

### 1. Company details

Name of entity:	Boyuan Holdings Limited
ABN:	92 608 897 963
Reporting period:	For the year ended 31 December 2017
Previous period:	For the year ended 31 December 2016

### 2. Results for announcement to the market

			<b>\$'000</b>
Revenues from ordinary activities	down	38.3% to	11,092
Revenues from continuing activities	up	1174.4% to	7,009
Profit from ordinary activities after tax attributable to the owners of Boyuan Holdings Limited	up	469.5% to	1,270
Profit for the year attributable to the owners of Boyuan Holdings Limited	up	469.5% to	1,270

#### *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 \$1,270,000 (31 December 2016: \$223,000).

The results above are after restating 2016 for the disposal of Chinese operations as described in note 4.

### 3. Net tangible assets

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>12.89</u>	<u>16.93</u>

### 4. Control gained over entities

Not applicable.

### 5. Loss of control over entities

Name of entities (or group of entities)	Jiaying Longyuan Enterprise Management Co. Ltd and Jiaying Boyuan Real Estate Development Co. Ltd.
Date control lost	26 Oct 2017

	<b>\$'000</b>
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	215
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	1,786

## 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.

---

## 8. Details of associates and joint venture entities

Not applicable.

---

## 9. Foreign entities

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

Not applicable.

---

## 10. Audit qualification or review

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

The financial statements are in the process of being audited.

---

## 11. Attachments

*Details of attachments (if any):*

The Preliminary Financial Report of Boyuan Holdings Limited for the year ended 31 December 2017 is attached.

---

## 12. Signed

Signed  \_\_\_\_\_

David Batten  
Director  
Sydney

Date: 28 February 2018

# **Boyuan Holdings Limited**

**ABN 92 608 897 963**

## **Preliminary Financial Report - 31 December 2017**

**Boyuan Holdings Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2017**



	Note	Consolidated 2017 \$'000	2016 \$'000
<b>Continuing operations</b>			
<b>Revenue</b>			
Revenue from external customers		7,009	550
Cost of sales		(758)	-
Gross profit		<u>6,251</u>	<u>550</u>
Other income, gains and losses		177	5
<b>Expenses</b>			
Administration expenses		(10,489)	(1,027)
Other expenses		(227)	(47)
Finance costs	3	<u>(913)</u>	<u>(31)</u>
<b>Loss before income tax benefit from continuing operations</b>		(5,201)	(550)
Income tax benefit		<u>304</u>	<u>3</u>
Loss after income tax benefit from continuing operations		(4,897)	(547)
Profit after income tax expense from discontinued operations	4	<u>6,169</u>	<u>808</u>
<b>Profit after income tax (expense)/benefit for the year</b>		1,272	261
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings, net of tax		181	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation - continuing operations		(271)	(2,454)
Foreign currency translation - discontinued operations		<u>(1,699)</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>(1,789)</u>	<u>(2,454)</u>
<b>Total comprehensive income for the year</b>		<u><u>(517)</u></u>	<u><u>(2,193)</u></u>
Profit for the year is attributable to:			
Non-controlling interest		2	38
Owners of Boyuan Holdings Limited		<u>1,270</u>	<u>223</u>
		<u>1,272</u>	<u>261</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		2	38
Discontinued operations		-	-
Non-controlling interest		<u>2</u>	<u>38</u>
Continuing operations		(4,989)	(2,231)
Discontinued operations		4,470	-
Owners of Boyuan Holdings Limited		<u>(519)</u>	<u>(2,231)</u>
		<u><u>(517)</u></u>	<u><u>(2,193)</u></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 year ended 31 December 2017**



	Note	Consolidated	
		2017 \$'000	2016 \$'000
		Cents	Cents
<b>Earnings per share for loss from continuing operations attributable to the owners of Boyuan Holdings Limited</b>			
Basic earnings per share	20	(1.43)	(0.21)
Diluted earnings per share	20	(1.43)	(0.21)
<b>Earnings per share for profit from discontinued operations attributable to the owners of Boyuan Holdings Limited</b>			
Basic earnings per share	20	1.80	0.30
Diluted earnings per share	20	1.80	0.30
<b>Earnings per share for profit attributable to the owners of Boyuan Holdings Limited</b>			
Basic earnings per share	20	0.37	0.08
Diluted earnings per share	20	0.37	0.08

In accordance with AASB 5 'Non Current Assets Held for Sale and Discontinued Operations', the comparative information has been restated. Refer to note 3 for details

**Boyuan Holdings Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2017**



	Note	Consolidated 2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,555	8,883
Trade and other receivables	5	12,380	27,926
Inventories	6	11,145	19,073
Income tax refund due		-	108
Other	7	142	475
<b>Total current assets</b>		<u>25,222</u>	<u>56,465</u>
<b>Non-current assets</b>			
Inventories	8	74	6,652
Other	9	10,414	10,320
Investment properties	10	61,136	55,578
Property, plant and equipment	11	19,198	2
Intangibles	12	9,189	652
Deferred tax		764	928
<b>Total non-current assets</b>		<u>100,775</u>	<u>74,132</u>
<b>Total assets</b>		<u>125,997</u>	<u>130,597</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	3,204	11,176
Borrowings	14	21,823	1,909
Financial liability		596	562
Provision for income tax		-	5,249
Employee benefits		513	-
Pre-sale deposits received		-	3,431
<b>Total current liabilities</b>		<u>26,136</u>	<u>22,327</u>
<b>Non-current liabilities</b>			
Borrowings	15	46,450	49,512
<b>Total non-current liabilities</b>		<u>46,450</u>	<u>49,512</u>
<b>Total liabilities</b>		<u>72,586</u>	<u>71,839</u>
<b>Net assets</b>		<u>53,411</u>	<u>58,758</u>
<b>Equity</b>			
Contributed capital		17,613	17,613
Reserves	16	26,011	32,630
Retained profits		9,343	8,073
Equity attributable to the owners of Boyuan Holdings Limited		52,967	58,316
Non-controlling interest		444	442
<b>Total equity</b>		<u>53,411</u>	<u>58,758</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 year ended 31 December 2017**



<b>Consolidated</b>	<b>Contributed capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Non-controlling Interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2016	20,149	9,669	7,850	-	37,668
Profit after income tax benefit for the year	-	-	223	38	261
Other comprehensive income for the year, net of tax	-	(2,454)	-	-	(2,454)
Total comprehensive income for the year	-	(2,454)	223	38	(2,193)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	17,613	-	-	-	17,613
Corporate reorganisation reserve	(25,977)	25,977	-	-	-
Deemed contribution by a fellow subsidiary	5,828	-	-	404	6,232
Fair value movement in put option over non-controlling interests	-	(562)	-	-	(562)
Balance at 31 December 2016	<u>17,613</u>	<u>32,630</u>	<u>8,073</u>	<u>442</u>	<u>58,758</u>

<b>Consolidated</b>	<b>Contributed capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2017	17,613	32,630	8,073	442	58,758
Profit after income tax benefit for the year	-	-	1,270	2	1,272
Other comprehensive income for the year, net of tax	-	(1,789)	-	-	(1,789)
Total comprehensive income for the year	-	(1,789)	1,270	2	(517)
Recycle foreign currency translation reserve to profit or loss	-	(4,830)	-	-	(4,830)
Balance at 31 December 2017	<u>17,613</u>	<u>26,011</u>	<u>9,343</u>	<u>444</u>	<u>53,411</u>

*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 year ended 31 December 2017**



	Note	Consolidated	
		2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Profit before income tax (expense)/benefit for the year		1,447	1,236
Adjustments for:			
Depreciation and amortisation		184	29
Foreign exchange differences		(4,830)	-
Net fair value loss/(gain) on investment properties		(91)	585
Net gain on disposal of subsidiaries		(6,433)	-
		(9,723)	1,850
Change in operating assets and liabilities:			
Increase in trade and other receivables		(7,558)	(993)
Decrease/(increase) in inventories		(1,300)	4,182
Decrease in income tax refund due		108	926
Decrease/(increase) in deferred tax assets		(156)	395
Decrease/(increase) in prepayments		(58)	13,074
Increase in other operating assets		(482)	(10,403)
Increase/(decrease) in trade and other payables		3,651	(23,423)
Increase in derivative liabilities		34	-
Decrease in provision for income tax		(1,440)	(208)
Increase in employee benefits		513	-
Decrease in other provisions		-	(166)
		(16,411)	(14,766)
Income tax expense		(175)	(975)
Net cash used in operating activities		(16,586)	(15,741)
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	18	(85,900)	(223)
Payments for investment property		-	(3,602)
Payments for property, plant and equipment	11	(80)	-
Proceeds from disposal of investments		1,535	-
Dividend received from sale of China		7,833	-
Withdrawal of pledged bank deposits		392	12
Net cash used in investing activities		(76,220)	(3,813)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	18,626
Share issue transaction costs		-	(1,447)
Proceeds from borrowings		56,749	30,608
Repayment of borrowings		(1,671)	-
Proceeds from related parties loans		16,145	667
Repayments of loans to related parties		(11,160)	(20,212)
Proceeds from related party receivables		25,415	-
Net cash from financing activities		85,478	28,242
Net increase/(decrease) in cash and cash equivalents		(7,328)	8,688
Cash and cash equivalents at the beginning of the financial year		8,883	207
Effects of exchange rate changes on cash and cash equivalents		-	(12)
Cash and cash equivalents at the end of the financial year		1,555	8,883

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



**Note 1. Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding the net current asset deficiency of the Group at the reporting date. The ability of the Group to continue as a going concern is dependent upon the continuing financial support of related parties. The Directors have received a letter of loan subordination from Cyan Stone Pty Limited confirming their intentions to not require repayment of loans owed by the Group of \$16,824,000 to enable the Group to continue as a going concern and meet its financial obligations as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the year ended 31 December 2017.

**Note 2. Operating segments**

*Identification of reportable operating segments*

The Group disposed of its operations in China on 26 October 2017. Consequently, the Property Development segment has been classified as discontinued operation and removed from the segment disclosure in 2017 and 2016. There was no revenue from the Australian Property Development segment for the year ended 31 December 2017. Refer to Note 4 for detail information of discontinuing operations. The Group is organised into 5 operating segments (2016: 2 operating segments): Property Development, Property Investment, 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 Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Hotel and Lifestyle Living and Corporate are new operating segments arising from the acquisition of the Peachtree Inn Hotel and the Broadlands Gardens Lifestyle Living villages, and the Armidale Tourist Park during the year ended 31 December 2017.

The CODM reviews the gross profit and the 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 year.

*Intersegment receivables, payables and loans*

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

*Major customers*

There were no customers individually contributing over 10% of the total revenue for the year ended 31 December 2017 (2016: none).

*Operating segment information - continuing operations*

<b>Consolidated - 2017</b>	Property Investment & Management \$'000	Funds Management \$'000	Hotel \$'000	Lifestyle living \$'000	Corporate \$'000	Total \$'000
<b>Revenue</b>						
Sales to external customers	4,450	400	1,051	868	240	7,009
<b>Total revenue</b>	<u>4,450</u>	<u>400</u>	<u>1,051</u>	<u>868</u>	<u>240</u>	<u>7,009</u>
<b>Gross profit</b>	<u>4,355</u>	<u>400</u>	<u>621</u>	<u>635</u>	<u>240</u>	6,251
Other income, gains and losses						177
Administration expenses						(10,489)
Other expenses						(227)
Finance costs						(913)
<b>Loss before income tax benefit</b>						<u>(5,201)</u>
Income tax benefit						304
<b>Loss after income tax benefit</b>						<u>(4,897)</u>

**Note 2. Operating segments (continued)**

<b>Consolidated - 2016</b>	Property Investment & Management \$'000	Funds Management \$'000	Total \$'000
<b>Revenue</b>			
Sales to external customers	300	250	550
<b>Total revenue</b>	<u>300</u>	<u>250</u>	<u>550</u>
<b>Gross profit</b>	<u>300</u>	<u>250</u>	550
Other income, gains and losses			5
Administration expenses			(1,027)
Other expenses			(47)
Finance costs			(31)
<b>Loss before income tax benefit</b>			<u>(550)</u>
Income tax benefit			3
<b>Loss after income tax benefit</b>			<u>(547)</u>

*Geographical information - continuing operations*

	Sales to external customers		Geographical non-current assets	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Australia	<u>7,009</u>	<u>550</u>	<u>100,775</u>	<u>20,880</u>

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

**Note 3. Expenses**

	Consolidated	
	2017	2016
	\$'000	\$'000
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	40	-
Tourist park cabins	37	-
Plant and equipment	105	11
Motor vehicles	-	18
Total depreciation	<u>182</u>	<u>29</u>
<i>Employee benefits</i>		
Salaries and other allowances	2,194	390
Retirement benefit costs	170	30
Employee benefits expensed	<u>2,364</u>	<u>420</u>
<i>Finance costs</i>		
Interest expense	913	31
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<u>31</u>	<u>22</u>

**Note 4. Discontinued operations**

*Description*

The Group divested its interest in its residential and commercial mixed-use development in Jiaxing, Zhejiang Province in China (“Jiaxing Project”) on 26 October 2017 for a total consideration of AUD\$7,961,000 (net of withholding tax and costs) following the declaration and distribution of a AUD\$7,729,000 dividend. The net proceeds from the sale have been invested by the Group in new projects including the Peachtree Inn Hotel and Lifestyle Living assets. Following the divestment, the Group does not have any interests in Property Development and Management in China. All of the Group’s current operating assets and development opportunities are in Australia.

*Financial performance information*

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Property development	2,478	17,013
Property rental income	1,605	422
Total revenue	<u>4,083</u>	<u>17,435</u>
Net fair value (loss)/gain on investment properties	-	(585)
Other income	22	116
Total other income	<u>22</u>	<u>(469)</u>
Cost of sales	(1,517)	(12,254)
Distribution expenses	(30)	(508)
Administration expenses	(849)	(561)
Finance costs	(1,494)	(1,857)
Total expenses	<u>(3,890)</u>	<u>(15,180)</u>
Profit before income tax expense	215	1,786
Income tax expense	(479)	(978)
Profit/(loss) after income tax expense	<u>(264)</u>	<u>808</u>
Gain on disposal before income tax	6,433	-
Income tax expense	-	-
Gain on disposal after income tax expense	<u>6,433</u>	<u>-</u>
Profit after income tax expense from discontinued operations	<u><u>6,169</u></u>	<u><u>808</u></u>

*Cash flow information*

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Net cash from/(used in) operating activities	(2,900)	8,087
Net cash from/(used in) investing activities	1	(3,837)
Net cash from/(used in) financing activities	2,637	(3,888)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	<u>(262)</u>	<u>362</u>

**Note 4. Discontinued operations (continued)**

*Carrying amounts of assets and liabilities disposed*

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	782	-
Trade and other receivables	1,303	-
Inventories	15,805	-
Other current assets	387	-
Investment properties	52,208	-
Deferred tax assets	320	-
Total assets	<u>70,805</u>	<u>-</u>
Trade and other payables	5,822	-
Borrowings	22,945	-
Income tax	3,818	-
Amounts due to related parties	22,879	-
Other liabilities	8,983	-
Total liabilities	<u>64,447</u>	<u>-</u>
Net assets	<u>6,358</u>	<u>-</u>

*Details of the disposal*

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Total sale consideration	8,971	-
Carrying amount of net assets disposed	(6,358)	-
Recycle of foreign currency reserve through profit or loss	4,830	-
Selling cost including withholding tax	(1,010)	-
Gain on disposal before income tax	<u>6,433</u>	<u>-</u>
Gain on disposal after income tax	<u>6,433</u>	<u>-</u>

**Note 5. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables - external	445	1,701
Deposits	190	183
Amount due from related parties	<u>11,745</u>	<u>26,042</u>
	<u>12,380</u>	<u>27,926</u>

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

**Note 6. Current assets - inventories**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Properties under development	4,875	-
Properties held for sale	6,158	19,073
Stock on hand - at cost	112	-
	<u>11,145</u>	<u>19,073</u>

*Properties held for sale*

During the year ended 31 December 2016, the Group's inventories of properties, included in current assets were situated in the Peoples Republic of China ('PRC') and were stated at the lower of cost and net realisable value. During the year ended 31 December 2017, all inventories of properties situated in the PRC were sold following the disposal of the Group's 100% equity interest in Jiaxing Longyuan Enterprise Management Co. Ltd.

As at 31 December 2017, properties held for sale represented properties located in New South Wales, Australia.

**Note 7. Current assets - other**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	141	83
Pledged bank deposits	-	392
Other current assets	1	-
	<u>142</u>	<u>475</u>

**Note 8. Non-current assets - inventories**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Properties under development	<u>74</u>	<u>6,652</u>

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

**Note 9. Non-current assets - other**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Bringelly development	<u>10,414</u>	<u>10,320</u>

*Bringelly development*

The asset is represented by deposit, consulting and legal costs from the acquisition of land in Bringelly, New South Wales, Australia.

**Note 10. Non-current assets - investment properties**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Completed investment properties - at fair value	-	52,778
Investment properties under construction - at fair value	2,891	2,800
Investment property - retirement villages - at fair value	58,245	-
	<u>61,136</u>	<u>55,578</u>

*Reconciliation*

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

Opening fair value	55,578	52,561
Additions	-	3,602
Additions through business combinations (note 18)	58,245	-
Disposals	(52,778)	-
Revaluation (decrements)/increments	91	(585)
Closing fair value	<u>61,136</u>	<u>55,578</u>

*Location of investment properties*

The investment properties are located in New South Wales, Australia.

**Note 11. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Land - at fair value	5,374	-
Buildings - at fair value	7,427	-
Less: Accumulated depreciation	(40)	-
	<u>7,387</u>	-
Tourist park cabins - at fair value	3,076	-
Less: Accumulated depreciation	(37)	-
	<u>3,039</u>	-
Plant and equipment - at fair value	3,422	-
Less: Accumulated depreciation	(104)	-
	<u>3,318</u>	-
Furniture, fittings and office equipment - at cost	80	68
Less: Accumulated depreciation	-	(66)
	<u>80</u>	<u>2</u>
Motor vehicles - at cost	-	99
Less: Accumulated depreciation	-	(99)
	<u>-</u>	<u>-</u>
	<u>19,198</u>	<u>2</u>

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

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Land \$'000	Buildings \$'000	Tourist park cabins \$'000	Plant and equipment \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 January 2016	-	-	-	-	13	18	31
Depreciation expense	-	-	-	-	(11)	(18)	(29)
Balance at 31 December 2016	-	-	-	-	2	-	2
Additions	-	-	-	-	78	-	78
Additions through business combinations (note 18)	5,374	7,387	3,039	3,318	-	-	19,118
Revaluation increments	-	40	37	104	-	-	181
Depreciation expense	-	(40)	(37)	(104)	-	-	(181)
Balance at 31 December 2017	<u>5,374</u>	<u>7,387</u>	<u>3,039</u>	<u>3,318</u>	<u>80</u>	<u>-</u>	<u>19,198</u>

**Note 12. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill - at cost	3,789	52
AFSL Licence - at cost	600	600
Poker machines licences - at cost	4,800	-
	<u>9,189</u>	<u>652</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Goodwill \$'000	AFSL Licence \$'000	Poker machines licences \$'000	Total \$'000
Balance at 1 January 2016	-	-	-	-
Additions	52	600	-	652
Balance at 31 December 2016	52	600	-	652
Additions through business combinations (note 18)	3,737	-	4,800	8,537
Balance at 31 December 2017	<u>3,789</u>	<u>600</u>	<u>4,800</u>	<u>9,189</u>

**Note 13. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	1,537	3,188
Amounts due to related parties	209	272
Refundable deposits related to sales of properties	83	372
Loan to related party	-	483
Accrued construction cost	-	5,960
Other payables	1,375	901
	<u>3,204</u>	<u>11,176</u>

**Note 14. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank loans	-	1,909
Related party loan - Cyan Stone Pty Limited	16,823	-
Loan - Bremon Group Pty Ltd	5,000	-
	<u>21,823</u>	<u>1,909</u>

*Loan - Cyan Stone Pty Ltd*

The Group entered into a loan agreement with Cyan Stone Pty Ltd for a maximum amount of \$7,000,000. As at 31 December 2017, \$4,673,000 was drawn down. The loan is non-interest bearing. The loan can be called by the lender at any time after 1 August 2017 by giving no less than 1 months' notice.

On 1 Dec 2017, the Group entered into a loan agreement with Cyan Stone Pty Ltd for the amount of \$12,150,000 the full amount was drawn down on 8 December 2017. The loan is non-interest bearing for 12 months. The borrower has the discretion to request draw-down and make repayments during the term with reasonable notification.

*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**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank loans	11,450	17,539
Loan - Blue Cedar Development Pty Ltd	-	11,160
Loan - Bremon Group Pty Ltd	35,000	-
Loans - Related parties	-	20,813
	<u>46,450</u>	<u>49,512</u>

*Bank loans*

At 31 December 2017 bank loans consisted of:

(i) \$7,750,000 borrowing facility from the National Bank of Australia which was used for the acquisition of the Peachtree Inn Hotel. The facility expires on 30 September 2020.

(ii) \$3,700,000 borrowing facility from Bank of Queensland. 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 was charged at 4.09% per annum with the facility expiring on 4 October 2020.



**Note 15. Non-current liabilities - borrowings (continued)**

*Loan - Blue Cedar Development Pty Ltd*

On 23 December 2016, the Group entered into a loan agreement with Blue Cedar Development Pty Ltd for a maximum amount of \$10,600,000. The loan was repayable on 18 June 2019 and interest was charged at a rate of 12% per annum. The loan was not secured. The loan was repaid during the year ended 31 December 2017 following the disposal of the China operations.

*Loan - Bremon Group Pty Ltd*

During the year ended 31 December 2017 borrowings of \$40,000,000 were obtained from Bremon Group Pty by BHL Finance Pty Limited (a wholly owned subsidiary) for the purpose of acquiring the Broadlands Gardens Lifestyle Living assets. The term was 5 years with \$5,000,000 payable in the next 12 months and interest was charged at 6% per annum.

**Note 16. Equity - reserves**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Revaluation surplus reserve	181	-
General reserve	2,096	2,096
Foreign currency translation reserve	(1,681)	5,119
Put options reserve	(562)	(562)
Group reorganisation reserve	25,977	25,977
	<u>26,011</u>	<u>32,630</u>

*Revaluation surplus reserve*

The reserve is used to recognise increments and decrements in the fair value of land, buildings, plant and equipment, excluding investment properties.

*General reserve*

The reserve represents the interest expense recorded as shareholders' contribution in reserve, in relation to other borrowings from third parties borne by Jiaxing Dingyuan Real Estate Development Co., Ltd., a related party.

*Foreign currency translation reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Put option reserve*

The reserve is used to recognise increments and decrements in the redemption amount of put options over the non-controlling interests in Integer Holdings Limited.

The debit recognised in equity on initial recognition of the put option over Integer's shares may be presented as either a deduction from non-controlling interest ('NCI') or from other reserves alongside NCI. The Group has elected to disclose it as a separate reserve. The subsequent attribution of profit or loss and other comprehensive income between the equity of the parent entity and NCI may be affected by this decision.

*Group reorganisation reserve*

The reserve represents the capital reconstruction and group reorganisation when Boyuan Holdings Limited acquired Jiaxing Boyuan Real Estate Development Co., Ltd.

**Note 16. Equity - reserves (continued)**

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Revaluation surplus \$'000	General \$'000	Foreign currency \$'000	Put options \$'000	Group reorganisation \$'000	Total \$'000
Balance at 1 January 2016	-	2,096	7,573	-	-	9,669
Foreign currency translation	-	-	(2,454)	-	-	(2,454)
Capital reconstruction and group reorganisation	-	-	-	-	25,977	25,977
Fair value movement in put option	-	-	-	(562)	-	(562)
Balance at 31 December 2016	-	2,096	5,119	(562)	25,977	32,630
Revaluation - gross	181	-	-	-	-	181
Foreign currency translation	-	-	(1,970)	-	-	(1,970)
Recycle to profit or loss on disposal of subsidiary	-	-	(4,830)	-	-	(4,830)
Balance at 31 December 2017	<u>181</u>	<u>2,096</u>	<u>(1,681)</u>	<u>(562)</u>	<u>25,977</u>	<u>26,011</u>

**Note 17. Equity - dividends**

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

**Note 18. Business combinations**

*Peachtree Inn Hotel - provisional accounting*

On 19 October 2017, the Group acquired 100% of the assets and business known as the Peachtree Inn Hotel in Penrith for \$15,500,000. The Group intends to continue to operate the hotel and to explore opportunities to reposition the operations in the short to medium term. No goodwill was recognised in this transaction. The acquired business contributed revenues of \$1,051,000 and Gross Profit of \$621,000 to the Group for the period from 19 October to 31 December 2017.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	100
Land and buildings	9,265
Plant and equipment	1,435
Intangible assets - poker machine licences	<u>4,800</u>
Net assets acquired	15,600
Goodwill	<u>-</u>
Acquisition-date fair value of the total consideration transferred	<u><u>15,600</u></u>
Representing:	
Cash paid or payable to vendor	<u><u>15,600</u></u>
Acquisition costs expensed to profit or loss	<u><u>614</u></u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	15,600
Less: cash and cash equivalents	<u>(100)</u>
Net cash used	<u><u>15,500</u></u>

**Note 18. Business combinations (continued)**

*Armidale Tourist park - provisional accounting*

On 4 October 2017, the Group acquired 100% of the assets and business of Armidale Tourist Park ('Park') for \$7.4 million. The Group continues to operate the park as a long and short stay park. In the short to medium term, the Group intends to reposition the park towards a predominately long-stay Lifestyle Living village, subject to obtaining all relevant and necessary approval consistent with BHL's existing Lifestyle Living portfolio strategy. The acquired business contributed revenue of \$391,000 and Gross Profit \$376,000 to the Group for the period from 4 October to 31 December 2017.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	14
Land and buildings	3,496
Plant and equipment	865
Tourist park cabins	<u>3,039</u>
Net assets acquired	7,414
Goodwill	<u>-</u>
Acquisition-date fair value of the total consideration transferred	<u><u>7,414</u></u>
Representing:	
Cash paid or payable to vendor	<u><u>7,414</u></u>
Acquisition costs expensed to profit or loss	<u><u>190</u></u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	7,414
Less: cash and cash equivalents	<u>(14)</u>
Net cash used	<u><u>7,400</u></u>

**Note 18. Business combinations (continued)**

*Broadlands Gardens Lifestyle Living - provisional accounting*

On 8 December 2017, the Group acquired 100% of the assets and business of Broadland Gardens for \$63,000,000. The acquisition includes an existing portfolio of New South Wales Lifestyle Living communities and development sites located at Tamworth, Green Point, Muswellbrook and Harrington. It was acquired by the Group for the purpose of entering into the expanding community Lifestyle Living sector. The goodwill of \$3,737,000 represents future profits from house sales and community operation. The acquired business contributed revenue of \$479,000 and Gross Profit of \$260,000 to the Group for the period from 8 December to 31 December 2017.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Plant and equipment	1,018
Investment properties	58,245
	<hr/>
Net assets acquired	59,263
Goodwill	3,737
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>63,000</u>
Representing:	
Cash paid or payable to vendor	<u>63,000</u>
Acquisition costs expensed to profit or loss	<u>2,828</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	<u>63,000</u>

*Integer Holdings Pty Limited (prior year)*

On 9 December 2016, the Group acquired a 65% interest in funds management firm, Integer Holdings Pty Limited and its wholly owned subsidiary, Integer Securities Limited (collectively 'Integer') for \$850,000. Integer is a regulated managed fund. It was acquired to enhance the Group's ability to source additional capital for growth opportunities. The goodwill of \$52,000 represents intangible assets associated with Integer's reputation, networks and pipeline of opportunities.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	539
Other receivables	16
Prepayments	4
Intangible assets	600
Deferred tax asset	48
Other payables	(5)
Non-controlling interest measured at fair value	(404)
	<hr/>
Net assets acquired	798
Goodwill	52
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>850</u>
Representing:	
Cash paid or payable to vendor	<u>850</u>

**Note 18. Business combinations (continued)**

	<b>Consolidated 2016 \$'000</b>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	850
Less: cash and cash equivalents	(539)
Less: payments to be made in future periods	(88)
	<hr/>
Net cash used	<u>223</u>

**Note 19. Related party transactions**

*Parent entity*

Boyuan Holdings Limited is the parent entity.

*Ultimate parent entity*

Hong Kong Jianyuan Investment Limited is the ultimate parent entity

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Sales of goods and services and other income:		
Sales of goods and services with Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder:		
Fees for due diligence and project development management services	2,850,000	-
Sales and marketing related fees	1,405,389	300,000
Shared services fees	240,000	-
Sales of goods and services with Blue Cedar Development and its controlled entities - entities controlled by a director:		
Fund Establishment fee from commonly controlled entity	125,000	-
Fund Rollover fee from commonly controlled entity	275,000	-
Sales of goods and service and other income with other related parties:		
Project development management fee from an entity under common control	120,000	-
Profit from sale of Chinese Operations to Zhejiang Jiayuan*	6,432,744	-
Payment for goods and services:		
Payments for goods and services with Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder:		
Rental expense	38,067	24,000
Payments for other expenses with Blue Cedar Development and its controlled entities - entities controlled by a director :		
Interest paid/payable	635,416	31,364
Payments for goods and services with other related parties:		
Commission for the purchase of Retirement Village paid to related parties of key management	630,000	-
Director fee paid to key management personnel of a commonly controlled entity	30,000	-

\* Represents the profit on 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. Refer to note 4 for details

**Note 19. Related party transactions (continued)**

*Receivable from and payable to related parties*

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

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Amount due from subsidiary under common control of the ultimate controlling shareholder**	-	26,041,562
Receivable from Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	4,252,205	-
Receivable from Blue Cedar Development and its controlled entities - entities controlled by a director	275,000	-
Receivable from related parties of key management personnel	120,000	-
Consideration receivable from commonly controlled entity for disposal of Chinese operations*	7,098,237	-
Current payables:		
Amount due to related parties controlled by close family members of the ultimate controlling shareholder of Boyuan***	145,520	271,068
Amount due to non-controlling interest of Integer	-	87,500
Amount due to Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	30,876	24,000
Payables to related parties of key management personnel	32,882	-

\* 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. Refer to note 4 for details

\*\* Receivable was settled concurrently with the sale of the Chinese Operations.

\*\*\* Amounts are due to Jin Jiang Investment and Management to (\$145,520); Zhejiang Xigu (\$62,228); Jiaxing Deyu (\$38,412) and Zhejiang Jiayuan Property Management Co.Ltd (\$139,052) which are entities controlled by the ultimate shareholder

*Loans to/from related parties*

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

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Current borrowings:		
Loan from Cyan Stone Pty Limited - entities controlled by a common shareholder*	16,824,231	482,730
Loan from Blue Cedar Development and its controlled entities - entities controlled by a director	-	560,000
Non-current borrowings:		
Loans from other related parties**	-	20,812,563
Loan from Blue Cedar Development and its controlled entities - entities controlled by a director	-	10,600,000

\* Refer to note 14 for details on the terms and conditions of the loan from Cyan Stone Pty Ltd

\*\* The loan was derecognised as part of the disposal of the Chinese Operations. Refer to Note 4 for further details.

**Note 20. Earnings per share**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Boyuan Holdings Limited	<u>(4,897)</u>	<u>(547)</u>

Note 20. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	265,521,683
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	265,521,683
	Cents	Cents
Basic earnings per share	(1.43)	(0.21)
Diluted earnings per share	(1.43)	(0.21)
	Consolidated	
	2017	2016
	\$'000	\$'000

*Earnings per share for profit from discontinued operations*

Profit after income tax attributable to the owners of Boyuan Holdings Limited	6,169	808
---	-------	-----

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	265,521,683
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	265,521,683
	Cents	Cents
Basic earnings per share	1.80	0.30
Diluted earnings per share	1.80	0.30
	Consolidated	
	2017	2016
	\$'000	\$'000

*Earnings per share for profit*

Profit after income tax	1,272	261
Non-controlling interest	(2)	(38)
Profit after income tax attributable to the owners of Boyuan Holdings Limited	1,270	223

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	265,521,683
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	265,521,683
	Cents	Cents
Basic earnings per share	0.37	0.08
Diluted earnings per share	0.37	0.08

**Note 21. Events after the reporting period**

A Second Variation Deed to the Jiaxing Equity Transfer Contract was entered into on 28 February 2018 in relation to the sale of the China operations on 27 October 2017. This was due to a requirement under Chinese law for Chinese companies to retain a portion of post-tax profits in their statutory public accumulation funds. Under the Second Variation Deed, the total consideration received by the Group remained unchanged at RMB 87,000,000. Whilst the dividend component was reduced by RMB 5,153,000, the share sale consideration was increased by the same amount (RMB 5,153,000) resulting in no change to the gross amount received by the Group. However, there was a small tax effect on the Group's net sale proceeds after tax which the Group considers to be immaterial. This has been reflected in the financial statements.

On 25 January 2018, the group has entered into a US\$10m 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 first Drawdown occurred on 29 January 2018 for US\$3m initial drawdown amount.

The Group is not allowed to distribute any profit prior to repayment of the loan.

No other matter or circumstance has arisen since 31 December 2017 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.