

CHINA YUANBANG PROPERTY HOLDINGS LIMITED

(Incorporated in Bermuda)

(Co. Reg. No.: 39247)

RESPONSES TO FURTHER QUERIES FROM SGX REGCO

The Board of Directors of China Yuanbang Property Holdings Limited (the "**Company**" or together with its subsidiaries, the "**Group**") refers to Company's announcement on "Responses to Queries from SGX-ST" released via SGXNet on 27 October 2020 and have received further queries from SGX RegCo.

The following information is in response to the SGX RegCo's further queries dated 29 October 2020.

Query

- 1) We refer to the Company's response to SGX queries announced on 27 October 2020. In your response to query 1, we noted the Company explained that the material adjustments in the cash flow statement in the Annual Report and the Full Yearly Results were "mainly due to the errors identified during the audit process".
 - (a) Please explain, on a line-by-line basis, the nature of each error, the value of each adjustment, and how did it occur.

Reply: Please refer to the follow explanations of material adjustments.

Abstract of material variance in cashflow statements

	Group		Notes
	Year ended		
	30/6/2020	30/6/2020	
	RMB'000	RMB'000	
	Audited	Unaudited*	
Cash flows from operating activities			
Decrease/ (Increase) in properties held under development	(290,956)	7,671	1
Decrease in properties held for sale	335,834	105,197	2
Increase in accruals, deposits received and other payables	(185,427)	(127,057)	3
Income taxes paid	(8,157)	(70,583)	4

*As disclosed in the Group's Results Announcement released to SGX-ST on 28 August 2020 (the "**Results Announcement**")

Notes:

1. The variance was mainly due to i) the transfer of properties held under development to property held for sale amounting to RMB230 million were included in the unaudited cashflow statements. As the said transfer should be regarded as non-cash transaction, it gave rise to the adjustment in the audited cashflow statements. ii) adjustment of RMB50 million from interest paid to property held under development due to interest expenses capitalized under property held under development.
 2. The error in property held for sale was related to the transfer of properties held under development as explained in above Note 1.
 3. Certain tax expenses, such as Land Appreciation Tax, were included in income tax paid in the unaudited cashflow statements and as such, they were classified as other payables in the Group's audited financial statements for the year ended 30 June 2020.
 4. As explained in item 3 above.
- (b) Given these errors, please provide the Board's opinion if there is an issue with weakness in the internal controls relating to financial reporting and explain their bases.

Reply:

The adjustments explained in above Query (1) were due to one-off classification errors. The Group will continue to enhance its financial reporting systems, by strengthening the process of cashflow preparation and review, so that similar classification errors can be avoided.

Notwithstanding the above, based on the system of internal controls established and maintained by the Group, work performed by both internal and external auditors, and reviews performed by Management, the Board with the concurrence of the AC is of the opinion that the Group's internal controls relating to financial reporting were adequate and effective as at 30 June 2020.

BY ORDER OF THE BOARD

Huang Tak Wai

Chief Financial Officer / Company Secretary

Date: 2 November 2020