

Boyuan Holdings Limited
Appendix 4D
Half-year report

1 Company details

Name of entity: Boyuan Holdings Limited
 ABN: 92 608 897 963
 Reporting period: For the half-year ended 30 June 2018
 Previous period: For the half-year ended 30 June 2017

2 Results for announcement to the market

				\$'000
Revenue from ordinary activities	Up	278.0%	to	15,063
Revenue from continuing activities	Up	1,966.0%	to	12,649
Profit from ordinary activities after tax attributable to the owners of Boyuan Holdings Limited	Up	161.0%	to	723
Profit for the half-year attributable to the owners of Boyuan Holdings Limited	Up	161.0%	to	723

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to \$723,000 (30 June 2017: loss of \$1,177,000).

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	14.62	12.47

4 Control gained over entities

Not applicable.

5 Loss of control over entities

The following entities were deregistered on 19 August 2018:

- 621 TNR Dev 1 Pty Ltd
- 621 TNR Dev 2 Pty Ltd
- BHL Developments (Badgerys Creek) Pty Ltd
- BHL Murray Rise Dev Pty Ltd
- BHL Maitland Dev Pty Ltd
- BHL 7 Norwest Dev Pty Ltd
- BHL Radford Park Dev Pty Ltd

6 Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7 Dividend reinvestment plans

Not applicable.

Boyuan Holdings Limited
Appendix 4D
Half-year report
(continued)

8 Details of associates and joint venture entities

Not applicable.

9 Foreign entities

Details of origin of accounting standards used in compiling the report:

All foreign subsidiaries comply with the International Financial Reporting Standards ('IFRS').

10 Audit qualification or review

Details of audit/review dispute or qualification (if any):


The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11 Attachments

Details of attachments (if any):

The Interim Report of Boyuan Holdings Limited for the half-year ended 30 June 2018 is attached.

12 Signed

Signed 

Dr. Saliba Sassine
Chairman

27 August 2018
Sydney

Boyuan Holdings Limited

ABN 92 608 897 963

Interim report - 30 June 2018

Boyuan Holdings Limited
Directors' report
30 June 2018

The directors present their report, together with the financial statements of the consolidated entity (referred hereafter as the 'Group') consisting of Boyuan Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2018.

Directors

The following persons were directors of Boyuan Holdings Limited during the financial half-year and up to the date of this report:

Dr. Saliba Sassine	Chairman, Independent, Non-Executive Director
Yading Wan	Chief Executive Officer, Executive Director
Tin Ching Shum	Executive Director - resigned 26 June 2018
David Paul Batten	Independent, Non-Executive Director
Xiaofeng Chen	Independent, Non-Executive Director

Principal activities

During the financial half-year the principal activities of the Group consisted of:

- property development and management;
- provider of managed investment funds;
- operation of hotel establishments in New South Wales (until disposal as described below);
- operation of tourist parks in New South Wales; and
- operation of retirement lifestyle living villages in New South Wales.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to \$723,000 (30 June 2017: loss of \$1,177,000).

For the financial half-year the Group reported a net profit attributable to the owners of the Group of \$723,000 compared to a net loss of \$1,177,000 for the prior corresponding period.

Group revenue from continuing operations was \$12,648,690 compared to \$612,206 in the prior period.

Included in revenue for the financial half-year from continuing operations are rental income and home sales of \$7,438,000 from lifestyle living assets, property investment and management income for management fees from local projects of \$4,706,000, corporate income through service fees received from related parties of \$240,000 and income from its majority-owned funds management business, Integer Securities, of \$265,000.

Discontinued Operations

Revenue for the half year ended 30 June 2018 also included income from hotel operations of \$2,414,000 that was eventually discontinued on 29 June 2018.

The prior year results mainly reflects the operating activities of the Group's Chinese subsidiaries as the Group's Australian operations did not commence significant activity until the second half of the year ended 31 December 2017.

The increase in expenses is primarily attributable to:

- an increase in the level of operating expenses in the Group's Australian operations as it continues to grow and invest in new assets and opportunities including Lifestyle Living; and
- an increase in finance costs.

Significant changes in the state of affairs

Disposal of Peachtree Inn Hotel

On 7 June 2018, the Group announced the disposal of Peachtree Hotel to a third-party hotel operator for \$16,500,000. The transaction settled on 29 June 2018 and a gain on sale of \$767,000 (before tax) was recorded. The proceeds received have been used to settle the National Australia Bank loan of \$7,750,000 with the remaining funds put aside for capital improvements of the lifestyle living portfolio.

Boyuan Holdings Limited
Directors' report
30 June 2018
(continued)

Matters subsequent to the end of the financial half-year

Other than as disclosed in this report and to the knowledge of the Directors, no matter or circumstance has arisen since 30 June 2018 that has significantly affected the Group's operations, results or state of affairs, or may do so in future periods.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Dr. Saliba Sassine
Chairman, Independent, Non-Executive Director
Sydney



Yading Wan
Chief Executive Officer, Executive Director
Sydney

27 August 2018

The Board of Directors
Boyuan Holdings Limited
Suite 1, Level 16, 5 Martin Place
Sydney NSW 2000

27 August 2018

Dear Board Members

Boyuan Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Boyuan Holdings Limited.

As lead audit partner for the review of the financial statements of Boyuan Holdings Limited for the half year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants

Boyuan Holdings Limited
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30 June 2018

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Boyuan Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2018

		Consolidated	
		6 months ended 30 June 2018 \$'000	6 months ended 30 June 2017 \$'000
	Note		
Continuing operations			
Revenue			
Revenue from external customers	3	12,649	612
Cost of sales		<u>(3,405)</u>	<u>(45)</u>
Gross profit	3	9,244	567
Other income, gains and (losses)	4	(1,137)	22
Expenses			
Operating expenses		(5,237)	(1,953)
Other expenses		(277)	(59)
Finance costs		<u>(1,551)</u>	<u>(618)</u>
Profit/(loss) before income tax (expense)/benefit from continuing operations		1,042	(2,041)
Income tax (expense)/benefit		<u>(458)</u>	<u>428</u>
Profit/(loss) after income tax (expense)/benefit from continuing operations		584	(1,613)
Profit after income tax from discontinued operation	5	174	445
Profit/(loss) after income tax (expense)/benefit for the period		<u>758</u>	<u>(1,168)</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings, net of tax		410	-
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation - continuing operations		-	(884)
Foreign currency translation - discontinued operations		<u>-</u>	<u>(1,540)</u>
Other comprehensive income for the period, net of tax		410	(2,424)
Total comprehensive income for the period		<u>1,168</u>	<u>(3,592)</u>
Profit/(loss) for the period is attributable to:			
Non-controlling interests		35	9
Owners of Boyuan Holdings Limited		<u>723</u>	<u>(1,177)</u>
		758	(1,168)
Total comprehensive income for the period is attributable to:			
Continuing operations		35	9
Discontinued operations		<u>-</u>	<u>-</u>
Non-controlling interest		<u>35</u>	<u>9</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Boyuan Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2018
(continued)

		Consolidated	
		6 months ended 30 June 2018 \$'000	6 months ended 30 June 2017 \$'000
	Note		
Continuing operations		959	(2,506)
Discontinued operations		174	(1,095)
Owners of Boyuan Holdings Limited		1,133	(3,601)
		1,168	(3,592)
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Boyuan Holdings Limited			
Basic earnings per share	20	0.16	(0.47)
Diluted earnings per share	20	0.16	(0.47)
Earnings per share for profit from discontinued operations attributable to the owners of Boyuan Holdings Limited			
Basic earnings per share	20	0.05	0.13
Diluted earnings per share	20	0.05	0.13
Earnings per share for profit attributable to the owners of Boyuan Holdings Limited			
Basic earnings per share	20	0.21	(0.34)
Diluted earnings per share	20	0.21	(0.34)

In accordance with AASB 5 'Non-Current Assets Held for Sale and Discontinued Operations', the comparative information has been restated. Refer to note 5 for details.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Boyuan Holdings Limited
Consolidated statement of financial position
As at 30 June 2018

		Consolidated	
		30 June	31 December
		2018	2017
	Note	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		12,919	1,555
Trade and other receivables	6	6,441	12,380
Inventories	7	12,422	11,145
Other	8	313	142
Total current assets		<u>32,095</u>	<u>25,222</u>
Non-current assets			
Inventories		-	74
Other non-current assets	9	10,774	10,414
Investment properties	10	60,578	61,136
Property, plant and equipment	11	8,581	19,198
Intangible assets	12	4,389	10,629
Deferred tax assets		1,002	-
Total non-current assets		<u>85,324</u>	<u>101,451</u>
Total assets		<u>117,419</u>	<u>126,673</u>
Liabilities			
Current liabilities			
Trade and other payables	13	4,284	3,204
Borrowings	14	18,504	21,823
Financial liabilities		655	596
Employee benefits		697	513
Total current liabilities		<u>24,140</u>	<u>26,136</u>
Non-current liabilities			
Borrowings	15	38,700	46,450
Deferred tax liabilities		-	676
Total non-current liabilities		<u>38,700</u>	<u>47,126</u>
Total liabilities		<u>62,840</u>	<u>73,262</u>
Net assets		<u>54,579</u>	<u>53,411</u>
Equity			
Contributed capital	16	17,613	17,613
Reserves		26,151	26,011
Retained earnings		10,336	9,343
Equity attributable to owners of Boyuan Holdings Limited		<u>54,100</u>	<u>52,967</u>
Non-controlling interests		479	444
Total equity		<u>54,579</u>	<u>53,411</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Boyuan Holdings Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2018

Consolidated	Contributed capital \$'000	Reserves \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2017	17,613	32,630	8,073	442	58,758
Profit after income tax expense for the half-year	-	-	(1,177)	9	(1,168)
Other comprehensive income for the half-year, net of tax	-	(2,424)	-	-	(2,424)
Total comprehensive income for the half-year	-	(2,424)	(1,177)	9	(3,592)
Balance at 30 June 2017	17,613	30,206	6,896	451	55,166
Consolidated	Contributed capital \$'000	Reserves \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2018	17,613	26,011	9,343	444	53,411
Profit after income tax expense for the half-year	-	-	723	35	758
Other comprehensive income for the half-year, net of tax	-	410	-	-	410
Total comprehensive income for the half-year	-	410	723	35	1,168
Recycle revaluation reserve to retained earnings on disposal of property, plant and equipment	-	(270)	270	-	-
Balance at 30 June 2018	17,613	26,151	10,336	479	54,579

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Boyuan Holdings Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2018

	Consolidated	
	6 months	6 months
	ended 30	ended 30
	June 2018	June 2017
	\$'000	\$'000
Cash flows from operating activities		
Profit/(loss) before income tax expense for the half-year	1,191	(1,120)
Adjustments for:		
Depreciation and amortisation	464	18
Unrealised loss/(gain) on foreign exchange	545	-
Net fair value loss on derivative assets	64	17
Net fair value loss/(gain) on investment properties	700	(22)
Put option revaluation	59	-
Profit on disposal of Peachtree Hotel	(767)	-
	<u>2,256</u>	<u>(1,107)</u>
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(1,160)	404
(Increase)/Decrease in inventories	(1,328)	3,057
Decrease in income tax refund due	-	108
Increase in deferred tax assets	(238)	(307)
Increase in prepayments	(165)	(65)
Increase/(Decrease) in trade and other payables	595	(4,803)
Increase/(Decrease) in provision for income tax	628	(1,451)
Increase in employee benefits	184	-
Increase in other asset	(432)	(633)
	<u>340</u>	<u>(4,797)</u>
Income tax expense	(433)	(48)
Net cash used in operating activities	<u>(93)</u>	<u>(4,845)</u>
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	-	(8,556)
Proceeds from disposal of China operations	7,260	-
Purchase of property, plant and equipment	(138)	(19)
Payments for capital improvements	(141)	-
Withdrawal of pledged bank deposits	-	13
Proceeds from disposal of Peachtree Hotel	16,090	-
Net cash from/(used in) investing activities	<u>23,071</u>	<u>(8,562)</u>
Cash flows from financing activities		
Proceeds from borrowings	12,959	8,477
Repayment of borrowings	(7,750)	(11,080)
Proceeds from loans from related parties	-	7,983
Repayments of loans to related parties	(16,823)	-
Net cash (used in)/from financing activities	<u>(11,614)</u>	<u>5,380</u>
Net increase/(decrease) in cash and cash equivalents	11,364	(8,027)
Cash and cash equivalents at the beginning of the financial half-year	1,555	8,883
Effects of exchange rate changes on cash and cash equivalents	-	(17)
Cash and cash equivalents at the end of the financial half-year	<u>12,919</u>	<u>839</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. General information

The financial statements cover Boyuan Holdings Limited ('Company' or 'parent entity') as a Group consisting of Boyuan Holdings Limited and the entities it controlled at the end of, or during, the half-year (together referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Boyuan Holdings Limited's functional and presentation currency.

Boyuan Holdings Limited is a listed public company, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1 Level 16
5-7 Martin Place
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

The comparative information in the consolidated statement of profit or loss and other comprehensive income and associated notes have been restated for businesses that satisfy the definition of the discontinued operation as at the end of the reporting period (refer to note 5).

The Group's investment in Jiaxing Longyuan Enterprise Management Co. Ltd (Chinese operations) was disposed on 26 October 2017 and Peachtree Hotel was disposed on 29 June 2018. As a result, prior year comparatives have been restated to represent the results of the Chinese operations. The current year discontinued operations represent the results of Peachtree Hotel for the period till disposal.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into five operating segments: Property Investment and Management, Funds Management, Hotel, Lifestyle Living and Corporate (management and various shared services). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The Hotel segment was disposed on 29 June 2018 (refer to note 5).

The CODM reviews gross profit and net profit before tax. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resource allocation and performance assessment.

Intersegment transactions

There were no intersegment transactions during the current and previous half-year.

Intersegment receivables, payables and loans

There were no intersegment receivables, payables or loans during the current and previous half-year.

Operating segment information - continuing operations

Consolidated - 6 months ended 30 June 2018	Property	Funds	Lifestyle	Corporate	Total
	Investment & Management	Management	Living		
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Revenue from external customers	4,706	265	7,438	240	12,649
Total revenue	4,706	265	7,438	240	12,649
Gross profit	4,686	265	4,053	240	9,244
Other income, gains and losses					(1,137)
Operating expenses					(5,237)
Other expenses					(277)
Finance costs					(1,551)
Profit before Income tax expense					1,042
Income tax (expense)/benefit					(458)
Profit after Income tax expense					584

Note 3. Operating segments (continued)

Operating segment information - continuing operations (continued)

Consolidated - 6 months ended 30 June 2017	Property		Lifestyle Living \$'000	Corporate \$'000	Total \$'000
	Investment & Management \$'000	Funds Management \$'000			
Revenue					
Revenue from external customers	387	225	-	-	612
Total revenue	387	225	-	-	612
Gross profit	342	225	-	-	567
Other income, gains and losses					22
Operating expenses					(1,953)
Other expenses					(59)
Finance costs					(618)
Loss before Income tax benefit					(2,041)
Income tax (expense)/benefit					428
Loss after Income tax benefit					(1,613)

Geographical information

	Sales to external customers		Geographical non-current assets	
	6 months ended 30 June 2018 \$'000	6 months ended 30 June 2017 \$'000	30 June 2018 \$'000	31 Dec 2017 \$'000
	Australia	12,649	612	84,322

The geographical non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets.

Note 4. Other income, gains and losses

	Consolidated	
	6 months ended 30 June 2018 \$'000	6 months ended 30 June 2017 \$'000
Net foreign exchange loss	(388)	-
Other income	15	22
Fair value loss on investment properties	(700)	-
Derivative assets revaluation loss	(64)	-
Other income, gains and (losses)	(1,137)	22

Note 5. Discontinued operations

Hotel Operations

On 7 June 2018, the Group announced the disposal of Peachtree Hotel for a sale price of \$16,500,000. The business was acquired in October 2017. The transaction settled on 29 June 2018 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Note 5. Discontinued operations (continued)

Financial performance information

	Consolidated 30 June 2018 \$'000
Revenue	2,414
Cost of sales	(1,001)
Operating expenses	(1,822)
Finance costs	(208)
Total expenses	<u>(3,031)</u>
Loss before income tax	(618)
Income tax benefit	187
Loss after income tax	<u>(431)</u>
Gain on disposal before income tax	767
Income tax expense	(162)
Gain on disposal after income tax	<u>605</u>
Gain after income tax expenses from discontinued operations	<u>174</u>

Cash flow information

	Consolidated 30 June 2018 \$'000
Net cash from/(used in) operating activities	(836)
Net cash from/(used in) investing activities	-
Net cash from/(used in) financing activities	853
Net increase in cash and cash equivalents from discontinued operations	<u>17</u>

Carrying amounts of assets and liabilities disposed

	Consolidated 30 June 2018 \$'000
Cash and cash equivalents	100
Inventories	125
Property, plant and equipment	10,700
Intangibles	6,240
Total assets	<u>17,165</u>

Note 5. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed (continued)

Deferred tax liability	1,440
Trade and other payables	144
Employee benefits	4
Total liabilities	<u>1,588</u>

Net assets	<u>15,577</u>
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Details of the disposal

**Consolidated
 30 June
 2018
 \$'000**

Total sales consideration per agreement	16,500
Additional settlement adjustment	59
Carrying amount of net assets disposed	(15,577)
Selling costs	<u>(215)</u>
Gain on disposal before income tax	<u>767</u>

Chinese Operations

The following represents financial information of the Group's investment in Jiaxing Longyuan Enterprise Management Co. Ltd (Chinese operations) for the six month period ended 30 June 2017. The investment was disposed on 26 October 2017 through its wholly owned subsidiary Hong Kong Boyuan Investment Holding Limited (Hong Kong Boyuan).

Financial performance information (Chinese operations)

**Consolidated
 30 June
 2017
 \$'000**

Revenue	<u>3,371</u>
Net fair value gain on investment properties	22
Other income	40
Total other income	<u>62</u>
Cost of sales	(1,295)
Distribution and selling expenses	(28)
Operating expenses	(272)
Finance costs	(916)
Total expenses	<u>(2,511)</u>
Profit before income tax	922
Income tax expense	<u>(477)</u>
Profit after income tax from discontinued operations	<u>445</u>

Note 5. Discontinued operations (continued)

Cash flow information (Chinese operations)

	Consolidated
	30 June
	2017
	\$'000
Net cash from/(used in) operating activities	(2,821)
Net cash from/(used in) investing activities	(1)
Net cash from/(used in) financing activities	2,696
Net decrease in cash and cash equivalents from discontinued operations	(126)

Note 6. Current assets - Trade and other receivables

	Consolidated	
	30 June	31 December
	2018	2017
	\$'000	\$'000
Trade and other receivables - external	355	445
Amount due from related parties	5,842	11,745
Deposits	244	190
	<u>6,441</u>	<u>12,380</u>

Amount due from related parties refer to note 19 Related Party disclosure.

Note 7. Current assets - Inventories

	Consolidated	
	30 June	31 December
	2018	2017
	\$'000	\$'000
Properties held for sale	5,749	6,158
Stock on hand - at cost	-	112
Properties under development	6,673	4,875
	<u>12,422</u>	<u>11,145</u>

The Group's inventories of properties above are expected to be realised within twelve months from the end of the reporting date and are situated in New South Wales, Australia.

Note 8. Current assets - Other

	Consolidated	
	30 June	31 December
	2018	2017
	\$'000	\$'000
Prepayments	306	141
Other current assets	7	1
	<u>313</u>	<u>142</u>

Note 9. Non-current assets - Other

	Consolidated	
	30 June	31 December
	2018	2017
	\$'000	\$'000
Bringelly development deposit	10,774	10,414

Note 10. Non-current assets - Investment properties

	Consolidated	
	30 June	31 December
	2018	2017
	\$'000	\$'000
Investment property - retirement villages - at fair value	57,671	58,245
Investment properties under construction - at fair value	2,907	2,891
	<u>60,578</u>	<u>61,136</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial period are set out below:

	Consolidated	
	30 June	31 December
	2018	2017
	\$'000	\$'000
Opening fair value	61,136	55,578
Additions through business combinations	-	58,245
Additions	142	-
Revaluation (decrements)/increments	(700)	91
Disposals	-	(52,778)
Closing fair value	<u>60,578</u>	<u>61,136</u>

Location of investment properties

The investment properties in the current financial period are located in New South Wales, Australia.

Refer to note 18 for further information on fair value measurement.

Note 11. Non-current assets - Property, plant and equipment

Consolidated	Land \$'000	Buildings \$'000	Tourist park cabins \$'000	Plant and equipment \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Year ended 31 December 2017						
Balance at 1 January 2017	-	-	-	-	2	2
Additions	5,374	7,387	3,039	3,318	78	19,196
Depreciation expense	-	(40)	(37)	(105)	-	(182)
Revaluation increments	-	40	37	105	-	182
Balance at 31 December 2017	5,374	7,387	3,039	3,318	80	19,198
At 31 December 2017						
Original cost	5,374	7,387	3,039	3,318	80	19,198
Accumulated depreciation	-	(40)	(37)	(105)	-	(182)
Revaluation increments	-	40	37	105	-	182
Net book amount	5,374	7,387	3,039	3,318	80	19,198
Period ended 30 June 2018						
Balance at 1 January 2018	5,374	7,387	3,039	3,318	80	19,198
Additions	-	-	-	43	101	144
Revaluation increments	-	91	37	282	-	410
Depreciation expense	-	(91)	(37)	(319)	(17)	(464)
Disposals	(5,028)	(4,238)	-	(1,441)	-	(10,707)
Balance at 30 June 2018	346	3,149	3,039	1,883	164	8,581

Note 11. Non-current assets - Property, plant and equipment (continued)

Reconciliations (continued)

	Land \$'000	Buildings \$'000	Tourist park cabins \$'000	Plant and equipment \$'000	Furniture, fittings and equipment \$'000	Total \$'000
At 30 June 2018						
Original cost	346	3,149	3,039	1,920	181	8,635
Accumulated depreciation	-	(58)	(74)	(226)	(17)	(375)
Revaluation increments	-	58	74	189	-	321
Net book amount	346	3,149	3,039	1,883	164	8,581

Note 12. Non-current assets - intangibles

	Consolidated	
	30 June 2018 \$'000	31 December 2017 \$'000
Goodwill	3,789	5,229
AFSL License	600	600
Poker machines licenses	-	4,800
	4,389	10,629

The reduction in intangibles by \$6,240,000 is due to the disposal of Peachtree hotel during the year including the goodwill of \$1,440,000 and poker machine licenses of \$4,800,000.

Note 13. Current liabilities - Trade and other payables

	Consolidated	
	30 June 2018 \$'000	31 December 2017 \$'000
Trade payables	1,617	1,537
Amounts due to related parties	179	209
Refundable deposits related to sales of properties	627	83
Other payables	1,861	1,375
	4,284	3,204

Amount due to related parties refer to note 19 Related Party disclosure.

Note 14. Current liabilities - Borrowings

	Consolidated	
	30 June	31 December
	2018	2017
	\$'000	\$'000
Loan - China Harmonica Capital Company	13,504	-
Related party loan - Cyan Stone Pty Limited	-	16,823
Loan- Bremon Group Pty Ltd	5,000	5,000
	<u>18,504</u>	<u>21,823</u>

Loan - China Harmonica Capital Company

On 25 January 2018, the Group entered into a US\$10,000,000 loan facility agreement with global investment bank and asset management firm, China Harmonica Capital Company. The interest rate on the loan is 10% per annum with a term of 365 days commencing from each Advance Date. The loan permits early repayment and redraw of the balance, and the Group is permitted to use the money to conduct its business at its full discretion. The drawdowns occurred on 29 January 2018 for US\$3,000,000, 4 April 2018 for US\$2,000,000, 16 May 2018 for US\$2,000,000 and 14 June 2018 for US\$3,000,000. The funds will provide additional working capital to help drive the continued growth strategy. The Group is not allowed to distribute any profit prior to repayment of the loan.

Loan - Bremon Group Pty Ltd

Refer to note 15 for details of the loan from Bremon Group Pty Ltd.

Note 15. Non-current liabilities - Borrowings

	Consolidated	
	30 June	31 December
	2018	2017
	\$'000	\$'000
Bank loans	3,700	11,450
Loan - Bremon Group Pty Ltd	35,000	35,000
	<u>38,700</u>	<u>46,450</u>

Bank loans

During the period ended 30 June 2018, the \$7,750,000 loan from the National Australia Bank was repaid using the proceeds from the sale of Peachtree Hotel. Remaining amount of \$3,700,000 relates to the facility that was entered into with Bank of Queensland in 2017. BHL Lifestyle Living (Armidale) Pty Ltd borrowed \$1,850,000 from Bank of Queensland. Integer Securities Limited as trustee for Integer Lifestyle Living Sub Trust No. 5 borrowed \$1,850,000 from Bank of Queensland. Interest rates increased from 4.09% per annum to 4.24% effective 25 June 2018. The facility expires on 4 October 2020.

Loan - Bremon Group Pty Ltd

During the year ended 31 December 2017 borrowings of \$40,000,000 were obtained from Bremon Group Pty Ltd by BHL Finance Pty Limited (a wholly owned subsidiary) for the purpose of acquiring the Broadlands Gardens Lifestyle Living assets. The term is 5 years with \$5,000,000 payable at the end of each years 1,2,3 and 4 from the date of first drawdown and \$20,000,000 payable in 2022. Interest is charged at 6% per annum.

Note 16. Equity - Contributed capital

	Consolidated			
	30 June 2018 Shares	31 December 2017 Shares	30 June 2018 \$'000	31 December 2017 \$'000
Ordinary shares - fully paid	343,130,100	343,130,100	17,613	17,613
	343,130,100	343,130,100	17,613	17,613

Note 17. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 18. Fair value measurements

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated 30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Investment properties - retirement village	-	-	57,671	57,671
Property, plant and equipment - mainly Armidale Tourist Park	-	-	8,416	8,416
Investment properties - under construction	-	-	2,907	2,907
Total assets	-	-	68,994	68,994
Liabilities				
Put option	-	-	655	655
Total liabilities	-	-	655	655

Note 18. Fair value measurements (continued)

Consolidated 31 December 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Investment properties - retirement village Property, plant and equipment - mainly Armidale Tourist Park and Peachtree Hotel	-	-	58,245	58,245
Investment properties - under construction	-	-	19,118	19,118
Total assets	-	-	80,254	80,254
Liabilities				
Put option	-	-	596	596
Total liabilities	-	-	596	596

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. The carrying amounts of financial liabilities are assumed to approximate their fair values.

Note 19. Related party transactions

Parent entity

Boyuan Holdings Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	6 months ended 30 June 2018 \$	6 months ended 30 June 2017 \$
Revenue from services provided and other income:		
<i>Revenue from services with Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder</i>		
Management fee commission	-	348,779
Group service fee revenue	240,000	-
Project development management fee ⁽¹⁾	1,050,000	-
Sales and marketing service fee ⁽²⁾	1,967,476	-
<i>Revenue from services with 621B Northern Road Pty Limited and 621Z Northern Road Pty Limited - entities controlled by a director</i>		
Project development management fee ⁽³⁾	250,000	-
<i>Revenue from services with HV Holdings Pty Limited and its controlled entities - entities controlled by a director</i>		
Project development management fee ⁽⁴⁾	1,155,000	-
<i>Revenue from services with Cobbitty Parent Pty Ltd and its controlled entities - entities controlled by a director</i>		
Project development management fee ⁽⁵⁾	198,000	-

Note 19. Related party transactions (continued)

Transactions with related parties (continued)

	Consolidated	
	6 months ended 30 June 2018	6 months ended 30 June 2017
	\$	\$
<i>Revenue from services with Blue Cedar Development and its controlled entities - entities controlled by a director of subsidiaries of the Group</i>		
Fund establishment fee	180,000	-
Fund rollover fee	85,000	225,000
<i>Payment for goods and services:</i>		
Rental expense	24,000	27,867
Service fee expense	18,542	-
Commission for the purchase of Retirement Villages ⁽⁶⁾	-	630,000
Director fee paid to key management personnel of a commonly controlled entity	15,000	-

- (1) The Group charged project development management fee for the projects that are owned by Cyan Stone Pty Limited and its controlled entities
- (2) The Group charged 3% sales and marketing service fee for the Cyan Stone Clydesdale Estate 1 Pty Ltd project, a subsidiary of Cyan Stone Pty Limited
- (3) The Group charged project development management fee for the projects that are owned by 621B Northern Road Pty Limited and 621Z Northern Road Pty Limited
- (4) The Group charged project development management fee for the projects that are owned by HV Holdings Pty Limited and its controlled entities
- (5) The Group charged project development management fee for the projects that are owned by Cobbitty Parent Pty Ltd and its controlled entities
- (6) The Group incurred \$630,000 as a fee to LLLC Pty Limited in the prior financial period

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 June 2018	31 December 2017
	\$	\$
Current receivables:		
Receivable from Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	4,169,145	4,252,205
Receivable from Blue Cedar Development and its controlled entities - entities controlled by a director	360,000	275,000
Consideration receivable from commonly controlled entity for disposal of Chinese operations ⁽¹⁾	-	7,098,237
Receivable from 621B Northern Road Pty Limited and 621Z Northern Road Pty Limited - entities controlled by a common director	130,824	-
Receivable from HV Holdings Pty Limited and its controlled entities - entities controlled by a common director	555,000	-
Receivable from Cobbitty Parent Pty Ltd and its controlled entities - entities controlled by a common director	198,000	-
Receivable from related parties of key management personnel	120,000	120,000

Note 19. Related party transactions (continued)

Receivable from and payable to related parties (continued)

	Consolidated	
	30 June 2018	31 December 2017
	\$	\$
Current payables:		
Amount due to related parties controlled by close family members of the ultimate controlling share holder of Boyuan ⁽²⁾	145,520	145,520
Amount due to Cyan Stone and its controlled entities - entities controlled by a common shareholder	18,542	30,867
Payables to related parties of key management personnel	15,000	32,882
(1) Represents the consideration receivable from the sale of the Chinese Operations to Zhejiang Jiayuan Shencheng Real Estate Property Development Group Ltd., an entity under the common control of the ultimate shareholder.		
(2) Amounts are due to Jin Jiang Investment and Management Co (\$145,520).		

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	30 June 2018	31 December 2017
	\$	\$
Loan from Cyan Stone Pty Limited - entities controlled by a common shareholder	-	16,824,231

Note 20. Earnings per share

	Consolidated	
	6 months ended 30 June 2018	6 months ended 30 June 2017
	\$'000	\$'000
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax attributable to the owners of Boyuan Holdings Limited	549	(1,622)
	2018	2017
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100
	Cents	Cents
Basic earnings per share	0.16	(0.47)
Diluted earnings per share	0.16	(0.47)

Note 20. Earnings per share (continued)

	Consolidated	
	6 months ended 30 June 2018 \$'000	6 months ended 30 June 2017 \$'000
<i>Earnings per share for profit/(loss) from discontinued operations</i>		
Profit after income tax attributable to the owners of Boyuan Holdings Limited	174	445
	2018 Number	2017 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100
	Cents	Cents
Basic earnings per share	0.05	0.13
Diluted earnings per share	0.05	0.13

	Consolidated	
	6 months ended 30 June 2018 \$'000	6 months ended 30 June 2017 \$'000
<i>Earnings per share for profit/(loss)</i>		
Profit/(loss) after income tax	758	(1,168)
Non-controlling interest	(35)	(9)
Profit/(loss) after income tax attributable to the owners of Boyuan Holdings Limited	723	(1,177)
	2018 Number	2017 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100
	Cents	Cents
Basic earnings per share	0.21	(0.34)
Diluted earnings per share	0.21	(0.34)

Note 21. Events occurring after the reporting period

Other than as disclosed in this report and to the knowledge of the Directors, no matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Boyuan Holdings Limited
Directors' declaration
30 June 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Dr. Saliba Sassine
Chairman, Independent, Non-Executive Director
Sydney



Yading Wan
Chief Executive Officer, Executive Director
Sydney

27 August 2018

Independent Auditor's Review Report to the Members of Boyuan Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Boyuan Holdings Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled (the "Group") at the end of the half-year or from time to time during the half-year as set out on pages 5 to 25.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Boyuan Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Boyuan Holdings Limited, would be in the same terms if given to the Directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Boyuan Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 27 August 2018