



CHINA YUANBANG PROPERTY HOLDINGS LIMITED
(Incorporated in Bermuda)
(Co. Reg. No: 39247)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2021

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group 6 months ended			Group 12 months ended		
		30/6/2021 RMB'000	30/6/2020 RMB'000	% Changes	30/6/2021 RMB'000	30/6/2020 RMB'000	% Changes
Revenue	3	317,614	368,973	(13.9)	500,291	577,148	(13.3)
Cost of sales		(223,326)	(222,179)	0.5	(344,010)	(365,037)	(5.8)
Gross profit		94,288	146,794	(35.8)	156,281	212,111	(26.3)
Other income and gains		18,520	30,604	(39.5)	45,858	57,988	(20.9)
Fair value adjustments on investment properties		600	(17,800)	N.M.	600	(17,800)	N.M.
Selling expenses		(5,845)	(3,336)	75.2	(9,486)	(10,633)	(10.8)
Administrative expenses		(42,874)	(39,407)	8.8	(64,482)	(61,148)	5.5
Other operating expenses		(33,954)	(22,837)	48.7	(41,836)	(37,570)	11.4
Operating profit		30,735	94,018	(67.3)	86,935	142,948	(39.2)
Finance costs		(9,188)	(7,324)	25.5	(17,489)	(16,625)	5.2
Profit before income tax	5	21,547	86,694	(75.1)	69,446	126,323	(45.0)
Income tax expense	6	(31,000)	(59,737)	(48.1)	(40,624)	(70,583)	(42.4)
(Loss)/ profit for the year		(9,453)	26,957	N.M.	28,822	55,740	(48.3)
Other comprehensive income, net of tax items, that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of financial statements of foreign operations		3,236	(1,154)	N.M.	5,738	5,222	9.9
Total comprehensive income for the year		(6,217)	25,803	N.M.	34,560	60,962	(43.3)
(Loss)/ profit attributable to:							
Owners of the Company		(12,318)	15,806	N.M.	24,055	46,010	(47.7)
Non-controlling interests		2,865	11,151	(74.3)	4,767	9,730	(51.0)
		(9,453)	26,957	N.M.	28,822	55,740	(48.3)
Total comprehensive income attributable to:							
Owners of the Company		(9,082)	14,652	N.M.	29,793	51,232	(41.8)
Non-controlling interests		2,865	11,151	(74.3)	4,767	9,730	(51.0)
		(6,217)	25,803	N.M.	34,560	60,962	(43.3)
(Loss)/ earnings per share for (loss)/ profit for the period attributable to the owners of the Company during the year:							
Basic and diluted (RMB dollar)		-0.18	0.23		0.35	0.66	

* N.M. = Not Meaningful

1(b)(i) A statement of financial position of the Company and the Group, together with a comparative statement as at the end of the immediately preceding financial year.

Condensed interim statements of financial position

	Note	Group		Company	
		30/6/2021 RMB'000	30/6/2020 RMB'000	30/6/2021 RMB'000	30/6/2020 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Interests in subsidiaries		-	-	134,381	134,381
Property, plant and equipment	7	106,109	105,469	-	-
Investment properties	8	570,400	569,800	-	-
Land use rights	9	9,232	9,529	-	-
Deposit paid		120,000	120,000	-	-
Loan receivables	10	24,215	-	-	-
Deferred tax assets		40,723	45,542	-	-
		870,679	850,340	134,381	134,381
Current assets					
Properties held under development	11	243,212	504,042	-	-
Properties held for sale	12	1,178,353	1,144,273	-	-
Accounts receivable		27,046	34,733	-	-
Prepayments, deposits paid and other receivables		495,777	493,349	1,386	1,501
Due from subsidiaries		-	-	326,204	325,477
Contract assets		32,585	32,585	-	-
Loan receivables	10	36,156	76,527	-	-
Cash and bank balances		81,468	80,510	-	-
		2,094,597	2,366,019	327,590	326,978
Current liabilities					
Accounts payable		347,969	411,803	-	-
Contract liabilities		399,324	548,870	-	-
Accruals, deposits received and other payables		85,751	166,384	2,103	3,051
Interest-bearing bank and other borrowings	13	417,516	113,073	-	-
Income tax payable		234,681	253,157	-	-
		1,485,241	1,493,287	2,103	3,051
Net current assets		609,356	872,732	325,487	323,927
Total assets less current liabilities		1,480,035	1,723,072	459,868	458,308
Non-current liabilities					
Interest-bearing bank and other borrowings	13	295,584	573,291	-	-
Deferred tax liabilities		135,678	135,568	-	-
		431,262	708,859	-	-
Net assets		1,048,773	1,014,213	459,868	458,308
EQUITY					
Equity attributable to owners of the Company					
Share capital		6,255	6,255	6,255	6,255
Reserves		791,550	761,757	453,613	452,053
		797,805	768,012	459,868	458,308
Non-controlling interests		250,968	246,201	-	-
Total equity		1,048,773	1,014,213	459,868	458,308

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2021		As at 30/06/2020	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
417,516	-	113,073	-

Amount repayable after one year

As at 30/06/2021		As at 30/06/2020	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
269,632	25,952	545,625	27,666

Details of any collateral

As at 30 June 2021, the Group's interest-bearing borrowings from banks and other financial institutions of RMB 302.8 million (2020: RMB220.5 million) and other borrowings of RMB 410.3 million (2020: RMB438.2 million) were secured by the pledge of the Group's properties held under development, properties held for sale, bank deposits, construction in progress, investment properties, property plant and equipment of RMB144.2 million, RMB241.4 million, RMB4.2 million, RMB2.7million, RMB549.1 million, RMB393.7 million (2020: RMB57.9 million, RMB348.1 million, RMB1.5 million, RMB nil, RMB515.4 million, RMB535.9 million), respectively.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim consolidated statement of cash flows

	Group	
	12 mths ended 30/6/2021 RMB'000	30/6/2020 RMB'000
Cash flows from operating activities		
Profit before income tax	69,446	126,323
Adjustments for:		
Amortisation of land use rights	297	277
Depreciation of property, plant and equipment	5,877	5,488
Fair value adjustments on investment properties	(600)	17,800
Interest expense	17,489	16,625
Interest income	(9,586)	(18,610)
Gain on disposals of property, plant and equipment	82	(104)
Impairment loss on other receivables	8,012	17,166
Impairment loss on loan receivables	9,793	332
Operating profit before working capital changes	100,810	165,297
Increase in properties held under development	(116,435)	(290,956)
Decrease in properties held for sale	344,010	335,834
Decrease in account and bill receivables	7,687	24,424
(Increase)/ Decrease in prepayments, deposits paid and other receivables	(10,440)	59,731
Increase in contract assets/ due from customer for contract work	-	(1,420)
Increase in account payables	(63,834)	(92,868)
Decrease in contract liabilities/ receipts in advance	(149,546)	(13,962)
Increase in accruals, deposits received and other payables	(76,087)	(185,427)
Cash generated from operations	36,165	653
Income taxes paid	(54,171)	(8,157)
Interest received	850	276
<i>Net cash used in operating activities</i>	(17,156)	(7,228)
Cash flows from an investing activity		
(Increase)/ decrease in restricted bank deposits	(16,050)	8,130
Repayment in loan receivables	15,099	90,814
Purchases of property, plant and equipment	(7,461)	(4,030)
Proceeds from disposal of property, plant and equipment	37	578
<i>Net cash (used in)/ generated from investing activities</i>	(8,375)	95,492
Cash flows from financing activities		
Interest paid	(17,489)	(16,625)
Proceeds from bank and other borrowings	233,591	329,077
Repayments of bank and other borrowings	(204,705)	(434,383)
<i>Net cash generated from/ (used in) financing activities</i>	11,397	(121,931)
Net decrease in cash and cash equivalents	(14,134)	(33,667)
Effect on exchange translation	(958)	(840)
Cash and cash equivalents at beginning of period	70,645	105,152
Cash and cash equivalents at end of period	55,553	70,645

	Group	
	Year ended	
	30/6/2021	30/6/2020
	RMB'000	RMB'000
Cash and bank balances	81,468	80,510
Less: Restricted bank deposits	(25,915)	(9,865)
Cash and cash equivalents for the purpose of statement of cash flows	55,553	70,645

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim statements of changes in equity

Group	Share capital	Share premium*	Capital reserve*	Merger reserve*	Contributed Surplus*	Revaluation reserve*	Statutory reserve*	Translation reserve*	Retained profits*	Non-controlling Interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2019	133,882	302,585	1,542	20,720	-	10,293	97,214	9,270	111,269	228,976	915,751
Profit for the year	-	-	-	-	-	-	-	-	46,010	9,730	55,740
Other comprehensive income - Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	5,222	-	-	5,222
Total comprehensive income for the year	-	-	-	-	-	-	-	5,222	46,010	9,730	60,962
Disposal of partial interest in a subsidiary without losing control	-	-	30,005	-	-	-	-	-	-	7,495	37,500
Transfer to statutory reserve	-	-	-	-	-	-	8,933	-	(8,933)	-	-
Capital reduction (note)	(127,627)	-	-	-	127,627	-	-	-	-	-	-
At 30 June 2020	6,255	302,585	31,547	20,720	127,627	10,293	106,147	14,492	148,346	246,201	1,014,213
At 1 July 2020	6,255	302,585	31,547	20,720	127,627	10,293	106,147	14,492	148,346	246,201	1,014,213
Profit for the year	-	-	-	-	-	-	-	-	24,055	4,767	28,822
Other comprehensive income - Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	5,738	-	-	5,738
Total comprehensive income for the year	-	-	-	-	-	-	-	5,738	24,055	4,767	34,560
Transfer to statutory reserve	-	-	-	-	-	-	3,106	-	(3,106)	-	-
At 30 June 2021	6,255	302,585	31,547	20,720	127,627	10,293	109,253	20,230	169,295	250,968	1,048,773

* These reserve accounts comprise the consolidated reserves of approximately RMB791.6 million (2020: RMB761.8 million) in the consolidated statement of financial position.

Note

On 29 October 2019, the issued and paid-up share capital of the Company was reduced (the "Capital Reduction") from HK\$138,800,000 divided into 69,400,000 Shares with a par value of HK\$2.00 each, to HK\$6,940,000 divided into 69,400,000 Shares with a par value of HK\$0.10 each. The credit arising from the Capital Reduction in the sum of HK\$131,860,000 (equivalent to approximately RM127,627,000) was credited to the contributed surplus of the Company.

Company	Share capital RMB'000	Share premium** RMB'000	Contributed surplus** RMB'000	Translation reserve** RMB'000	Accumulated losses** RMB'000	Total RMB'000
At 1 July 2019	133,882	304,474	35,064	-	(15,245)	458,175
Loss for the year and total comprehensive income for the year	-	-	-	-	(2,201)	(2,201)
Exchange differences on translation of financial statements of foreign operations	-	-	-	2,334	-	2,334
Capital reduction	(127,627)	-	127,627	-	-	-
At 30 June 2020	6,255	304,474	162,691	2,334	(17,446)	458,308
At 1 July 2020	6,255	304,474	162,691	2,334	(17,446)	458,308
Loss for the year and total comprehensive income for the year	-	-	-	-	(1,676)	(1,676)
Exchange differences on translation of financial statements of foreign operations	-	-	-	3,236	-	3,236
Capital reduction	-	-	-	-	-	-
At 30 June 2021	6,255	304,474	162,691	5,570	(19,122)	459,868

** These reserve accounts comprise the Company's reserves of approximately RMB453.6 million (2020: RMB452.1 million) in the statement of financial position of the Company.

Notes to the condensed interim consolidated financial statements

N1. Corporate 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 activity of the Company's subsidiaries (together with the Company referred as the "Group") is property development. 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").

N2. Basis of Preparation

The condensed interim financial statements for the financial year ended 30 June 2021 have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2020.

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards. The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited financial statements.

The condensed interim consolidated financial statements are presented in Renmibi ("RMB") have been rounded to the nearest thousand (RMB'000) unless otherwise indicated.

N2.1. Use of judgements and estimates

In preparing the condensed interim financial statements for the financial year ended 30 June 2021, management has made judgements, estimate and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In addition to the additional significant accounting judgements and estimates as disclosed below, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

(a) Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. Properties held under development and properties held for sale

Properties held under development and properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Provision is made when net realisable value of properties held for sale is assessed below the cost.

Management determines the net realisable value by using prevailing market data such as most recent sale transactions and cost to completion from gross development value assuming satisfactory completion. These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

The carrying amounts of the Group's properties held under development and properties held for sale as at 30 June 2021 were approximately RMB243.2 million and RMB1,178.4 million (2020: RMB504.0 million and RMB1,144.3 million), 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 8. In determining the fair value, the valuer has based on a method of valuation which involves certain assumptions stated in Note 8. 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.

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 8.

iii. Loss allowance for loan and other receivables

In determining the ECL, management has taken into account the historical default experience and the financial positions of the debtors, adjusted for factors that are specific to the debtor and general economic conditions of the industry in which the subsidiary, related companies and immediate holding company operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for loan and other receivables. The above assessment is after taking into account the current financial positions of the entities.

The carrying amounts of the Group's loan and other receivables as at 30 June 2021 are RMB 60.4 million and RMB RMB495.8 million, respectively (2020: RMB76.5 million and RMB493.3 million).

N3. Segment and revenue information

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Company's Executive Directors in order to allocate resources and assess performance of the segment. For the years presented, Executive Directors have determined that the Group has only one single business component/reportable segment as the Group is principally engaged in the business of sale and lease of properties for which is the basis to allocate resources and assess performance.

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are located. In the opinion of the Directors, the majority of the Group's operation and centre of management are sourced from its subsidiaries in Guangzhou, the PRC, and that the operation base of the Group is domiciled in the PRC, as one geographical location. Therefore no analysis of geographical information is presented.

The Group's revenue from external customers is mainly sourced from the PRC. There is no independent and individual customer that contributed to 10% or more of the Group's revenue for the years ended 30 June 2021 and 30 June 2020.

N3.1. Breakdown of revenue

	Group		Group	
	6 months ended		12 months ended	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
<i>Recognised at a point in time, derived from the PRC</i>				
Proceeds from sale of properties held for sale	317,614	363,673	500,291	567,598
<i>Recognised over time, derived from the PRC</i>				
Proceeds from construction contract	-	5,300	-	9,550
	<u>317,614</u>	<u>368,973</u>	<u>500,291</u>	<u>577,148</u>

N3.2. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

N4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 2020:

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Financial assets</u>				
At amortised cost				
- Accounts receivables, refundable deposits paid and other receivables	522,051	602,282	1,386	1,501
- Due from subsidiaries	-	-	326,204	325,477
- Loan receivables	60,371	76,527	-	-
- Cash and bank balances	81,468	80,510	-	-
	663,890	759,319	327,590	326,978
<u>Financial liabilities</u>				
At amortised cost				
- Accounts payable, accruals, deposits received and other payables	398,283	578,187	2,103	3,051
- Interest-bearing bank and other borrowings	295,584	686,364	-	-
	693,867	1,264,551	2,103	3,051

N5. Profit before taxation**N5.1 Significant items**

	Group		Group	
	6 months ended		12 months ended	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Income</u>				
Interest income from loan receivables	4,368	9,404	8,736	18,334
Admission ticket and in-park recreation income	8,443	5,734	14,929	12,022
Rental income from investment properties	7,017	8,523	14,190	17,435
<u>Expenses</u>				
Cost of sales				
- Cost of properties held for sale	110,364	125,560	333,690	347,739
- Cost of construction contract	-	3,770	-	6,793
	110,364	129,330	333,690	354,532
Depreciation of property, plant and equipment	1,858	1,254	5,877	5,488
Staff costs, including Directors' remuneration				
- Wages and salaries, allowances and benefits in kind	14,700	13,990	28,988	27,993
- Retirement scheme contribution	2,463	2,039	4,948	4,080
Less: amount capitalised in				
- Properties held under development	(936)	(965)	(1,876)	(1,950)
	16,227	15,064	32,060	30,123

N5.2 Related party transactions

Save as disclosed elsewhere in these financial statements, the Group had the following material related party transaction:

<u>Nature of transaction</u>	Group		Group		
	<u>6 months ended</u>		<u>12 months ended</u>		
	<u>30/6/2021</u>	<u>30/6/2020</u>	<u>30/6/2021</u>	<u>30/6/2020</u>	
	RMB'000	RMB'000	RMB'000	RMB'000	
Kaiping Qingshi Auto Parts Co., Ltd. (Note)	Interest income	1,880	1,149	3,760	2,297

Note:

Mr. Zhou Jiangtao, a director of the Company, is a legal representative of the related company and holds a effective equity interest of 28.6% in the related company.

N6. Income Tax Expense

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the condensed interim consolidate statement of profit or loss are:

	Group		Group	
	<u>6 months ended</u>		<u>12 months ended</u>	
	<u>30/6/2021</u>	<u>30/6/2020</u>	<u>30/6/2021</u>	<u>30/6/2020</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax – PRC				
- Enterprise Income Tax	16,917	49,869	24,706	58,927
- Land Appreciation Tax	9,154	18,945	10,989	20,733
	26,071	68,814	35,695	79,660
Deferred tax – PRC	4,929	(9,077)	4,929	(9,077)
Total income tax expense	31,000	59,737	40,624	70,583

N7. Property, plant and equipment

During the financial year ended 30 June 2021, the Group acquired property, plant and equipment with aggregate cost RMB7,461,000 (2020: RMB4,030,000). The Group disposed property, plant and equipment for RMB119,000 (2020: RMB474,000).

N8. Investment properties

The Group's investment properties consist of both commercial and industrial properties, held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

	Group	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Carrying amount at beginning of the year	569,800	587,600
Addition	-	-
Fair value adjustments	600	(17,800)
Carrying amount at end of the year	570,400	569,800

Investment properties are stated at fair value. Valuations of investment properties have been determined based on valuations at the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued.

Level 3 fair value has been derived using 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.

N9. Land Use Rights

	Group	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
At the beginning of the year		
Cost	12,316	12,316
Accumulated amortisation	(2,787)	(2,510)
Net carrying amount	<u>9,529</u>	<u>9,806</u>
For the year ended		
Opening net carrying amount	9,529	9,806
Amortisation	(297)	(277)
Closing net carrying amount	<u>9,232</u>	<u>9,529</u>
At the end of the year		
Cost	12,316	12,316
Accumulated amortisation	(3,084)	(2,787)
Net carrying amount	<u>9,232</u>	<u>9,529</u>

Land use rights represented leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2072 (2020: 2042 to 2072).

At 30 June 2021, all land use rights of the Group were pledged as security for the borrowings from banks and other financial institutions. Such borrowings are repayable in 2022.

N10. Loan receivables

	Group	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Fixed-rate loan receivables		
- related party	33,166	29,406
- third party	51,978	62,102
	<u>85,144</u>	<u>91,508</u>
Less: Allowance for impairment		
- related party	(8,952)	(8,952)
- third party	(15,821)	(6,029)
	<u>(24,773)</u>	<u>(14,981)</u>
Net amount	<u>60,371</u>	<u>76,527</u>
Analysed as:		
Current	36,156	76,527
Non-current	24,215	-
	<u>60,371</u>	<u>76,527</u>

N11. Properties held under Development

	Group	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Net carrying amount	243,212	504,042

Leasehold interests in land are located in the PRC and have lease terms expiring from 2045 to 2082 (2020: 2045 to 2082).

N12. Properties held for Sale

	Group	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Net carrying amount	1,178,353	1,144,273

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2042 to 2081 (2020: 2042 to 2081).

N13. Interest-Bearing Bank and Other Borrowings

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

	Group	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
Loans from banks and other financial institutions – secured	302,757	220,261
Other loans – secured	384,391	438,002
Other loans – unsecured	25,952	28,101
Total bank and other borrowings	713,100	686,364

The bank and other borrowings are secured by the Group's properties held under development, properties held for sale, bank deposits, construction in progress, investment properties, property plant and equipment.

N14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is as at the end of the current financial period reported on and as at the end of the immediately preceding financial year.

There were no subsidiary holdings and treasury shares and the Company does not have any share that may be issued on conversion of any outstanding convertibles as at 30 June 2021 and as at 30 June 2020.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

	Group		Company	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Total number of issued shares	69,400,000	69,400,000	69,400,000	69,400,000
Less: Treasury shares	-	-	-	-
Total number of issued shares excluding treasury shares	69,400,000	69,400,000	69,400,000	69,400,000

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

See paragraph N2 of the "Notes to the condensed interim consolidated financial statements".

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

See item 4 above.

- 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group		Group	
	6 months ended		12 months ended	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
Net (loss)/ profit attributable to equity holders of the Company(RMB'000)	(12,318)	15,806	24,055	46,010
Weighted average number of shares outstanding ('000)	69,400	69,400	69,400	69,400
(a) Basic (RMB dollar)	-0.18	0.23	0.35	0.66
(b) Fully diluted (RMB dollar) (Note)	N/A	N/A	N/A	N/A

Note:

Diluted earnings per ordinary share for the 6 months and financial year ended 30 June 2021 and 30 June 2020 was not presented as there was no potential dilution of the Group's ordinary share capital.

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Net asset value per ordinary share based on issued share capital at the end of the year (RMB dollars)	11.50	11.07	6.63	6.60

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Review of performance

Revenue

The Group's revenue for the financial year ended 30 June 2021 ("FY2021") was approximately RMB500.3 million compared to approximately RMB577.1 million in FY2020, a decrease of RMB76.8 million.

The decrease in revenue was mainly due to the decrease in the number of residential units handed over in FY2021. In FY2020, there were 43 and 544 residential units of Shan Qing Shui Xiu and Hou De Zai Wu being handed over, respectively, while the Group only handed over 83 and 286 units of Shan Qing Shui Xiu and Hou De Zai Wu to buyers in FY2021.

Cost of sales

The Group recorded cost of sales of RMB344.0 million for FY2021 which was RMB21.0 million lower compared to RMB365.0 million in FY2020. The decrease in cost of sales by 5.8% was in tandem with the decrease in revenue.

Gross profit

The Group recorded a gross profit of RMB156.3 million for FY2021 which was RMB55.8 million lower compared to RMB212.1 million in FY2020. The decrease in gross profit margin from 37% in FY2020 to 31% in FY2021 was mainly due to the Hou De Zai Wu had handed over 70 of resettlement housing units under Hou De Zai Wu in FY2021 compared to 20 units in FY2020. which had a lower profit margin. The Company had previously entered into an agreement with Tonghua local government authority to build certain number of resettlement housing units as a pre-requisite to obtain the development rights for Hou De Zai Wu project.

Other income and gains

The Group recorded other income and gains of RMB45.9 million for FY2021 which was RMB12.1 million lower compared to RMB58.0 million in FY2020. The decrease was mainly due to decrease in interest income derived from the loan made to Guangzhou Jiadi Xindu Development Co., Ltd. Interest income decreased from RMB 18.3 million in 2020 to RMB 8.7 million in 2021 mainly due to repayment of loan principal during the year.

Fair value adjustments on investment properties

The Group recorded a gain of RMB0.6 million arising from fair value adjustments on the Group's investment properties in FY2021 compared to a loss of RMB17.8 million in FY2020. The valuation was carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 27 August 2021. The increase in fair value of investment properties was due to the gradual recoverability from the Covid-19 situation. It is expected that rental income from investment properties and occupancy rate will remain stable.

Selling expenses

The Group recorded selling expenses of RMB9.4 million for FY2021 which was RMB1.1 million or 10.8% lower compared to RMB10.6 million in FY2020. The decrease in selling expenses was mainly due to the decrease in commission expenses resulting from the decrease in sales revenue.

Administrative expenses

The Group recorded administrative expenses of RMB 64.5 million for FY2021 which were RMB3.4 million higher compared to RMB61.1 million in FY2020. Included in the administrative expenses were mainly salaries and related costs, travelling and transportation costs and professional fees. The increase in administrative expenses was mainly due to (i) increase in staff wages and employee benefit cost of approximately RMB1.8 million as a result of salary increment given to employees after the Group implemented a salary freeze the year before; and (ii) increase in professional fees of approximately RMB1.0 million for legal and tax advice with respect to the evaluation works for a potential property development project.

Other operating expenses

The Group recorded other operating expenses of RMB 41.8 million for FY2021 which were RMB4.2 million higher compared to RMB37.6 million in FY2020. The expenses mainly comprised:

- (i) direct expenses such as staff cost, repair and maintenance, amounting to RMB15.3 million (FY2020: RMB12.3 million) in relation to the operation of Batai Mountain National Park;
- (ii) an impairment loss of loan and other receivables amounting to RMB 17.8 million (FY2020: RMB 17.5 million). The Group has recognised an impairment loss based on results of the Expected Credit Loss model.

Finance costs

For FY2021, the Group recorded a total finance cost of RMB74.1 million (FY2020: RMB78.4 million) in which RMB56.6 million (FY2020: RMB61.8 million) was capitalised for property development projects and RMB17.5 million (FY2020: RMB16.6 million) was used for general operating purpose. Total finance cost was RMB0.9 million slightly higher compared to FY2020.

Income tax expense

The breakdown of income tax expense is as follows:

	FY2021	FY2020
	RMB'000	RMB'000
Current income tax - PRC		
- Enterprise income tax	24,706	58,930
- Land appreciation tax	10,989	20,737
	35,695	79,667
Deferred tax - PRC	4,929	(9,084)
Total income tax expense	40,624	70,583

The Group recorded an income tax expense of RMB40.6 million for FY2021, which was RMB30.0 million lower compared to RMB70.6 million in FY2020. The amount mainly comprises the provision of PRC enterprise income tax ("EIT") of RMB24.7 million, land appreciation tax ("LAT") of RMB11.0 million and deferred tax expense of RMB4.9 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 FY2021 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.

Profit for the year

As a result of the above factors, the Group attained a Profit before tax in FY2021 of RMB69.4 million, representing a decrease of RMB56.9 from RMB126.3 million in FY2020. Consequently, the Group recorded a lower net profit of RMB28.8 million in 2021 compared to RMB55.7 million in FY2020.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Consolidated Financial Position as at 30 June 2021

Non-current assets

As at 30 June 2021, the Group had non-current assets of RMB870.7 million, representing a decrease of RMB20.4 million compared to RMB850.3 million as at 30 June 2020. The increase was mainly attributable to renewal of the loan receivable made to Kaiping Qingshi Auto Parts Co., Limited (“Kaiping Qingshi”) amounting to RMB 24.2 million, net of provision of impairment of RMB 9.0 million. As a result of the renewal, the loan receivable has been reclassified from current assets to non-current assets.

Further to the Group’s announcements dated 4 April 2021 and 15 April 2021, the Group has completed its evaluation of a possible investment into Kaiping Qingshi. Barring unforeseen circumstances, the Group intends to proceed with the investment into Kaiping Qingshi to participate as a co-developer of Phase 2 Kaiping Qingshi Project. The Group is currently in the process of finalizing the terms and conditions of an investment agreement with Kaiping Qingshi. Phase 2 of Kaiping Qingshi Project is expected to have approximately 460 residential units, 250 commercial units and 400 car parks. The Company will make the necessary announcement to update the status in due course.

Current assets

As at 30 June 2021, the Group’s current assets stood at RMB2,094.6 million, representing a decrease of RMB271.4 million compared to RMB2,366.0 million as at 30 June 2020. The decrease was mainly attributable to the decrease in properties held for development by RMB260.8 million and loan receivables of RMB40.3 million. Further, the decrease was partially offset by the increase in properties held for sale by RMB34.1 million due to transfer of properties from properties held for development.

The loan receivables amounting to RMB36.2 million in current assets was mainly attributable to loans to Jiadi Xindu Development Co., Ltd (“Jiadi Xindu”) which are repayable within 12 months and accrued interest receivable. In April 2021, the Group agreed to extend the loans made to Jiadi Xindu to 31 December 2021. Please refer to the announcement dated 6 April 2021 for the details of the renewal.

Current liabilities

As at 30 June 2021, the Group’s current liabilities stood at RMB1,485.2 million, representing an decrease of RMB8.1 million, compared to RMB1,493.3 million as at 30 June 2020.

The decrease in current liabilities was mainly due to the net effect of (i) an decrease in accounts payable by RMB63.8 million due to the Group’s subcontractors and suppliers; (ii) an decrease in contract liabilities by RMB149.6 million due to completion of handed over of pre-sale units of Shan Qing Shu Xiu and Hou De Zai Wu; (iii) decrease in accruals, deposits received and other payables which included the settlement of accrued construction cost and decrease in refundable deposits received from potential customers before entering sales and purchase agreements with the Group; and (iv) increase of interest-bearing bank and other borrowings by RMB304.4 million due to the reclassification of long-term loans to short-term loans during the year.

Non-current liabilities

As at 30 June 2021, the Group’s non-current liabilities stood at RMB431.3 million, representing a decrease of RMB277.6 million, compared to RMB708.9 million as at 30 June 2020. This was mainly due to reclassification of long-term interest-bearing bank and other borrowings to short-term borrowings during the year.

Total equity

As at 30 June 2021, the equity attributable to owners of the Company increased by RMB 29.8 million from RMB 768.0 million as at 30 June 2020 to RMB797.8 million as at 30 June 2021. The increase in equity attributable to owners of the Company was mainly due to the net profit attained during the year.

Cash flows analysis

In FY2021, net cash used in operating activities was approximately RMB17.2 million, comprised operating cash flow before working capital changes of RMB 100.8 million, net working capital outflow of

RMB 64.6 million and net income taxes paid of RMB 54.2 million. Despite the decrease in properties held for sale of RMB344.0 million, the Group recorded a net working capital outflow of RMB 64.6 million mainly due to an increase in properties held under development of RMB116.4 million, decrease in contract liabilities of RMB 149.5 million, increase in accruals deposits received and other payables of RMB76.1 million and increase in account payables of RMB 63.8 million.

In FY2021, net cash used in investing activities of RMB8.4 million was mainly due to the increase in cash use for restricted cash of RMB16.1 million and purchase of property, plant and equipment of RMB7.5 million, which was offset by the cash generated from the repayment in loan receivables of RMB15.1 million.

In FY2021, net cash generated from financing activities of RMB11.4 million was mainly due to the net net proceeds from bank and other borrowings of RMB233.6 million, which was offset by the cash used for repayments of bank and other borrowing of RMB204.7 million and payment of interest of RMB17.5 million.

As a result, the Group has a cash and cash equivalent of RMB81.5 million as at the end of FY2021.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In December 2020, the People's Bank of China and the China Banking and Insurance Regulatory Commission had announced a policy whereby regulations governing loans to the real estate sector and loans for home mortgages will be tightened. With the said policy in place, China's real estate investment only rose 0.5 % in June 2021 according to the data released by National Bureau of Statistics of China released on 16 July 2021. Due to the tightening credit policy, Management expects the property market in the PRC to remain soft in the next 12 months. The Group will remain cautious and exercise prudence in cost control to mitigate against any possible headwinds.

Details of the occupancy and take-up rates of the Group's major existing projects which had obtained pre-sale certificates as at 30 June 2021 are as follows:

	Shan Qing Shui Xiu (山清水秀)	Ming Yue Jin An (明月金岸)	Ming Yue Shui An (明月水岸)	Hou De Zai Wu (厚德载物)
Total units available for sales	2,686	713	1,419	5,650
Total units handed over to buyers as of 30 June 2021	1,717	500	994	4,439
Percentage of handed over	64%	70%	70%	79%
Pre-sale units not handed over to buyers as at 30 June 2021				
- Residential unit	136	-	5	120
- Carpark unit	12	1	-	20
- Commercial unit	N/A	N/A	-	13
Pre-sale value received not handed over to buyers as at 30 June 2021	RMB120.9 million	RMB2.1 million	RMB0.1 million	RMB243.6 million

11. Dividend**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the full year results ended 30 June 2021 as the Group wishes to conserve its cash for operational purpose.

PART II -ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

See paragraph N3 of the "Notes to the condensed interim consolidated financial statements" above.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See item 8 above.

15. A breakdown of sales.

See paragraph N3.1 of the "Notes to the condensed interim consolidated financial statements" above.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable

17. General mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii)

The Company does not have any IPT mandate.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any during the year
Lin Yeju	53	Spouse of Mr Chen Jianfeng, Substantial Shareholder.	Non-Executive Director and Chairman of the Board - 2015	Nil
Chen Jianfeng	59	Spouse of Mdm Lin Yeju, Director and Substantial shareholder	Director and Legal Representative of Guangdong Yuanbang Real Estate Development Co Ltd ("GDYB"), a wholly-owned subsidiary of the Group – 2020 *GDYB is considered a principal subsidiary of the Group	Nil

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Lin Yeju
Non-Executive Chairman

27 August 2021