2022: RMB13,918,000) (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.

As at 30 June 2023, 49 (2022: 49) residential units of properties held for sale amounted to approximately RMB31,607,000 (2022: RMB31,607,000) (Note 18) remained frozen by the court, as these units have not yet been transferred and taken over by the remaining Plaintiffs. As advised by the Group's PRC legal adviser, the Directors are of the view that the risk and rewards of the 49 frozen units are retained in the Group.

As at 30 June 2022, the Group had an amount due to a former non-controlling equity owner of Tonghua Litong amounting to RMB22,977,000 relating to the acquisition of equity interest in Tonghua Litong in prior years. This amount was fully settled as at 30 June 2023.

At 30 June 2023 and 2022, other payables of the Group were unsecured, interest-free and repayable on demand.

## 25 INTEREST-BEARING BANK AND OTHER BORROWINGS

| | | Group | |
|---|---|---|---|
| | | **2023** | 2022 |
| | *Notes* | **RMB'000** | RMB'000 |
| Loans from banks and other financial institutions – secured | *(a)* | **277,472** | 314,872 |
| Other loans – secured | *(b)* | **207,690** | 359,400 |
| Other loans – unsecured | *(c)* | **28,876** | 26,615 |
| **Total bank and other borrowings** | | **514,038** | 700,887 |

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

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| Loans from banks and other financial institutions repayable | | |
| – within one year | **173,410** | 53,172 |
| – in the second to fifth year | **66,902** | 180,080 |
| – over five year | **37,160** | 81,620 |
| | **277,472** | 314,872 |
| Other loans repayable | | |
| – within one year | **1,400** | 343,200 |
| – in the second to fifth year | **235,166** | 42,815 |
| | **236,566** | 386,015 |
| **Total bank and other borrowings** | **514,038** | 700,887 |
| Less: Portion due within one year included under current liabilities | **(174,810)** | (396,372) |
| **Non-current portion included under non-current liabilities** | **339,228** | 304,515 |

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

*Notes:*

(a) At 30 June 2023, the Group's loans from banks and other financial institutions are secured by the pledge of the Group's property, plant and equipment (Note 13), construction in progress (Note 13), investment properties (Note 14), properties held under development (Note 17), properties held for sale (Note 18) and bank deposits (Note 22).

At 30 June 2023, the Group's loans from banks and other financial institutions are denominated in RMB and certain amounts approximately of RMB173,410,000 (2022: RMB53,172,000) are repayable in full no later than 22 June 2024 (2022: 22 June 2023) and bore interests at certain percentage above the benchmark lending rate of People's Bank of China ("PBOC") per annum. The effective interest rate ranged from 6.37% to 8.50% (2022: 6.37% to 8.77%) per annum.

(b) At 30 June 2023, the Group's secured other loans are denominated in RMB (2022: RMB).

During the financial year ended 30 June 2017, Tonghua Litong entered into a loan agreement with a financial institution in the PRC for a principal amount of RMB500,000,000 that bears interest rate of 7.50% per annum, From 10 May 2022, the default interest rate will be calculated at 11.25%, and expires on 20 December 2022. During the financial year ended 30 June 2023, the certain properties held for sale were transferred to the financial institution as a settlement for the outstanding loan of RMB136,000,000.

At 30 June 2023, the Group's other loans with carrying amounts of approximately RMB16,100,000 (2022: RMB17,100,000) is repayable on 12 September 2024 (2022: 9 October 2022) and bear interest rates at certain percentage above the benchmark lending rate of PBOC. The effective interest rate is 8.31% (2022: 8.31%) per annum. The respective other loans were secured by the certain properties held under development as disclosed in Note 17.

On 20 August 2019, Guangdong Yuanbang entered into loan agreement of RMB200,000,000 with a financial institution in the PRC. The loan bore fixed interest rate of 15.00% per annum, and expires on 22 August 2023. During the current financial year, the Group has made a repayment of RMB5,000,000 (2022: RMB13,000,000). In August 2022, the repayment date of the loan was extended to 22 August 2025. The loan was secured by a leasehold land owned by certain independent third parties and was under personal guarantee executed by the controlling shareholders of the Group.

At 30 June 2023, the Group's remaining other loans bear interest rate ranging from 4.90% to 15.00% (2022: 4.90% to 15.00%) and are secured by certain properties held for sale as disclosed in Note 18.

(c) The loans are denominated in Hong Kong Dollars ("HK$") and bear fixed interest rate of 9.71% (2022: 9.71%) per annum. The other loans under current portion are repayable from July 2023 to June 2024 (2022: July 2022 to June 2023). The other loans under non-current portion are repayable after 12 months to 24 months (2022: 12 months to 36 months) from the year ended 30 June 2023.

## 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% (2022: 25%) for the year.

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

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| Deferred tax assets | **68,704** | 68,704 |
| Deferred tax liabilities | **(120,783)** | (131,953) |
| Deferred tax liabilities, net | **(52,709)** | (63,249) |

## 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 IFRS 9 RMB'000 | Subtotal RMB'000 | Total RMB'000 |
| **At 30 June and 1 July 2021** | (135,678) | (135,678) | 13,799 | 13,102 | 13,822 | 40,723 | (94,955) |
| Credited to profit or loss *(Note 9)* | 3,725 | 3,725 | 4,474 | 8,228 | 15,279 | 27,981 | 31,706 |
| **At 30 June 2022** | **(131,953)** | **(131,953)** | **18,273** | **21,330** | **29,101** | **68,704** | **(63,249)** |
| Credited to profit or loss *(Note 9)* | **11,170** | **11,170** | **–** | **–** | **–** | **–** | **11,170** |
| **At 30 June 2023** | **(120,783)** | **(120,783)** | **18,273** | **21,330** | **29,101** | **68,704** | **(52,079)** |

At 30 June 2023, 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 RMB85,320,000 (2022: RMB85,320,000) to be utilised. The deferred tax assets of these tax losses of approximately RMB21,330,000 (2022: RMB21,330,000) 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 RMB190,612,000 (2022: RMB253,969,000) associated with undistributed earnings of PRC subsidiaries have not been recognised. At 30 June 2023, 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 2023 in the foreseeable future. Accordingly, no deferred tax liabilities have been recognised as at 30 June 2023 and 2022.

## 27 SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | **2023** | | 2022 | |
| | **Number of shares '000** | **Amount RMB'000** | Number of shares '000 | Amount RMB'000 |
| **Authorised:** | | | | |
| At the beginning and end of the financial year | **600,000** | **58,074** | 600,000 | 58,074 |
| **Issued and fully paid:** | | | | |
| At the beginning and end of the financial year | **69,400** | **6,255** | 69,400 | 6,225 |

## 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 of RMB35,064,000 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 and RMB127,627,000 arising from the Capital Reorganisation.

The contributed surplus of the Group represents the amount of credit arising from the Capital Reorganisation of RMB127,627,000.

### 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/reduction of interests in subsidiaries being acquired from/disposed to non-controlling interests.

The capital reserve as at 1 July and 30 June comprises the following items:

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| Reduction of 25% ownership interest in Wanyuan subgroup | **30,005** | 30,005 |
| Addition of 43% ownership interest in Tonghua Litong | **1,542** | 1,542 |
| | **31,547** | 31,547 |

### 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 of 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.

The translation reserve of the Company comprises of foreign exchange difference arise from the translation of the financial statements of the Company whose functional currency is in Hong Kong Dollar, which is different from its presentation currency of Renminbi.

## 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.

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 amounts 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 2023 and 2022 were as follows:

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| **Current liabilities** | | |
| Accounts payable | **454,990** | 330,684 |
| Accruals, deposits received and other payables | **81,463** | 85,254 |
| Interest-bearing bank and other borrowings | **174,810** | 396,372 |
| | **711,263** | 812,310 |
| **Non-current liabilities** | | |
| Interest-bearing bank and other borrowings | **339,228** | 304,515 |
| **Total debts** | **1,050,491** | 1,116,825 |
| Less: Cash and bank balances | **(32,097)** | (33,138) |
| **Net debts** | **1,018,394** | 1,083,687 |
| **Total equity** | **677,102** | 920,170 |
| **Net debts to equity ratio** | **150.40%** | 117.77% |

Except as disclosed in Note 28 on statutory reserves, the Group is not subject to any other externally imposed capital requirements for the financial years ended 30 June 2023 and 2022.

## 30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### Major non-cash transaction

During the financial year ended 30 June 2023, certain properties held under development with net carrying amounts of approximately RMB235,665,000 (2022: Nil) 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 2021 | 713,100 | – |
| Changes from cash flows: | | |
| Proceeds from bank and other borrowings by cash | 78,000 | – |
| Repayments of bank and other borrowings by cash | (90,876) | – |
| Interest paid | – | (20,557) |
| | 700,224 | (20,557) |
| Other changes: | | |
| Exchange difference | 663 | – |
| Interest expenses | – | 20,557 |
| At 30 June and 1 July 2022 | 700,887 | – |
| Changes from cash flows: | | |
| Repayments of bank and other borrowings by cash | **(39,314)** | **–** |
| Repayments of bank and other borrowings by transfer of properties held for sale | **(145,222)** | **–** |
| Interest paid | **–** | **(36,028)** |
| | **516,351** | **(36,028)** |
| Other changes: | | |
| Exchange difference | **(2,313)** | **–** |
| Interest expenses | **–** | **36,028** |
| At 30 June 2023 | **514,038** | **–** |

## 31 CAPITAL COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

| | Group | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| Contracted but not provided for in respect of: | | |
| – Construction in progress | **18,937** | 18,937 |
| – Properties held under development | **66,027** | 108,041 |

The Company did not have any commitments as at 30 June 2023 and 2022.

## 32 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 | |
|---|---|---|
| | **2023** | 2022 |
| | **RMB'000** | RMB'000 |
| Not later than one year | **3,559** | 11,276 |
| Later than one year but not later than five years | **1,364** | 3,559 |
| | **4,923** | 14,835 |

The Group leases out certain properties under operating lease arrangements which run for initial periods of one to four years (2022: one to four 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.

## 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.

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (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.

***Sensitivity analysis***

At 30 June 2023, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss for the year by approximately RMB1,285,000 (2022: RMB1,752,000). 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 financial year ended 30 June 2022 has been prepared on the same basis.

The Company does not have any exposure to interest rate risk at the reporting date.

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (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** | |
|---|---|---|
| | **2023** | 2022 |
| | **HK$** | HK$ |
| Bank balances | **190** | 17 |
| Other borrowings | **(28,876)** | (26,615) |
| Overall net exposure | **(28,686)** | (26,598) |

***Sensitivity analysis***

The following table indicates the approximate change in the Group's 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.

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Increase/ (Decrease) in foreign exchange rates** | **Effect on loss for the year RMB'000** | Increase/ (Decrease) in foreign exchange rates | Effect on loss for the year RMB'000 |
| HK$ | **+5%** | **1,434** | +5% | 1,330 |
| | **-5%** | **(1,434)** | -5% | (1,330) |

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.

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (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.

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 statements 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 accounts receivables, loan receivables 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.

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iii) Credit risk (Continued)

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 (>30 days). | 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 (>90 days). | 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 BB+ 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.

***Accounts receivables 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 receivables and contract assets. In measuring the expected credit losses, accounts receivables 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.

Management has assessed that there has not been a significant increase in credit risk since initial recognition, therefore no additional allowance for impairment loss on accounts receivables and contract assets is required for both financial years ended 30 June 2023 and 2022. The details of the loss allowance are disclosed in Note 19.

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iii) Credit risk (Continued)

***Loan receivables 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 2023, the Group recognised a net allowance for impairment loss of RMB18,871,000 and RMB65,348,000 (2022: RMB3,115,000 and RMB45,343,000) on loan receivables and other receivables respectively. The details of the loss allowance are disclosed in Notes 16 and 20 respectively.

***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:

| | Internal credit rating | ECL | Gross carrying amount RMB'000 | Loss allowance RMB'000 | Net carrying amount RMB'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2023** | | | | | |
| Accounts receivables *(Note 19)* | *Note 1* | Lifetime ECL (Simplified) | **33,359** | **(6,134)** | **27,225** |
| Deposit paid *(Note 20)* | *Note 1* | 12-month ECL | **120,975** | **(8,772)** | **112,203** |
| Other receivables *(Note 20)* | *Note 1* | 12-month ECL | **586,707** | **(202,873)** | **383,834** |
| Contract assets *(Note 21)* | Performing | Lifetime ECL (Simplified) | **32,585** | **–** | **32,585** |
| Loan receivables *(Note 16)* | *Note 1* | 12-month ECL | **95,369** | **(46,759)** | **48,610** |
| **Group** | | | | | |
| **2022** | | | | | |
| Accounts receivables *(Note 19)* | *Note 1* | Lifetime ECL (Simplified) | 33,521 | (6,134) | 27,387 |
| Deposit paid *(Note 20)* | *Note 1* | 12-month ECL | 121,382 | (5,112) | 116,270 |
| Other receivables *(Note 20)* | *Note 1* | 12-month ECL | 558,811 | (141,185) | 417,626 |
| Contract assets *(Note 21)* | Performing | Lifetime ECL (Simplified) | 32,585 | – | 32,585 |
| Loan receivables *(Note 16)* | *Note 1* | 12-month ECL | 86,713 | (27,888) | 58,825 |

*Note 1:* The Group have applied the simplified and general approach in IFRS 9 to measure the loss allowance of account receivables 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:

| | Internal credit rating | ECL | Gross carrying amount RMB'000 | Loss allowance RMB'000 | Net carrying amount RMB'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2023** | | | | | |
| Other receivables *(Note 20)* | Performing | 12-month ECL | **1,542** | **–** | **1,542** |
| Due from subsidiaries *(Note 12)* | Performing | 12-month ECL | **335,419** | **–** | **335,419** |
| **Company** | | | | | |
| **2022** | | | | | |
| Other receivables *(Note 20)* | Performing | 12-month ECL | 1,422 | – | 1,422 |
| Due from subsidiaries *(Note 12)* | Performing | 12-month ECL | 326,206 | – | 326,206 |

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.

### (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.

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iv) Liquidity risk (Continued)

As at 30 June 2023 and 2022, the remaining contractual maturities of the Group's financial liabilities which are based on undiscounted cash flows are summarised below:

| | 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 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **At 30 June 2023** | | | | | | |
| – Accounts payable | **454,990** | **454,990** | **454,990** | **–** | **–** | **–** |
| – Accruals, deposits received and other payables | **81,463** | **81,463** | **81,463** | **–** | **–** | **–** |
| – Interest-bearing bank and other borrowings | **514,038** | **580,286** | **–** | **60,511** | **154,729** | **365,046** |
| | **1,050,491** | **1,116,739** | **536,453** | **60,511** | **154,729** | **365,046** |
| – Financial guarantee issued maximum amount guaranteed | **–** | **566,100** | **566,100** | **–** | **–** | **–** |
| | **1,050,491** | **1,682,839** | **1,102,553** | **60,511** | **154,729** | **365,046** |
| **Group** | | | | | | |
| **At 30 June 2022** | | | | | | |
| – Accounts payable | 330,684 | 330,684 | 330,684 | – | – | – |
| – Accruals, deposits received and other payables | 85,254 | 85,254 | 85,254 | – | – | – |
| – Interest-bearing bank and other borrowings | 700,887 | 779,229 | 2,701 | 338,349 | 85,824 | 352,355 |
| | 1,116,825 | 1,195,167 | 418,639 | 338,349 | 85,824 | 352,355 |
| – Financial guarantee issued maximum amount guaranteed | – | 1,264,409 | 1,264,409 | – | – | – |
| | 1,116,825 | 2,459,576 | 1,683,048 | 338,349 | 85,824 | 352,355 |

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 the loss allowance is Immaterial (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.

## 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (iv) Liquidity risk (Continued)

At 30 June 2023 and 2022, the Company held no material financial liabilities and the Company ensures 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 non-current interest-bearing bank and other borrowings are not materially different from their carrying amounts at the reporting date.

At 30 June 2023 and 2022, no financial assets and financial liabilities are measured at fair value in the statements of financial position.

## 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 2023 and 2022 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 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| **Financial assets** | | | | |
| At amortised cost | | | | |
| – Accounts receivables, refundable deposits paid and other receivables | **523,262** | 561,283 | **1,542** | 1,422 |
| – Due from subsidiaries | **–** | – | **335,419** | 326,406 |
| – Loan receivables | **48,610** | 58,825 | **–** | – |
| – Cash and bank balances | **32,097** | 33,138 | **–** | – |
| – Contract assets | **32,585** | 32,585 | **–** | – |
| | **636,554** | 685,831 | **336,961** | 327,828 |
| **Financial liabilities** | | | | |
| At amortised cost | | | | |
| – Accounts payable, accruals, deposits received and other payables | **536,453** | 415,938 | **3,566** | 3,184 |
| – Interest-bearing bank and other borrowings | **514,038** | 700,887 | **–** | – |
| | **1,050,491** | 1,116,825 | **3,566** | 3,184 |

## 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 2023 RMB'000 | Group 2022 RMB'000 |
|---|---|---|---|
| Kaiping Qingshi Auto Parts Co., Ltd.* *(Note)* | Interest income | **–** | 700 |

*Note:* Mr. Zhou Jiangtao, a director of the Company, was previously a legal representative of Kaiping Qingshi and held an effective equity interest of 28.6% in Kaiping Qingshi. As at 30 June 2023, Kaiping Qingshi was not regarded as a related party due to Mr. Zhou Jiangtao had disposed of all his equity interest in Kaiping Qingshi to an independent third party and is no longer the legal representative of Kaiping Qingshi on 10 September 2021.

* The English translation of the company name is for reference only; the official name of the company is 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 2023 RMB'000 | Group 2022 RMB'000 |
|---|---|---|
| **Directors' emoluments** | | |
| – Director's fee | **544** | 545 |
| – Salaries and wages, allowances and benefits in kind | **1,050** | 937 |
| – Retirement scheme contributions | **–** | 44 |
| | **1,594** | 1,526 |
| **Key management personnel** | | |
| – Salaries and wages, allowances and benefits in kind | **1,023** | 1,163 |
| – Retirement scheme contributions | **15** | 90 |
| | **1,038** | 1,253 |

## 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 RMB663,754,000 (2022: RMB691,809,000) 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 of approximately RMB566,100,000 (2022: RMB572,600,000). No financial guarantee to bank for banking facilities was released during the financial years ended 30 June 2023 and 2022.

    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 2023 and 2022.

## 38 SUBSEQUENT EVENT

Subsequent to the financial year end, the Group extended a bank loan amounting to RMB30,070,000 that was due in July 2023 for another 24 months to July 2025.

# Shareholders' Information

## STATISTIC OF SHAREHOLDINGS AS AT 19 SEPTEMBER 2023

| | | |
|---|---|---|
| Authorised share capital | : | HK$600,000,000 |
| Issued and fully paid-up capital | : | HK$6,940,000 |
| Class of shares | : | 69,400,000 Ordinary shares of HK$0.10 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 | 2 | 0.12 | 20 | 0.00 |
| 100–1,000 | 997 | 61.51 | 454,770 | 0.66 |
| 1,001–10,000 | 514 | 31.71 | 1,845,800 | 2.66 |
| 10,001–1,000,000 | 102 | 6.29 | 9,260,580 | 13.34 |
| 1,000,001 and above | 6 | 0.37 | 57,838,830 | 83.34 |
| Total: | 1,621 | 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 AS AT 19 SEPTEMBER 2023

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | CHEN JIANFENG | 32,040,000 | 46.17 |
| 2 | PROVEN CHOICE GROUP LIMITED | 12,960,000 | 18.67 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD | 4,156,200 | 5.99 |
| 4 | DBS NOMINEES PTE LTD | 3,993,540 | 5.76 |
| 5 | JUSTIN TEO ZHIWEI | 3,450,000 | 4.97 |
| 6 | CHONG SIEN THYE ALBERT | 1,239,090 | 1.79 |
| 7 | LAU WEI PENG | 681,320 | 0.98 |
| 8 | IFAST FINANCIAL PTE LTD | 633,000 | 0.91 |
| 9 | RAFFLES NOMINEES (PTE) LIMITED | 596,479 | 0.86 |
| 10 | HSBC (SINGAPORE) NOMINEES PTE LTD | 491,100 | 0.71 |
| 11 | PHILLIP SECURITIES PTE LTD | 478,790 | 0.69 |
| 12 | 2G CAPITAL PTE LTD | 364,300 | 0.52 |
| 13 | OU YANG YAN TE | 363,280 | 0.52 |
| 14 | TEO YEONG KWEE | 353,200 | 0.51 |
| 15 | CHOO KIM HIONG | 343,900 | 0.5 |
| 16 | UOB KAY HIAN PTE LTD | 256,000 | 0.37 |
| 17 | NG SENG CHOO | 250,000 | 0.36 |
| 18 | KWAN CHEE SENG | 204,000 | 0.29 |
| 19 | NG CHUEN GUAN (HUANG JUNYUAN) | 204,000 | 0.29 |
| 20 | ESW CAPITAL MARKETS PTE LTD | 204,000 | 0.29 |
| | Total: | 63,262,199 | 91.15 |

## 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 Nominees Pte Ltd.

(2) Madam Lin Yeju is deemed to be interested in all the Shares that her spouse, Mr. Chen Jianfeng, is interested in.

(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 (the "Meeting" or "AGM") of CHINA YUANBANG PROPERTY HOLDINGS LIMITED (the "Company") will be held at The Pavilion, KLOUD Keppel Bay Tower, 1 HarbourFront Avenue, Level 13 Keppel Bay Tower, Singapore 098632 on Monday, 30 October 2023 at 3:00 p.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 2023 together with the Auditors' Report thereon.

**(Resolution 1)**

2. To re-elect the following Directors of the Company pursuant to the following Company's Bye-laws:

| | | | |
|---|---|---|---|
| (i) | Mr. Chong Eng Wee | (Retiring under Bye-law 85(6)) | **(Resolution 2)** |
| (ii) | Mr. Xia Weichang | (Retiring under Bye-law 86(1)) | **(Resolution 3)** |
| (iii) | Mdm. Lin Yeju | (Retiring under Bye-law 86(1)) | **(Resolution 4)** |

- *Mr. Chong will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee respectively. Mr. Chong 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. Chong required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.*

- *Mr. Xia will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee respectively. Mr. Xia will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information on Mr. Xia required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found in the Annual Report.*

- *Detailed information on Mdm. Lin 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$100,000/– for the financial year ending 30 June 2024, to be paid half-yearly in arrears (FY2023: S$100,000/–).

**(Resolution 5)**

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 6)**

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) options, 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) to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares 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, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the time 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 the exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Listing Manual; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company; and

(d) unless revoked or varied by the Company in a general meeting, such authority shall, 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 7)**

By Order of the Board

**Huang Tak Wai**
*Company Secretary*

13 October 2023

## Explanatory Notes to Resolution to be passed

(i) The Ordinary Resolution 7 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 by law or the Bye-Laws to be held or such authority is varied or revoked by the Company in a general meeting, 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 a number not exceeding fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of Company, of which up to twenty per cent. (20%) may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed, any subsequent bonus issue, consolidation or subdivision of shares.

*Notes:*

**Format of Meeting**

1. The Annual General Meeting (the "Meeting" or "AGM") will be held in a wholly physical format at The Pavilion, KLOUD Keppel Bay Tower, 1 HarbourFront Avenue, Level 13 Keppel Bay Tower, Singapore 09863. **There will be no option for shareholders to participate virtually.** This Notice of AGM is also made available on the Company's website at the URL http://www.yuanbang.com/fujihang/fuInvest?showType=1 and on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

**Appointment of Proxy(ies)**

1. A Member, including member being a Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), is entitled to appoint proxy/proxies to attend and vote in his/her/its stead. A proxy/proxies need not be a member of the Company.

   If a Member/Depositor wishes appoint a proxy/proxies to attend the Meeting, then he/she/it should complete the Proxy Form or Depositor Proxy Form (as applicable) (collectively, the "Proxy Form") and deposit the duly completed Proxy Form at the Singapore Share Transfer Agent, B.A.C.S. Private Limited, 77 Robinson Road #06-03, Robinson 77, Singapore 068896 or sent by email to main@zicoholdings.com at least forty-eight (48) hours before the time of the Meeting.

   **Members are strongly encouraged to submit completed Proxy Form electronically via email.**

2. If the Member/Depositor is a corporation, the instrument appointing proxy/proxies must be executed under seal or the hand of its duly authorised officer or attorney.

**Voting by proxy**

1. Members/Depositors who wish to vote on any or all of the resolutions at the AGM may appoint a proxy/proxies to do so on their behalf, indicating how the Member/Depositor wishes to vote for or vote against or abstain from voting on each resolution.

2. The duly executed Proxy Form must be deposited at the office of the **Singapore Share Transfer Agent at B.A.C.S. Private Limited, 77 Robinson Road #06-03, Robinson 77, Singapore 068896** or sent by email to main@zicoholdings.com not less than forty-eight (48) hours before the time appointed for the holding of the AGM.

3. SRS investors who wish to appoint a proxy/proxies should approach their respective SRS Operators to submit their votes by **at least seven (7) working days before the AGM (i.e. by 3:00 p.m. on 18 October 2023) in order to allow sufficient time for their respective relevant intermediaries to submit their votes by the cut-off date**.

**Submission of questions prior to the AGM**

1. Members/Depositors may submit questions relating to the resolutions to be tabled at the AGM in advance of the AGM by 5:00 p.m. on 23 October 2023 by post or by email as below:

   (i) by post to the Singapore Share Transfer Agent, B.A.C.S. Private Limited, 77 Robinson Road #06-03, Robinson 77, Singapore 068896; or

   (ii) by email IR@yuanbang.com

2. Members/Depositors, including SRS investors, who submit questions via email to the Company are required to provide the following information:

   (1) his/her/its full name;

   (2) his/her/its address; and

   (3) the manner in which his/her/its shares in the Company are held (e.g., via CDP or SRS), failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

3. The Company will address relevant and substantial questions (as may be determined by the Company in its sole discretion) received either before or during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one month after the date of AGM.

# Notice of Annual General Meeting

## Important reminder

**Members/Depositors are advised to regularly check the Company's announcements released on SGXNet for updates on the AGM.**

## Personal data privacy

By (a) submitting an instrument appointing a proxy(ies) and/or representative to vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM in accordance with this Notice, a Member/Depositor of the Company consents to the collection, use and disclosure of the Member's/Depositor's personal data by the Company (or its agents or service providers) for the following purposes:

(i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing a proxy(ies) for the AGM (including any adjournment thereof);

(ii) addressing relevant and substantial questions from Members/Depositors received in advance of the AGM and if necessary, following up with the relevant Members/Depositors in relation to such questions;

(iii) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

# China Yuanbang Property Holdings Limited

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

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