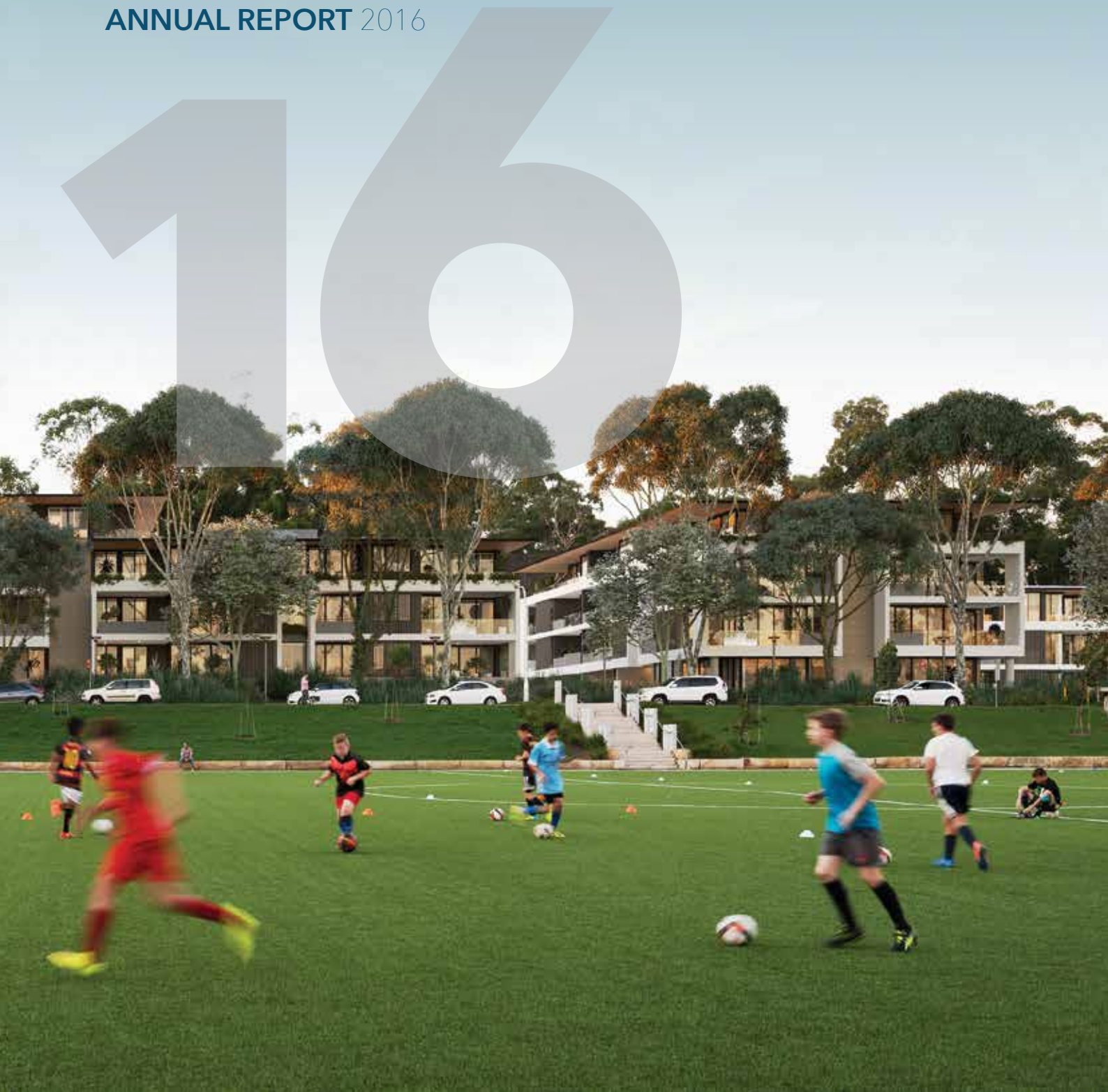
BHL
Boyuan Holdings Limited

ANNUAL REPORT 2016



About BHL
Boyuan Holdings Limited

Boyuan Holdings Limited (BHL) is an Australian property company, bringing a truly unique perspective and capability to the Australian market.

Our ambition is to create and deliver market-leading quality residential and commercial communities where Australians live and work.

Boyuan originated in China where we developed a 48,500 square metre, mixed-use property complex comprising 10 residential and commercial buildings, known as the Jiayuan Central Plaza Project.

In 2016, Boyuan successfully completed a $18 million initial public offering to list on the Australian Securities Exchange, to fund its expansion into the Australian property market.

Boyuan adds value right along the property spectrum. From selective site acquisition through to repositioning, rezoning and development, we are uniquely placed to bring our regional expertise to the local Australian market.

We are developing a strong land bank of development opportunities in high-growth corridors, with strong housing demand supported by existing and proposed infrastructure.

Our development pipeline:

- **Austral Green, NSW** – part of a 20,000 square metre site for residential housing.
- **Hunter Valley, NSW** – part of two parcels of land for hotel and recreational accommodation.
- **Marsden Park (Clydesdale), NSW** – part of a 500,000 square metre site to develop over 2,000 apartments and 600 houses, together with a 100,000 square metre site for construction of a commercial complex and serviced apartments.
- **Bringelly** – a 40.5 hectare development site to include a village centre of approximately 70,000 square metres, with around 600 housing lots.

Boyuan has a strong platform to leverage the networks, together with the capability and financial resources of our partners to identify and capitalise on local market opportunities to design and develop a leading portfolio of residential and commercial communities in Australia.

We can also source additional capital for growth opportunities through our majority ownership of funds management firm, Integer Securities which is an ASIC regulated managed fund provider, working with wholesale and retail investors throughout Australia and South East Asia enabling Boyuan to source alternative capital flows from a range of investors.

We have come a long way from our origins in China. We are now able to combine our local expertise with the resources and experience of our partners to create an industry-leading property development company.

For us, that creates an exciting next chapter in our vision to create and deliver market-leading residential and commercial projects for our customers and communities, while driving long-term value creation for our shareholders.

HUNTER VALLEY, NEW SOUTH WALES

2 sites

TWO PARCELS OF LAND FOR HOTEL AND RECREATIONAL ACCOMMODATION

819 and 861 Hermitage Road, Pokolbin

MARSDEN PARK (CLYDESDALE), NEW SOUTH WALES

500,000 sqm

SITE TO DEVELOP OVER 2,000 APARTMENTS AND 600 HOUSES, TOGETHER WITH A 100,000 SQUARE METRE SITE FOR CONSTRUCTION OF A COMMERCIAL COMPLEX AND SERVICED APARTMENTS

1270 Richmond Road at Marsden Park, NSW

LINDFIELD, NEW SOUTH WALES

10,427 sqm

THE SITE HAS A TOTAL AREA OF 10,427m² AND HAS STREET FRONTAGES TO ETON ROAD AND SHOUT RIDGE

101 Eton Road, Lindfield

The Northern Road, Bringelly

BRINGELLY, NEW SOUTH WALES

40.5 hectare

DEVELOPMENT SITE TO INCLUDE A VILLAGE CENTRE OF APPROXIMATELY 70,000 SQUARE METRES, WITH AROUND 600 HOUSING LOTS

40, 42, 44 and 46 Kelly Street, Austral

AUSTRAL GREEN, NEW SOUTH WALES

20,000 sqm

SITE FOR RESIDENTIAL HOUSING

CONTENTS

This page: Marsden Park – Clydesdale, New South Wales
Front cover: Lindfield Project developed by Cyan Stone, subsidiary of Boyuan Holdings Limited

We are building a strong development pipeline which provides a solid platform to leverage the networks, capabilities and financial resources of our partners to identify and capitalise on local market opportunities.

Chairman's Report

Dear shareholder,

It is my pleasure to present my first Chairman's Report and the Annual Report for Boyuan Holdings Limited.

Firstly, I would like to welcome our new shareholders to the Company who invested either through the initial public offering or subsequent to the listing on the Australian Securities Exchange. On behalf of my fellow Directors on the Board, I want to thank you for your ongoing support of Boyuan.

CREATING A STRONG STRATEGIC PLATFORM

Your Company has a clear strategy to build our business in Australia. We are focused on creating and delivering market-leading quality residential and commercial communities, targeting high growth corridors with strong housing demand and existing and proposed infrastructure.

Over the past year, we have made significant progress in implementing this strategy.

The successful listing on the ASX has enabled the Company to commence our development activities in the Australian property market.

We now own an emerging portfolio of quality development opportunities in Western Sydney, and also in the Hunter Valley, NSW.

This portfolio was strengthened significantly with the acquisition of the 40.5-hectare development site at Bringelly, NSW in December 2016.

In the meantime, we have also diversified our capital funding base with the acquisition of a majority stake in Integer Securities.

Together, these transactions have assisted the Company in creating a stronger platform to implement the next stage of our growth strategy.

FINANCIAL RESULT

For the year ended 31 December 2016, the Company reported a net profit after tax of $223,000. The major contributing factors for the result were income related to the Jiaxing Project in China, offset by costs associated with the IPO and other legal and accounting costs related to the Bringelly and Integer acquisitions. Further information on the financial result is contained in the CEO's Review.

BOARD AND MANAGEMENT

Your Board has in-depth experience in property development and financial services and brings a range of complementary skills to the Company. My fellow Directors are: Yading Wan (CEO) David Batten, Xiaofeng Chen and Shum Tin Ching.

Following the listing on the ASX, we have also strengthened our local management team which is outlined in the CEO's review of operations.

We maintain a strong capital base and corporate governance platform to enable the Company to expand our operations in the local market.

We believe this is important in providing our partners, shareholders and the industry with confidence that Boyuan is committed to the long-term sustainability of our business in Australia.

THE FUTURE

In a few short months since our listing on the ASX, Boyuan has made significant progress.

We are building a strong development pipeline which provides a solid platform to leverage the networks, capabilities and financial resources of our partners to identify and capitalise on local market opportunities.

This is fundamental to our strategy to create and deliver market-leading residential and commercial communities, while driving long-term value creation for our shareholders.

The Board and management of the Company will continue to implement this strategy and we remain confident of delivering our vision for the future.

DR SALIBA SASSINE
Chairman

CEO's Review of Operations

I am pleased to provide my first CEO's Report and overview of the operations of Boyuan Holdings Limited in Australia and the Group's subsidiaries in China in the Company's first annual report.

After Boyuan's initial public offering (IPO) in September 2016 and subsequent listing on the Australian Securities Exchange (ASX) in October 2016, the Company established a head office in Sydney, installed an experienced management team and made several significant acquisitions across NSW.

This strategic framework will provide Boyuan with a solid platform for our growing operations in the Australian property market, particularly in Sydney where the demand for housing remains strong.

PROJECTS OVERVIEW

Boyuan has a number of promising projects underway to generate shareholder value over the medium term. These are summarised below and further details are provided in this Annual Report.

CHINESE PROJECT

The Group's operations in China have been the main driver of the business to date; primarily the development of a mixed-use residential and commercial property in the Jiaxing, Zhejiang Province (Jiaxing Project).

The Jiaxing Project has been developed over two phases which includes 758 units with overall floorage of 120,000 square metres. Phase 1, comprising three buildings and an underground car park, has been completed in 2013 with overall floorage of 38,300 square metres. Most of the retail units and apartments have been sold. Phase 2, comprising seven buildings and an underground car park, has been completed in 2016 with overall floorage of 39,400 square metres. The Jiaxing Project has attracted many leaseholders including retail outlets, banks, a cinema and hotels. The grand opening for Phase 1 and Phase 2 commenced on 28 September 2016 with a profitable turnover.

As indicated in our Initial Public Offering (IPO) Prospectus, as each phase of construction of the Jiaxing Project is completed, the project's source of revenue and income will transition from property development to rental income as a commercial landlord. The Jiaxing Project's development activities have generally been more profitable than its property rental activities. Accordingly, as expected, the FY2016 revenue and net income for the Jiaxing Project are significantly lower compared to FY2015, reflecting this transition.

Following the completion of the Jiaxing Project the Group will not undertake any further developments in China, instead focusing on opportunities in the Australian market.

AUSTRALIAN PROJECTS

Austral

This project will see the quality site at Kelly Street, Austral, purchased for $3,570,000, developed into approximately 40 homes sold prior to completion. A development application (DA) has been lodged and approval is expected no later than the second quarter of 2017 with completion of the project expected to be in the first quarter of 2018.

Bringelly

Boyuan purchased a 40.5-hectare site on the Northern Road at Bringelly for $70 million. The site is located 14 kilometres south of Badgery's Creek, five kilometres from the Oran Park Town Centre, and is surrounded by housing and major infrastructure – notably the proposed second Sydney airport.

A $7.5 million deposit was paid on signing of the purchase agreement in December 2016, with a further 10% payable on 1 September 2018 and the balance payable on settlement on 18 June 2019. Boyuan will fund the acquisition through a combination of existing facilities and its majority ownership of managed funds provider Integer Securities. Boyuan did not require shareholder approval for the acquisition under ASX listing rules. Planning consultants have been engaged by Boyuan and completion of the project is expected towards 2020.

Hunter Valley

In August 2016, Boyuan purchased two sites at Pokolbin, in the Hunter Valley, from subsidiary company Cyan Stone Pty Limited for $2,500.000.

The property is currently under lease and Boyuan has engaged architects to commence planning and design during 2017 with the aim of transforming the site into a world-class accommodation resort.

Marsden Park

Boyuan owns a 10.52ha site on Richmond Road, Marsden Park, which includes the historic Clydesdale Estate. This Heritage Land sits within the larger Marsden Park Clydesdale Estate, a 215.97ha property development which is owned by entities related to Boyuan.

Boyuan has engaged specialist heritage architects to work with the Heritage Council to ensure existing heritage buildings are incorporated into a "living heritage" urban village. The mixed-use development will include low density housing, retail, entertainment, recreational activities and green open space.

Boyuan has entered into an agreement with its sister company, Cyan Stone Pty Limited, whereby it will earn a 3% fee from the sale of any property on the site.

ACQUISITION OF INTEGER SECURITIES

Boyuan acquired a 65% holding in Integer, an ASIC-regulated managed fund provider, for $850,000.

Integer works with wholesale and retail investors throughout Australia and South East Asia and will allow Boyuan to source alternative capital flows from a range of investors.

This will greatly benefit Boyuan given the increasing challenges property developers face in sourcing finance from local lenders.

NEW MANAGEMENT TEAM

Boyuan's operations are being driven by a dedicated senior management team, with extensive experience in the property and financial services sectors in China and Australia.

Ian Clark has been appointed Chief Financial Officer with executive responsibility for the Company's group finance, IT and operations. Ian is a chartered accountant with over 24 years' experience at Pricewaterhouse Coopers in a variety of senior positions both in Australia and in the US.

Shao Ma has been appointed as Company Secretary, having previously held in-house legal roles at listed Australian companies in addition to corporate and financial experience gained with the Industrial Commercial Bank of China.

FINANCIAL RESULTS

For the year ended 31 December 2016, Boyuan reported a net profit after tax attributable to the owners of Boyuan Holdings Limited of $223,000.

The major contributing factors for the result were income related to the Group's Jiaxing Project in China, offset by a net operating loss before tax in Australia of $549,000 for the year ended 31 December 2016.

The Australian result is attributable to one-off set-up costs involved with the IPO, including legal expenses and insurances, travel for overseas VIPs and dignitaries, and further legal and accounting costs relating to the Bringelly and Integer acquisitions.

Revenue for the Jiaxing Project was A$17.4m for the year ended 31 December 2016, down from A$19.9m in the comparable period last year. The net operating profit for Jiaxing project was A$5.4m for the year ended 31 December 2016 compared to A$7.4m in FY2015. This decrease is attributable mainly to the transition from property development income to property rental income as mentioned above.

Revenue for Boyuan Australia for the period was $550,000 being fees earned by Integer following its acquisition by Boyuan in December 2016 and commissions earned from sales of residential lots at a development in Lindfield, NSW, owned by Cyan Stone Pty Limited.

STRATEGIC PRIORITIES FOR 2017

With the completion of the Jiaxing Project in China, Boyuan is now solely focused on Australia, where low interest rates, tight housing supply and strong investor demand are expected to continue to provide the company with sustained growth across the local property sector, primarily in NSW.

Having established a firm foundation in the local property market, Boyuan's future strategies will also include pursuing opportunities in other sectors – resulting in diversification and solid asset growth for the benefit of the Company and its shareholders.

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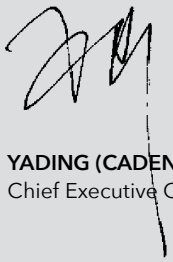


YADING (CADEN) WAN
Chief Executive Officer

Jiaxing Project
China

The Group's operations in China have been the main driver of the business to date, primarily the development of a mixed-use residential and commercial property in the Jiaxing, Zhejiang Province (Jiaxing Project).

The Jiaxing Project has been developed over two phases and includes 758 units with overall floorage of 120,000 square metres. Phase 1, comprising three buildings and underground car parking, was completed in 2013 with overall floorage of 38,300 square metres. Most of the retail units and apartments have been sold. Phase 2, comprising seven buildings and an underground car park, was completed in 2016 with overall floorage of 39,400 square metres.

The Jiaxing Project has attracted many leaseholders including retail outlets, banks, cinemas and hotels. The opening for Phase 1 and Phase 2 commence in September 2016 with a profitable turnover.

As indicated in our Initial Public Offering (IPO) Prospectus, as each phase of construction of the Jiaxing Project is completed, the source of revenue and income will transition from property development to rental income, as a commercial landlord. The project's development activities have generally been more profitable than its property rental activities. Accordingly, as expected, the FY2016 revenue and net income for the Jiaxing Project are significantly lower compared to FY2015, reflecting this transition.

Following the completion of the Jiaxing Project, the Group will not undertake any further developments in China, instead focusing on opportunities in the Australian market.

Project Status

DEVELOPED OVER TWO PHASES – **758 UNITS, TOTAL FLOORAGE 120,000 SQUARE METRES**

PHASE 1, COMPLETED 2013: **THREE BUILDINGS AND UNDERGROUND CAR PARK**

PHASE 2, COMPLETED 2016: **SEVEN BUILDINGS AND UNDERGROUND CAR PARK**

LEASEHOLDERS – **RETAIL OUTLETS, BANKS, CINEMAS AND HOTELS**

758 units

JIAXING PROJECT INCLUDES 758 UNITS WITH OVERALL FLOORAGE OF 120,000 SQUARE METRES

158 lots

AUSTRAL GREEN HAS BEEN DESIGNED FOR SUB-DIVISION INTO 158 HOUSING LOTS

Austral Green
New South Wales

Boyuan's site at Kelly Street, Austral, was purchased for $3,570,000.

The site benefits from a range of nearby amenities, including major arterial roads such as Bringelly Road, Camden Valley Way, the Hume Motorway to the east linking to the M5 and M7 motorways, Leppington train station and a future Town Centre less than three kilometres away and Liverpool Town Centre which is approximately 12 kilometres away.

The property is one of four in the Development Project called 'Austral Green' which has been designed for sub-division into 158 housing lots sold prior to completion.

Austral Green is located within the South West Growth Centre Precinct of Austral and consists of four lots known as 40, 42, 44 and 46 Kelly Street, Austral. It has a total area of approximately 7.4 hectares (ha). Boyuan owns 40 Kelly Street, Austral.

Project Status

DA LODGEMENT: **OCTOBER 2016**

CONSTRUCTION COMPLETION: **NOVEMBER 2017**

DA APPROVAL EXPECTED DATE: **MAY 2017**

PRE-SALES START DATE: **JANUARY 2017**

CONSTRUCTION START: **JUNE 2017**

Bringelly
New South Wales

Boyuan has agreed to purchased the 40.5-hectare site at 705 The Northern Road, Bringelly, for $70 million.

The site is located 14 kilometres south of Badgery's Creek, within the South West Priority Growth Area and is five kilometres from the Oran Park Town Centre.

It is surrounded by housing and major infrastructure – notably the proposed second Sydney airport.

Boyuan paid a $7.5 million deposit on signing of the purchase agreement in December 2016, with a further 10% payable on 1 September 2018 and the balance payable on settlement on 18 June 2019. It will fund the acquisition through a combination of existing facilities and its majority ownership of managed funds provider, Integer Securities.

Boyuan did not require shareholder approval for the acquisition under ASX listing rules.

Infrastructure Access

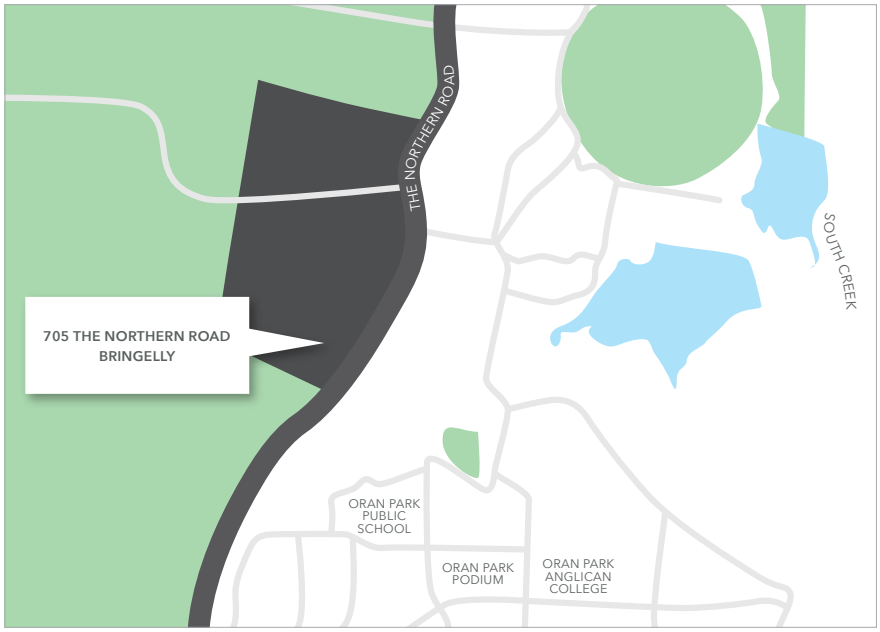
South West Priority Growth Area

WESTERN SYDNEY AIRPORT, BADGERYS CREEK

ORAN PARK TOWN CENTRE

SOUTH WEST RAIL LINK

BRINGELLY ROAD UPGRADE, MINIMUM FOUR LANES BETWEEN CAMDEN VALLEY WAY, LEPPINGTON AND THE NORTHERN ROAD, BRINGELLY



40.5ha

SITE AT 705 THE NORTHERN ROAD, BRINGELLY

2017

BOYUAN AIMS TO TRANSFORM THE SITE INTO A WORLD-CLASS ACCOMMODATION RESORT

Hunter Valley
New South Wales

In August 2016, Boyuan purchased two sites at 819 and 861 Hermitage Road, Pokolbin, in the Hunter Valley, NSW, from subsidiary company Cyan Stone Pty Limited for $2,500,000.

Boyuan aims to transform the site into a world-class accommodation resort.

Project Status

Boyuan is working with three of Australia's most respected architects in order to commence planning and design during 2017.

Glenn Murcutt, AO, has received myriad prestigious awards, including the AIA Gold Medal (2009), the Kenneth F. Brown Asia Pacific Culture and Architecture Award (2003), the Pritzker Architecture Prize (2002), and the Thomas Jefferson Medal for Architecture (2001).

Wendy Lewin was born and educated in Sydney and established a private firm in 1993, where she worked as a private practitioner. She has taught at the University of Sydney, the University of New South Wales and Hong Kong University.

Angelo Candalepas established Angelo Candalepas and Associates Pty Limited and under his leadership the company has won a significant number of awards which include the Sulman Medal for Architectural Excellence (2009). Angelo has taught and lectured at various Universities in Australia. He sits on panels such as the Religious Property Advisory Panel of the Heritage Office of NSW, the Barangaroo Design Excellence Panel which is chaired by former Prime Minister Paul Keating and the Council of Sydney Design Excellence Panel for the development of the Commonwealth Bank Building in Martin Place.

PURCHASED TWO SITES AT **819 AND 861 HERMITAGE ROAD, POKOLBIN FOR $2,500.000**

APPOINTED THREE OF **AUSTRALIA'S MOST RESPECTED ARCHITECTS**

CURRENTLY PLANNING AND DESIGNING TO TRANSFORM THE SITE INTO A **WORLD-CLASS ACCOMMODATION RESORT**

Glenn Murcutt

Marsden Park – Clydesdale
New South Wales

Boyuan owns a 10.52ha site at 1270 Richmond Road at Marsden Park, NSW referred to the Heritage Land and includes the historic Clydesdale House. The Heritage Land sits within the larger Marsden Park Clydesdale Estate, a 215.97ha property development which is owned by entities related to Boyuan (Marsden Park).

Most the Heritage Land has a State Heritage Registered Curtilage. Clydesdale House is located towards the middle of the site, and is a State significant heritage item, with ancillary items including stables, shed, cottage, a graveyard and driveway access.

Boyuan has engaged specialist heritage architects to work in collaboration with the Heritage Council to ensure existing heritage buildings on the site at Marsden Park, NSW, are incorporated into a "living heritage" urban village. The mixed-use development will include low density housing, retail, entertainment and recreational activities and open green space.

The owner of Marsden Park intends to sub-divide and develop the site on 1270 Richmond Road at Marsden Park, NSW, which is within the Marsden Park Growth Precinct, part of the strategic State Environmental Planning Policy (Sydney Region Growth Centres) 2007.

In addition to the Heritage land, Boyuan has an economic interest in Marsden Park through a sales and marketing agreement with its sister company, Cyan Stone Pty Limited, whereby it will earn a 3% fee from the sale of any property at the site.

Project Status

The development has four Development Applications lodged with Blacktown City Council as well as a Conservation Management Plan lodged with the Office of Environment and Heritage (OEH).

DA LODGEMENT:

PRECINCT 1 – 275 LAND LOT SUBDIVISION	**JUNE 2016**
6 LOT SUBDIVISION	**AUGUST 2016**
BULK EARTHWORKS	**SEPTEMBER 2016**
PRECINCT 2 – 1,421 APARTMENTS	**DECEMBER 2016**
PRECINCT 3 – 275 LAND LOT SUBDIVISION	**EXPECTED OCTOBER 2017**
PRECINCT 4 – HERITAGE PRECINCT	**EXPECTED OCTOBER 2017**

DA APPROVAL/EXPECTED DATE:

PRECINCT 1 – 275 LAND LOT SUBDIVISION	**SEPTEMBER 2017**
6 LOT SUBDIVISION	**SEPTEMBER 2017**
BULK EARTHWORKS	**SEPTEMBER 2017**
PRECINCT 2 – 1,421 APARTMENTS	**NOVEMBER 2017**
PRECINCT 3 – 275 LAND LOT SUBDIVISION	**AUGUST 2018**
PRECINCT 4 – HERITAGE PRECINCT	**AUGUST 2018**

CONSTRUCTION START:

CONSTRUCTION EXPECTED WITHIN ONE MONTH OF THE DA APPROVALS

CONSTRUCTION COMPLETION:

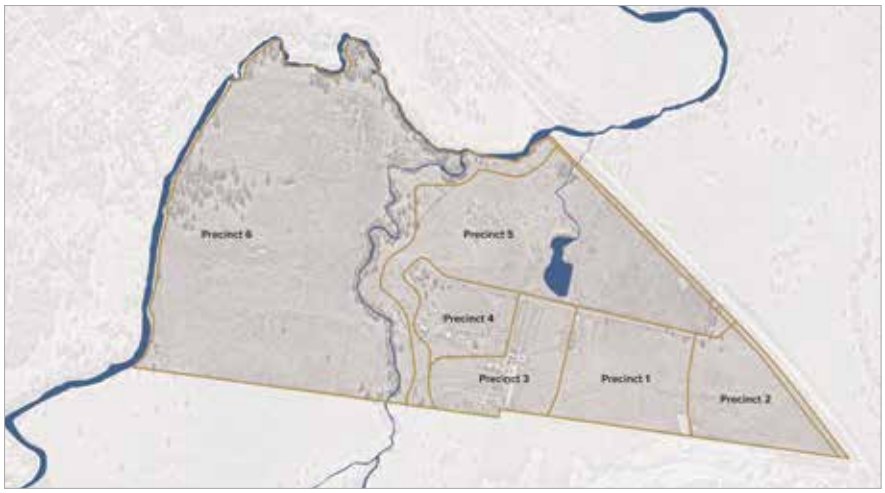
PRECINCT 1 – 275 LAND LOT SUBDIVISION	**APRIL 2018**
6 LOT SUBDIVISION	**JANUARY 2018**
BULK EARTHWORKS	**APRIL 2018**
PRECINCT 2 – 1,421 APARTMENTS	**DECEMBER 2021**
PRECINCT 3 – 275 LAND LOT SUBDIVISION	**JULY 2020**
PRECINCT 4 – HERITAGE PRECINCT	**DECEMBER 2021**

SETTLEMENT DATE:

SETTLEMENT WILL COMMENCE WITHIN ONE MONTH OF CONSTRUCTION

PRE SALES START DATE:

EXPECTED THREE MONTHS PRIOR TO DA APPROVALS



215.97ha

MARSDEN PARK CLYDESDALE ESTATE, A 215.97HA PROPERTY DEVELOPMENT WHICH IS OWNED BY ENTITIES RELATED TO BOYUAN

Project Status

The Joint Regional Planning Panel (JRPP) approved the development on Wednesday 22nd March, 2017.

DA APPROVAL/EXPECTED DATE: **EXPECTED APRIL 2017**

CONSTRUCTION START: **10 LOT SUBDIVISION COMMENCED IN DECEMBER 2016 WITH A COMPLETION DATE OF MAY 2017. THE APARTMENTS ARE TO COMMENCE IN MAY 2017.**

CONSTRUCTION COMPLETION: **THE 10 LOT SUBDIVISION IS SCHEDULED TO BE COMPLETED IN MAY 2017.**

THE RFB IS SCHEDULED FOR COMPLETION IN AUGUST 2018

SETTLEMENT DATE: **THE 10 LOTS EXPECTED TO SETTLE IN JUNE 2017 AND THE 96 APARTMENTS EXPECTED TO SETTLE AROUND SEPTEMBER 2018.**

10,427m²

LINDFIELD SITE HAS A TOTAL AREA OF 10,427m²

Lindfield
New South Wales

The site is located at 101 Eton Road, Lindfield, and is in close proximity to the Roseville train station and town centre and 4.9km from the Chatswood shopping centre. The former Screen Australia site has a total area of 10,427m² and has street frontages to Eton Road and Shout Ridge.

It will be developed into three residential buildings, comprising 96 Apartments as well as 10 Torrens Title Lots subdivision and the construction of a new private access road.

The new development, designed by architects Bates Smart, is set back from the street which provides an appropriate scale to the public domain, retains trees and ensures a landscaped buffer is maintained around the site.

Boyuan's economic interest in the site is through a sales and marketing agreement with its sister company, Cyan Stone Pty Limited, whereby it will earn a 3% fee from the sale of any property at the site.

BOARD OF DIRECTORS

DR SALIBA SASSINE

Chairman and Independent Non-Executive Director

Qualifications:
First Class Honours degree in Economics from the University of Western Australia with and a Doctor of Philosophy.

Experience and expertise:
Dr Sassine is an executive and company director with experience in industries ranging from biotechnology and pharmaceuticals to natural resources including mineral and agribusiness, technology and corporate and trade finance. He has been involved in leading and advising enterprises with businesses in different sovereignties including Australia, China, India, Singapore, Japan and several Southeast Asian countries. Dr Sassine has experience in corporate governance and compliance at publicly listed company level as well as private level.

Other current directorships:
None

Former directorships (last three years):
None

Special responsibilities:
Chair of the Nomination and Remuneration Committee and member of the Audit and Risk Committee

Interests in shares:
None

YADING WAN

Chief Executive Officer and Executive Director

Qualifications:
Bachelor Degree in accounting from Jiaxing College

Experience and expertise:
Mr Wan is a Chinese citizen and permanent resident of Australia. He has over 25 years' experience in real estate development and management. Mr Wan is the general manager of Jiaxing Zhonghuan Properties Co. Ltd., and the Chairman of Australian Jiaxing Association Pty Ltd.

Other current directorships:
None

Former directorships (last three years):
None

Special responsibilities:
Member of the Nomination and Remuneration Committee

Interests in shares:
36,000,000 ordinary shares held indirectly

YUXING SHEN (ALSO KNOWN AS SHUM TIN CHING)

Executive Director

Qualifications:
Bachelor of Business Administration from the University of China Television and Broadcasting

Experience and expertise:
Mr Shen, a Chinese and Hong Kong resident, has more than 25 years' experience in all aspects of the real estate sector. Mr Shen is currently the chairman of the board of Zhejiang Jiayuan Real Estate Group Co. Ltd, which ranked as the 40th largest Chinese real estate development corporation in 2016. Mr Shen is also the Chairman of the board of Jiayuan International Group, a Hong Kong listed property developer.

Other current directorships:
Chairman of the board of Jiayuan International Group (HKEX: 2768) and Chairman of the board of Zhejiang Jiayuan Real Estate Group Co. Ltd

Former directorships (last three years):
None

Special responsibilities:
None

Interests in shares:
204,000,000 ordinary shares held indirectly

DAVID PAUL BATTEN

Independent Non-Executive Director

Qualifications:
Double degree in Health and Physical Education from the University of Wollongong and a Post Graduate Diploma in Business Finance from Curtin University.

Experience and expertise:

Mr Batten has over 25 years' experience in financial markets and specialises in derivatives in the bullion, equities, commodities, foreign exchange and interest rate markets. He formerly worked within large foreign banking institutions including Bankers Trust Australia, Goldman Sachs, JBWere and the Republic Bank of New York.

Other current directorships:
Non-Executive Chairman of Victor Group Holdings Limited (ASX: VIG) and Non-Executive Director of China Dairy Corporation Limited (ASX: CDC).

Former directorships (last three years):
None

Special responsibilities:
Chair of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.

Interests in shares:
None

XIAOFENG CHEN

Independent Non-Executive Director

Qualifications:
Double degree in Engineering and Law from Zhejiang University. Masters degree in Executive MBA ('EMBA') from China Europe International Business School ('CEIBS').

Experience and expertise:
Mr Chen has over 20 years of experience in financial investment, and has held positions in senior management in multiple corporations. He specialises in the technology sector with extensive knowledge in business administration and law. Mr Chen is currently the Chairman of the board and president of Zhe Da Ke Fa Equity Investment Management Co., Ltd., an investment company focusing on venture capital and private equity and founded by multiple organisations including Zhejiang University. Mr Chen is also a qualified senior economist in China.

Other current directorships:
None

Former directorships (last three years):
None

Special responsibilities:
Member of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.

Interests in shares:
None

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

'Former directorships (last three years)' quoted above are directorships held in the last three years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Ms Shao Ma was appointed as Company Secretary and Legal Counsel of the Company on 23 January 2016. Ms Ma was a corporate lawyer at Piper Alderman with expertise in ASX listing rules, corporate governance, in-bound and out-bound investment and energy resources laws. She has also acted for a number of ASX listed Chinese public companies as their company secretary and legal adviser prior to joining the Company.

The previous company secretary was Xiqiang (Steven) Jiang.

DIRECTORS' REPORT

31 DECEMBER 2016

The Directors present their report, together with the financial statements, on the consolidated entity (referred to 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 year ended 31 December 2016.

DIRECTORS

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

Dr Saliba Sassine – Chairman, Independent Non-Executive Director

Yading Wan – Chief Executive Officer

Yuxing Shen – Executive Director

David Paul Batten – Independent Non-Executive Director

Xiaofeng Chen – Independent Non-Executive Director

PRINCIPAL ACTIVITIES

During the financial year the principal activities of the Group consisted of property development and management in China and Australia.

With the acquisition of Integer Securities Limited, the Group has diversified its operations and is a provider of managed investment funds in Australia.

DIVIDENDS

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

REVIEW OF OPERATIONS

The profit for the Group after providing for income tax and non-controlling interest amounted to $223,000 (31 December 2015: $6,045,000).

The reduction in profit is attributable to (i) the Group's operations in China transitioning from property development to property ownership and management, and (ii) an operating loss in Australia attributable to costs associated with the IPO of the Company, transaction costs associated with the acquisition of 65% of Integer Holdings Pty Limited and corporate overheads.

During the financial year, the Group undertook a restructure and acquisition, refer to 'Significant changes in the state of affairs' below. As a result of the Group reorganisation on 31 May 2016, the comparative information includes the results of Jiaxing Boyuan Real Estate Development Co., Ltd. Refer to note 2 of the financial statements for further details. The current year represents Boyuan Holdings Limited and its subsidiaries which includes Jiaxing Boyuan Real Estate Development Co., Ltd. for the entire year.

The Group is in the process of seeking development approval for its residential development site in Austral, New South Wales and expects to commence development of this site in 2017.

During the year the Group entered into agreements to acquire an additional development property at Bringelly in New South Wales. This acquisition will add 100 acres to the Group's land bank and will be developed subject to rezoning and obtaining necessary development approvals following settlement in 2019.

The Group continues to evaluate the best ways to add value to its other land holdings in Pokolbin and Marsden Park. No development is expected on these land holdings in 2017.

In December 2016 the Group acquired Integer Holdings Pty Limited and its wholly owned subsidiary Integer Securities Limited (together 'Integer'). Integer Securities is the holder of an Australian Financial Services Licence ('AFSL') and raised its first fund of A$25m shortly after being acquired by the Group. Integer and the Company continue to explore ways to utilise Integer Securities Limited's AFSL to raise capital to fund the Company's existing and new projects.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Group reorganisation, Initial Public Offering ('IPO') and Australian Securities Exchange ('ASX') listing

Effective 31 May 2016, the Group as part of a restructure, acquired Jiaxing Boyuan Real Estate Development Co., Ltd. from a related party.

On 28 October 2016, the Company was admitted to the Official List of ASX Limited with the ASX code 'BHL' and official quotation of the ordinary shares in the Company commenced on 31 October 2016. The Company raised $18,262,000, by issuing 93,130,100 ordinary shares at 20 cents per share, as part of the Group's IPO.

Property portfolio

During the financial year, the Group completed the development of a mixed-use property complex, known as the Jiayuan Central Plaza Project ('Jiaxing Project'), located in Jiaxing City, Zhejiang Province, China.

On 17 August 2016, the Group entered into agreements to acquire properties at 819 Hermitage Road, Pokolbin, New South Wales for $750,000* and 861A Hermitage Road, Pokolbin, New South Wales for $1,750,000*. The transactions were completed on 24 October 2016 (*excluding transaction costs).

On 22 August 2016, the Group entered into an agreement to acquire property at 40 Kelly Street, Austral, New South Wales for $3,570,000. The transaction was completed on 24 October 2016 and the Group will be developing residential properties on this site in 2017.

On 22 August 2016, the Group entered into a share and unit purchase agreement to acquire 100% of the issued capital in Cyan Stone Clydesdale Pty Limited for $100 and 100% of the units in Cyan Stone Clydesdale Trust for $2,800,000. The transaction was completed on 24 October 2016. Cyan Stone Clydesdale Trust is party to the Deed of Put and Call Option to acquire the remainder of the property located at 1270 Richmond Road, Marsden Park, New South Wales.

On 23 December 2016, the Group entered into an agreement to acquire a 40.5-hectare development site at Northern Road, Bringelly, New South Wales for $70 million. A $7.5 million deposit was paid on signing of the agreement, with a further 10% payable on 1 September 2018, and the balance payable on settlement on 18 June 2019.

Acquisition of Integer Holdings Pty Limited

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 for $850,000.

There were no other significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 31 December 2016 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

With the completion of the Jiaxing Project, the Group does not intend to undertake any further substantial property development business in China. The Group, in 2017, is focused on developing its residential properties at Pokolbin, Austral and Bringelly New South Wales and mixed commercial property at Marsden Park, New South Wales, as detailed in the 'Significant changes in the state of affairs' section above.

The Group will continue to pursue its policy of increasing the profitability and market share of its business during the next financial year. This may require further investment in property in Australia which offers sound opportunities for future development and growth.

ENVIRONMENTAL REGULATION

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Group undertakes an environmental due diligence and risk assessment of all properties it acquires. Further, compliance with environmental regulations is monitored on a regular basis.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2016, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr Saliba Sassine	7	7	–	–	–	–
Yading Wan	6	7	–	–	–	–
Yuxing Shen	5	7	–	–	–	–
David Paul Batten	7	7	–	–	–	–
Xiaofeng Chen	3	7	–	–	–	–

Held: Represents the number of meetings held during the time the director held office.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors do not receive share options or other incentives.

The Constitution provides that non-executive Directors are entitled to such remuneration as determined by the Directors but which must not exceed in aggregate the maximum amount determined by shareholders at a general meeting. ASX listing rules also require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The maximum amount determined by shareholders at a general meeting is $220,000 per annum.

Each of the non-executive Directors has entered into letters of appointment with the Company to serve as non-executive Directors. Non-executive Directors' fees have been set as follows:

Name	Fees per annum
Dr Saliba Sassine	$50,000
David Paul Batten	$40,000
Xiaofeng Chen	$30,000

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits;
- short-term performance incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example, motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

Long-term incentives ('LTI')

Currently there are no other LTI for executives. The Nomination and Remuneration Committee may in the future consider providing long-term equity-linked performance incentives, such as share options and performance rights.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is not directly linked to the performance of the Group and is ultimately at the discretion of the Board.

Use of remuneration consultants

During the financial year ended 31 December 2016, the Group did not engage any remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve its incentive programs.

Details of remuneration

Amounts of remuneration

The key management personnel of the Group consisted of the following Directors of Boyuan Holdings Limited:

- Dr Saliba Sassine – Chairman
- Yading Wan – Chief Executive Officer
- Yuxing Shen
- David Paul Batten
- Xiaofeng Chen

And the following persons:

- Ian Clark (CFO – Boyuan Holdings Limited)
- Adam Huxley (CEO – Integer Holdings Pty Ltd)

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The 2016 table below represents remuneration paid by the Group consisting of Jiaxing Boyuan Real Estate Development Co., Ltd. for the entire financial year and Boyuan Holdings Limited and its subsidiaries from 31 May 2016 to 31 December 2016.

Prior to the capital reconstruction and Group reorganisation on 31 May 2016, Jiaxing Boyuan Real Estate Development Co., Ltd. was not required to prepare a Remuneration Report in accordance with the Corporations Act 2001. As such, Remuneration Report information is presented for the year ended 31 December 2016 only.

	Short-term benefits			Post-employment benefits	Long-term benefits	
2016	Basic salary $	Cash bonus $	Other benefits $	Super-annuation $	Long service leave $	Total $
Non-Executive Directors:						
Dr S. Sassine*	7,542	–	–	–	–	7,542
D Batten	6,667	–	–	–	–	6,667
X Chen	4,566	–	–	–	–	4,566
Executive Directors:						
Y Wan	7,610	–	–	723	–	8,333
Y Shen**	7,610	–	–	–	–	7,610
Other Key Management Personnel:						
I Clark	47,569	–	–	–	–	47,569
A Huxley	6,500	–	–	–	–	6,500
	88,064	–	–	723	–	88,787

* *As at 31 December 2016 superannuation of $716 was payable on behalf of Dr S Sassine, which was paid in the subsequent period.*

** *Mr Y Shen is contractually entitled to superannuation under his executive service agreement, however Chinese citizens do not have an obligation to superannuation.*

The remuneration is 100% fixed.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	**Yading Wan**
Title:	Chief Executive Officer and Executive Director
Agreement commenced:	8 June 2016
Term of agreement:	Ongoing
Details:	Mr Wan's appointment is on a part-time basis at an annual gross salary of $50,000 and will continue until terminated in accordance with the executive services agreement. Mr Wan is entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company. The Company may suspend Mr Wan's appointment at any time and for any duration if he has committed a serious breach of the executive services agreement or at law. Either the Company or Mr Wan may terminate the executive services agreement at any time by providing the other party with one month's written notice of termination. The Company may terminate Mr Wan's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Mr Wan commits any act of serious misconduct or fraud, is charged with any offence or is declared bankrupt.

Name:	**Yuxing Shen (also known as Shum Tin Ching)**
Title:	Executive Director
Agreement commenced:	8 June 2016
Term of agreement:	Ongoing
Details:	Mr Shen's appointment is on a part time basis at an annual gross salary of $50,000 and will continue until terminated in accordance with the executive services agreement. Mr Shen is entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company. The Company may suspend Mr Shen's appointment at any time and for any duration if he has committed a serious breach of the executive services agreement or at law. Either the Company or Mr Shen may terminate the executive services agreement at any time by providing the other party with one month's written notice of termination. The Company may terminate Mr Shen's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Mr Shen commits any act of serious misconduct or fraud, is charged with any offence or is declared bankrupt.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 31 December 2016.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Restructure disposals/ other	Balance at the end of the year
Ordinary shares					
Yading Wan	–	–	20,000	36,000,000	36,020,000
Yuxing Shen	–	–	–	204,000,000	204,000,000
Ian Clark	–	–	10,000	–	10,000
	–	–	30,000	240,000,000	240,030,000

Other transactions with key management personnel and their related parties

The Group has a rental lease agreement ($4,000 per month) with Cyan Stone Pty Limited, a company jointly owned by Hong Kong Jiayuan Investment Limited and Citron Investment Pty Limited of which Yading Wan and Yuxing Shen are shareholders respectively.

The Group received $300,000 in relation to a sales and marketing agreement with Cyan Stone Pty Limited for efforts in promoting the sale of properties at a project it owns.

This concludes the remuneration report, which has been audited.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF DELOITTE TOUCHE TOHMATSU

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

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.

AUDITOR

Deloitte Touche Tohmatsu were appointed auditors during the financial year and continue in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

DR SALIBA SASSINE
Chairman

28 February 2017
Perth

YADING WAN
Chief Executive Officer

28 February 2017
Shang-hai, China

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Boyuan Holdings Limited

Suite 1, Level 16,
5 Martin Place
Sydney 2000 NSW

28 February 2017

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 audit of the financial statements of Boyuan Holdings Limited for the financial year ended 31 December 2016, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A. Coleman

Andrew J Coleman
Partner

Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation. Member of Deloitte Touche Tohmatsu Limited.

FINANCIAL CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated 2016 $'000	2015 $'000
Revenue			
Property development		**17,013**	18,913
Cost of sales		**(12,254)**	(12,585)
Gross profit		**4,759**	6,328
Other income, gains and losses	5	**(164)**	3,438
Property rental income		**422**	1,031
Funds management		**250**	–
Expenses			
Distribution expenses		**(508)**	(128)
Administration expenses		**(561)**	(799)
Other expenses		**(1,073)**	–
Finance costs	6	**(1,889)**	–
Profit before income tax expense		**1,236**	9,870
Income tax expense	7	**(975)**	(3,825)
Profit after income tax expense for the year		**261**	6,045
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(2,454)**	2,934
Other comprehensive income for the year, net of tax		**(2,454)**	2,934
Total comprehensive income for the year		**(2,193)**	8,979
Profit for the year is attributable to:			
Non-controlling interest		**38**	–
Owners of Boyuan Holdings Limited		**223**	6,045
		261	6,045
Total comprehensive income for the year is attributable to:			
Non-controlling interest		**38**	–
Owners of Boyuan Holdings Limited		**(2,231)**	8,979
		(2,193)	8,979

		Cents	Cents
Basic earnings per share	35	**0.08**	2.42
Diluted earnings per share	35	**0.08**	2.42

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Consolidated 2016 $'000	2015 $'000
Assets			
Current assets			
Cash and cash equivalents		**8,883**	207
Trade and other receivables	8	**27,926**	1,142
Inventories	9	**19,073**	29,907
Income tax refund due	7	**108**	1,034
Other	10	**475**	13,474
Total current assets		**56,465**	45,764
Non-current assets			
Inventories	11	**6,652**	–
Other	12	**10,320**	–
Investment properties	13	**55,578**	52,561
Property, plant and equipment	14	**2**	31
Intangibles	15	**652**	–
Deferred tax	7	**928**	841
Total non-current assets		**74,132**	53,433
Total assets		**130,597**	99,197
Liabilities			
Current liabilities			
Trade and other payables	16	**11,176**	15,542
Borrowings	17	**1,909**	–
Financial liability	18	**562**	–
Provision for income tax	7	**5,249**	5,457
Provisions	19	**–**	166
Pre-sale deposits received		**3,431**	19,286
Total current liabilities		**22,327**	40,451
Non-current liabilities			
Borrowings	20	**49,512**	21,078
Total non-current liabilities		**49,512**	21,078
Total liabilities		**71,839**	61,529
Net assets		**58,758**	37,668
Equity			
Contributed capital	21	**17,613**	20,149
Reserves	22	**32,630**	9,669
Retained profits		**8,073**	7,850
Equity attributable to the owners of Boyuan Holdings Limited		**58,316**	37,668
Non-controlling interest		**442**	–
Total equity		**58,758**	37,668

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Consolidated	Contributed capital $'000	Reserves $'000	Retained profits $'000	Non-controlling Interest $'000	Total equity $'000
Balance at 1 January 2015	32,796	6,439	1,805	–	41,040
Profit after income tax expense for the year	–	–	6,045	–	6,045
Other comprehensive income for the year, net of tax	–	2,934	–	–	2,934
Total comprehensive income for the year	–	2,934	6,045	–	8,979
Transactions with owners in their capacity as owners:					
Capital reduction by equity holder	(12,647)	–	–	–	(12,647)
Deemed contribution by fellow subsidiary	–	296	–	–	296
Balance at 31 December 2015	20,149	9,669	7,850	–	37,668

Consolidated	Contributed capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2016	**20,149**	**9,669**	**7,850**	**-**	**37,668**
Profit after income tax expense 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)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 21)	**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	**17,613**	**32,630**	**8,073**	**442**	**58,758**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated 2016 $'000	2015 $'000
Cash flows from operating activities			
Profit before income tax expense for the year		**1,236**	9,870
Adjustments for:			
Depreciation and amortisation		**29**	41
Net fair value loss/(gain) on investment properties		**585**	(3,597)
		1,850	6,314
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		**(993)**	12,044
Decrease in inventories		**4,182**	–
Decrease in income tax refund due		**926**	441
Decrease in deferred tax assets		**395**	415
Decrease in prepayments		**13,074**	7,816
Increase in other operating assets		**(10,403)**	(1,521)
Decrease in trade and other payables		**(23,423)**	(2,559)
Increase/(decrease) in provision for income tax		**(208)**	3,159
Increase/(decrease) in other provisions		**(166)**	166
		(14,766)	26,275
Income tax expense		**(975)**	(3,825)
Net cash from/(used in) operating activities		**(15,741)**	22,450
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	**(223)**	–
Payments for investment property		**(3,602)**	(11,018)
Withdrawal of pledged bank deposits		**12**	165
Net cash used in investing activities		**(3,813)**	(10,853)
Cash flows from financing activities			
Proceeds from issue of shares	21	**18,626**	–
Capital reduction by equity holder		**–**	(12,647)
Share issue transaction costs		**(1,447)**	–
Proceeds from borrowings		**30,608**	9,478
Proceeds from related parties loans		**667**	–
Repayments of loans to related parties		**(20,212)**	(8,254)
Net cash from/(used in) financing activities		**28,242**	(11,423)
Net increase in cash and cash equivalents		**8,688**	174
Cash and cash equivalents at the beginning of the financial year		**207**	33
Effects of exchange rate changes on cash and cash equivalents		**(12)**	–
Cash and cash equivalents at the end of the financial year		**8,883**	207

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 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 limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1
Level 16
5-17 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 28 February 2017. The Directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

Basis of preparation

Acquisition accounting and comparative information

Effective 31 May 2016, as part of a Group reorganisation, Boyuan Holdings Limited became the legal parent of Jiaxing Boyuan Real Estate Development Co., Ltd.

As a result of the acquisition, the comparative information represents the results for Jiaxing Boyuan Real Estate Development Co., Ltd. only. The current year represents the Group comprising Jiaxing Boyuan Real Estate Development Co., Ltd. for the entire year and Boyuan Holdings Limited and its subsidiaries from 31 May 2016 to 31 December 2016. Refer to 'Business Combinations' accounting policy below.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for investment properties and the financial Liability associated with the Put Options over Non-Controlling Interests which are carried at expected gross obligation to settle.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Boyuan Holdings Limited as at 31 December 2016 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interests in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Boyuan Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Changes in functional currency

AASB 121 'The Effects of Changes in Foreign Exchange Rates' requires that the functional currency be determined based on the primary economic environment and primary factors in which the entity operates, with less emphasis on secondary factors. The changes in functional currency impact the foreign currency translation of foreign subsidiaries.

Under AASB, the Company assessed and determined changes in functional currency for the Company from Reminbi (RMB) to Australian dollars (AUD). The foreign exchange translation gains/losses of the foreign operations are taken to other comprehensive income.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Property development

Revenue from properties developed for sales is recognised: (i) when the construction of relevant properties has been completed; (ii) collectability of the related receivable is reasonably assured; and (iii) at the date of delivery, or certain days after the notice of completion are issued to the buyers for which is earlier, at which time all the following additional conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits received from purchasers prior to meeting the above criteria for revenue recognition are recognised as a liability in the statement of financial position.

Property rental income

Revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses and can be controlled by the Company.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amounts of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of the acquisition of land, development expenditure incurred, engineering services and on-site consultants. Borrowing costs are capitalised to inventories, unless considered unrecoverable. Inventories represent these costs apportioned on the basis of sales not brought to account to total budgeted sales. Conversely, cost of sales is represented by these costs apportioned on the basis of sales brought to account to total budgeted sales.

Net realisable value is the estimated selling price in the ordinary course of business based on prevailing market conditions, less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Put/call options over non-controlling interest

In 2016, the Group acquired 65% interest in Integer Holdings Pty Ltd. The shareholders of the remaining 35% held various put options and the Group has various call options. Where a put option over shares held by a non-controlling interest has been recognised, the Group recognises a liability for the present value of the expected gross obligation to settle these ('Redemption amount'). Movements in the Redemption amount after initial recognition are recognised in the statement of profit or loss.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Investment properties

Investment properties principally comprise freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Group. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised in profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment is used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Furniture, fittings and equipment	5 years
Motor vehicles	4 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

Group as a lessee

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets; and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Group as a lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite-life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

AFSL Licence

AFSL Licence fees are capitalised as an asset. The asset has an indefinite life and is tested annually for impairment.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit and the Group estimates the recoverable amount of the cash-generating units to which the asset belongs.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid between 30 to 180 days from recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to State-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Contributed capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Acquisition of Jiaxing Boyuan Real Estate Development Co. Ltd.

Effective 31 May 2016, as part of a Group restructure, Boyuan Holdings Limited ('Boyuan') acquired Jiaxing Boyuan Real Estate Development Co., Ltd. ('Jiaxing') from a related party. The corporate reorganisation did not represent a business combination in accordance with AASB 3 'Business Combinations'. Instead the appropriate accounting treatment for recognising the new Group structure is on the basis that the transaction is a form of capital reconstruction and Group reorganisation. Accordingly the financial statements are a continuation of the Jiaxing Boyuan Real Estate Development Co., Ltd. with the following principals having being applied:

- retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of Jiaxing, presented in Australian dollars (translated from Chinese Renminbi which resulted in the retrospective adjustment to recognise a foreign currency translation reserve);
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Boyuan, including the equity instruments issued to affect the acquisition;
- no 'new' goodwill has been recognised as a result of the combination. The difference between the consideration paid and the equity 'acquired' is reflected in equity as a 'Group reorganisation reserve';
- the results for the financial year ended 31 December 2016 comprise the results for the year of Jiaxing together with the results of Boyuan from 31 May 2016 to 31 December 2016; and
- the comparative results represent the results of Jiaxing only.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Boyuan Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, is set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

Management anticipates that the application of AASB 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of the adoption of AASB 9 until the Group performs a detailed review. The Group will adopt this standard from 1 January 2018.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

Management anticipates that the application of AASB 15 in the future may have impacts on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of adopting AASB 15 until the Group performs a detailed review. The Group will adopt this standard from 1 January 2018.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard supersedes AASB 117 'Leases', Interpretation 4 'Determining whether an Arrangement contains a lease', Interpretation 115 'Operating Leases – Incentives' and Interpretation 127 'Evaluating the substance of transactions involving the legal form of a lease'. For lessees, AASB 116 will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Management anticipates that the application of AASB 16 will have an impact on the Group. However, it is not practicable to provide a reasonable estimate of the effect of the adoption of AASB 16 until the Group performs a detailed review. The Group will adopt this standard from 1 January 2019.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Accounting for the corporate reorganisation prior to Initial Public Offering ('IPO')

During the financial year, a corporate reorganisation took place in preparation for the listing of the Group on the Australian Securities Exchange. This resulted in Boyuan Holdings Limited becoming the legal parent of the Group.

The restructure was accounted for as a capital reconstruction and Group reorganisation rather than a business combination. In the Directors' judgement, the continuation of the existing accounting values most appropriately reflects the substance of the internal restructure. As such, the consolidated financial statements of the Group have been presented as a continuation of the pre-existing accounting values of assets and liabilities of the financial statements of Jiaxing Boyuan Real Estate Development Co., Ltd.

Estimate of fair value of investment properties

At the end of the reporting period, investment properties are stated at fair value based on a fair value model. In determining the fair value, the valuation methodology requires certain estimates, including income stream, market yield and capitalisation rates. In performing the valuation management has exercised its judgment and is satisfied that the assumptions used in valuation have reflected the current market conditions.

Impairment of inventories of properties

The Group writes down the carrying amount of inventories of properties to net realisable value based on assessment of the realisability of properties, taking into account the current market price of properties of comparable standard and location. If there is an increase in cost to completion or a decrease in net selling price, the net realisable value may decrease and this might result in write-downs of properties under development. If the expectation changes, it will impact the carrying value and write-downs of inventories of properties in the period in which such estimates are changed.

Construction costs estimation for revenue recognition

Certain projects of the Group are divided into several phases according to the development and delivery plans. The Group recognises sales upon delivery of properties. Cost of sales including construction costs specific to the phases and common costs allocable to the phases are calculated based on management's best estimation of the total development costs for the whole project and the allocation to each phase at the time when the properties are delivered

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Such as The People's Republic of China – Land Appreciation Tax ('LAT'), which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including sales charges, borrowing costs, payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other prescribed deductible items. Significant judgements are required in determining the amount of deductible expenditure.

The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred tax on investment properties, management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. If the presumption is rebutted, deferred tax for such investment properties is measured based on the expected manner as to how the properties will be recovered.

Business combinations

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair values of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting are retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

In assigning the purchase price allocation to the Integer acquisition, the AFSL value has been compared to application and legal costs for a new AFSL at the time of the acquisition and reflects replacement cost.

Put option over non-controlling interest – Expected Gross Obligations ('EGO')

The 'Expected Gross Obligation' recorded on consolidation is based on the present value of expected settlement of these which has been discounted to present value over two years using a rate of 5.89% (based on the two-year Australian government bond rate plus a risk premium of 4%).

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into three operating segments: Property development (development and sales of commercial and residential properties), Property investment (leasing of hotels, shopping arcades and car parks) and Funds management. 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.

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 year.

Intersegment receivables, payables and loans

There were no intersegment receivables, payables and 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 2016 (2015: none).

Operating segment information

Consolidated – 2016	Property development $'000	Property investment $'000	Funds management $'000	Total $'000
Revenue				
Sales to external customers	**17,013**	**422**	**250**	**17,685**
Total revenue	**17,013**	**422**	**250**	**17,685**
Gross profit	**4,759**	**422**	**250**	**5,431**
Finance costs				**(1,889)**
Other income, gains and losses				**(164)**
Distribution expenses				**(508)**
Administration expenses				**(561)**
Other expenses				**(1,073)**
Profit before income tax expense				**1,236**
Income tax expense				**(975)**
Profit after income tax expense				**261**

Consolidated – 2015	Property development $'000	Property investment $'000	Total $'000
Revenue			
Sales to external customers	18,913	1,031	19,944
Total revenue	18,913	1,031	19,944
Gross profit	6,328	1,031	7,359
Other income, gains and losses			3,438
Distribution expenses			(128)
Administration expenses			(799)
Profit before income tax expense			9,870
Income tax expense			(3,825)
Profit after income tax expense			6,045

Geographical information

	Sales to external customers		Geographical non-current assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Australia	**550**	–	**20,880**	–
China	**17,135**	19,944	**52,324**	52,592
	17,685	19,944	**73,204**	52,592

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

NOTE 5. OTHER INCOME, GAINS AND LOSSES

	Consolidated 2016 $'000	Consolidated 2015 $'000
Net fair value (loss)/gain on investment properties	**(585)**	3,597
Interest income	**5**	3
Movement in provisions	**–**	(166)
Other	**416**	4
Other income, gains and losses	**(164)**	3,438

NOTE 6. EXPENSES

	Consolidated 2016 $'000	Consolidated 2015 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**29**	41
Employee benefits		
Salaries and other allowances	**390**	323
Retirement benefit costs	**30**	44
Less: capitalised	**–**	(79)
Employee benefits expensed	**420**	288
Finance costs		
Interest expense	**3,960**	2,355
Less: capitalised	**(2,071)**	(2,355)
Finance costs expensed	**1,889**	–
Rental expense relating to operating leases		
Minimum lease payments (note 27)	**22**	1,087

NOTE 7. INCOME TAX

	Consolidated 2016 $'000	Consolidated 2015 $'000
Income tax expense		
Current tax	**48**	–
Deferred tax – origination and reversal of temporary differences	**281**	415
Current tax – enterprise income tax in the Peoples Republic of China ('PRC')	**188**	1,528
Current tax – land appreciation tax ('LAT')	**537**	1,790
Effects of exchange rates	**(79)**	92
Aggregate income tax expense	**975**	3,825
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	**281**	415
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	**1,236**	9,870
Tax at the statutory tax rate of 30% (2015: 25%)	**371**	2,468
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses	**288**	15
LAT	**537**	1,789
	1,196	4,272
Prior year tax losses not recognised now recouped	**(8)**	–
Difference in overseas tax rates	**(79)**	–
Tax effect of LAT	**(134)**	(447)
Income tax expense	**975**	3,825

	Consolidated 2016 $'000	Consolidated 2015 $'000
Amounts credited directly to equity		
Deferred tax assets	**(320)**	–

NOTE 7. INCOME TAX (CONTINUED)

	Consolidated 2016 $'000	2015 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	**8**	–
Accrued LAT	**659**	570
Net fair value gain on investment properties	**(412)**	(590)
Temporary differences – revenue recognition and related cost of sales	**356**	747
Temporary differences – expenses	**(3)**	114
	608	841
Amounts recognised in equity:		
Transaction costs on share issue	**320**	–
Deferred tax asset	**928**	841
Movements:		
Opening balance	**841**	1,256
Charged to profit or loss	**(281)**	(415)
Credited to equity	**320**	–
Additions through business combinations (note 32)	**48**	–
Closing balance	**928**	841

	Consolidated 2016 $'000	2015 $'000
Income tax refund due		
Income tax refund due	**108**	1,034

	Consolidated 2016 $'000	2015 $'000
Provision for income tax		
Provision for income tax	**5,249**	5,457

NOTE 8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated 2016 $'000	2015 $'000
Rent receivables	**582**	223
Deposits	**183**	316
Other receivables	**1,119**	336
	1,884	875
Amounts due from related party	**26,042**	267
	27,926	1,142

Amounts due from related parties

The restructure, described in note 2, included the recognition of a receivable in Hong Kong Boyuan Investment Holding Limited (a controlled entity) from the Group's shareholders (Hong Kong Jianyuan Investment Limited). The receivable is due to be settled on 22 May 2017 and bears no interest.

Impairment of receivables

The Group has recognised a loss of Nil (2015: Nil) in profit or loss in respect of impairment of receivables for the year ended 31 December 2016.

The Group did not have receivables which were past due and impaired at 31 December 2016 (2015: Nil).

NOTE 9. CURRENT ASSETS – INVENTORIES

	Consolidated 2016 $'000	2015 $'000
Properties under development	**–**	11,516
Properties held for sale	**19,073**	18,391
	19,073	29,907

The Group's inventories of properties, included in current assets, are situated in the PRC. All of the inventories of properties are stated at the lower of cost and net realisable value. As at 31 December 2016 properties under development of $Nil (2015: $11,516,000) is expected not to be realised within 12 months from the end of the reporting date, respectively.

NOTE 10. CURRENT ASSETS – OTHER

	Consolidated 2016 $'000	2015 $'000
Prepaid construction cost	**–**	13,070
Prepayments	**83**	–
Pledged bank deposits	**392**	404
	475	13,474

Pledged bank deposits

Pledged bank deposits mainly represent deposits pledged to banks as at 31 December 2016 to secure the mortgage guarantees provided to property buyers of the Group, amounting to $3,004,000 (2015: $4,112,000). The pledged deposits will be released upon obtaining building ownership certificates by property buyers. The deposits carry interest at the rate of 0.35% (2015: 0.35%) per annum.

NOTE 11. NON-CURRENT ASSETS – INVENTORIES

	Consolidated 2016 $'000	2015 $'000
Properties under development	**6,652**	–

The remainder of the land for the Bringelly project is expected to settle in June 2019.

The Group's inventories of properties, included in non-current assets, are situated in New South Wales, Australia. All of the inventories of properties are stated at the lower of cost and net realisable value. As at 31 December 2016 properties under development of $16,972,000 (2015: Nil) are expected to be realised more than 12 months from the end of the reporting date.

NOTE 12. NON-CURRENT ASSETS – OTHER

	Consolidated 2016 $'000	2015 $'000
Bringelly development	**10,320**	–

Represented by deposit and legal costs.

NOTE 13. NON-CURRENT ASSETS – INVESTMENT PROPERTIES

	Consolidated 2016 $'000	2015 $'000
Completed investment properties – at fair value	**52,778**	37,159
Investment properties under construction – at fair value	**2,800**	15,402
	55,578	52,561

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	**52,561**	37,946
Additions	**3,602**	11,018
Revaluation (decrements)/increments	**(585)**	3,597
Closing fair value	**55,578**	52,561

Location of investment properties

The investment properties are Jiaxing City in PRC; Hunter Valley, New South Wales (Australia); and Marsden Park, New South Wales (Australia).

Refer to note 25 for further information on fair value measurement.

NOTE 14. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2016 $'000	2015 $'000
Furniture, fittings and equipment – at cost	**26**	26
Less: Accumulated depreciation	**(24)**	(19)
	2	7
Motor vehicles – at cost	**99**	99
Less: Accumulated depreciation	**(99)**	(81)
	–	18
Computer equipment – at cost	**42**	42
Less: Accumulated depreciation	**(42)**	(36)
	–	6
	2	31

Reconciliations

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

Consolidated	Furniture, fittings and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Total $'000
Balance at 1 January 2015	11	41	15	67
Exchange differences	1	2	2	5
Depreciation expense	(5)	(25)	(11)	(41)
Balance at 31 December 2015	7	18	6	31
Depreciation expense	(5)	(18)	(6)	(29)
Balance at 31 December 2016	2	–	–	2

NOTE 15. NON-CURRENT ASSETS – INTANGIBLES

	Consolidated 2016 $'000	2015 $'000
Goodwill – at cost	**52**	–
AFSL Licence – at cost	**600**	–
	652	–

Reconciliations

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

Consolidated	Goodwill $'000	AFSL Licence $'000	Total $'000
Balance at 1 January 2015	–	–	–
Balance at 31 December 2015	–	–	–
Additions	52	600	652
Balance at 31 December 2016	52	600	652

NOTE 15. NON-CURRENT ASSETS – INTANGIBLES (CONTINUED)

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ('CGUs') that are expected to benefit from the synergies of the business combination. A CGU level summary of goodwill allocation is as follows:

	Consolidated	
	2016 $'000	2015 $'000
Integer Holdings Pty Limited	**52**	–

Goodwill is tested annually for impairment. For the year ended 31 December 2016, the recoverable amount of the goodwill and the CGU's to which it belongs has been determined based on fair value less to costs of disposal. This is on the basis that goodwill arose from an acquisition that occurred close to year end on 9 December 2016. The agreement was negotiated between a willing buyer and seller and therefore the purchase consideration represented fair value. There have been no changes in the period after the acquisition which would result in a decrease in fair value.

Management has assessed that the carrying value of goodwill and the CGU's to which it belongs at 31 December 2016 approximate it's fair value less costs of disposal, therefore there is no impairment.

NOTE 16. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	2016 $'000	2015 $'000
Trade payables	**3,188**	3,129
Amounts due to related parties	**272**	88
Refundable deposits related to sales of properties	**372**	4,454
Loan to related party	**483**	–
Accrued construction cost	**5,960**	6,982
Other payables	**901**	889
	11,176	15,542

Refer to note 24 for further information on financial instruments.

NOTE 17. CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	2016 $'000	2015 $'000
Bank loans	**1,909**	–

Refer to note 24 for further information on financial instruments.

NOTE 18. CURRENT LIABILITIES – FINANCIAL LIABILITY

	Consolidated 2016 $'000	2015 $'000
Put option over non-controlling interest	**562**	–

Refer to note 24 for further information on financial instruments.

Refer to note 25 for further information on fair value measurement.

The put options are over the ordinary shares of the non-controlling interest in Integer Holdings Pty Limited. The key terms and conditions of the put options are as follows:

	No. of Shares	Exercise Price	Exercisable in	Other conditions
Option 1	375	$1,250	1 year	The Company fails to deliver a new managed fund, to be managed by Integer Securities Limited, of at least A$50 million within 12 months
Option 2	150	$1,500	1 year	The Company fails to deliver a new managed fund, to be managed by Integer Securities Limited, of at least A$50 million within 12 months
Option 3	375	Fair value at time of exercise	Any time	The CEO of Integer ceases to be an employee of Integer
Option 4	375	Fair value at time of exercise	Any time after 2 years	None
Option 5	150	Fair value at time of exercise	Any time	None

NOTE 19. CURRENT LIABILITIES – PROVISIONS

	Consolidated 2016 $'000	2015 $'000
Legal claims	**–**	166

Legal claims

The provision represents the estimated costs to settle third party litigation claims against the Group where it is probable that the Group will be required to pay the claim.

NOTE 20. NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated 2016 $'000	2015 $'000
Bank loans	**17,539**	–
Trust loans	**–**	21,078
Loan – Blue Cedar Development Pty Ltd	**11,160**	–
Loans – Related parties	**20,813**	–
	49,512	21,078

Refer to note 24 for further information on financial instruments.

NOTE 20. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Bank loans	**19,448**	–
Trust loans	**–**	21,078
	19,448	21,078

Bank loans

The borrowings are from the Bank of Shaoxing Co., Ltd. The loans are secured by the Group's assets and carry a fixed rate of interest of 5.635% per annum.

Trust loans

The borrowing was in the form of trust arrangement with trust financing companies. The trust loans were secured by the pledge of assets set out below and carried a fixed rate of interest of 13% per annum.

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 is repayable on 18 June 2019 and bears interest at a rate of 12% per annum. The loan is not secured.

Loans – related parties

The consideration of RMB130 million to complete the restructure described in note 2 was recorded as a debt owed to the Zhejiang Jiayuan Group by Jiaxing Longyuan Enterprise Management Co., Ltd (a controlled entity).

The interest-free debt of RMB130 million (AUS$25.44 million) is to be repaid by Jiaxing Longyuan Enterprise Management Co., Ltd. to the Zhejiang Jiayuan Group in four equal instalments of RMB25 million at the end of the calendar years ending 2018, 2019, 2020 and 2021 and one final instalment of RMB30 million at the end of the calendar year ending 2022.

At 31 December 2016, the present value of the future cash flows has been determined using the benchmark interest rate on similar loans in the People's Republic of China. The difference between the present value (using a discount rate of approximately 5%) and the RMB130,000,000 is accounted for as a capital contribution and included in the corporate reorganisation reserve.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Inventories	**9,280**	6,704
Investment properties	**18,839**	30,792
	28,119	37,496

NOTE 21. EQUITY – CONTRIBUTED CAPITAL

The share capital dollar value represents the continuation of Jiaxing Boyuan Real Estate Development Co., Ltd. The number of shares on issue reflect those of Boyuan Holdings Limited. Refer to note 2 'Business combinations' for further details of the accounting principles applied.

	Consolidated			
	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Ordinary shares – fully paid	**343,130,100**	12,500	**17,613**	20,149

Movements in ordinary share capital

Details	Date	Number		$'000
Balance	1 January 2015	–		20,149
Shares issued in Boyuan Holdings Ltd	22 October 2015	12,500	$0.00	–
Balance	31 December 2015	12,500		20,149
Conversion of shares on Group reorganisation*	31 May 2016	249,987,500	$0.00	–
Capital reduction on Group reorganisation	31 May 2016	–	$0.00	(25,977)
Deemed contribution by fellow subsidiary	31 May 2016	–	$0.00	5,828
Issue of shares – initial public offering	31 October 2016	93,130,100	$0.20	18,626
Less: share issue transaction costs, net of tax		–	$0.00	(1,013)
Balance	31 December 2016	343,130,100		17,613

* *On reorganisation of the Group, existing shareholders received an additional 19,999 shares for each share held prior to the reorganisation.*

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

NOTE 22. EQUITY – RESERVES

	Consolidated 2016 $'000	2015 $'000
General reserve	**2,096**	2,096
Foreign currency translation reserve	**5,119**	7,573
Put options reserve	**(562)**	–
Group reorganisation reserve	**25,977**	–
	32,630	9,669

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 – refer to note 18.

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 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.

Movements in reserves

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

Consolidated	General $'000	Foreign currency $'000	Put options $'000	Group reorganisation $'000	Total $'000
Balance at 1 January 2015	1,800	4,639	–	–	6,439
Deemed contribution by fellow subsidiary	296	–	–	–	296
Foreign currency translation	–	2,934	–	–	2,934
Balance at 31 December 2015	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

NOTE 23. EQUITY – DIVIDENDS

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

NOTE 24. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units and reports to the Board on a monthly basis.

The Group currently does not hedge its activities.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

No sensitivity analysis has been performed for the exposure to foreign exchange risk arising from transactions denominated in foreign currency as the exposure is not deemed to be significant.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

At the reporting date, the Group had no variable rate borrowings.

The Group's bank balance and pledged deposits carry an interest rate of 0.35% (2015: 0.35%) per annum.

No sensitivity analysis has been performed for the exposure to interest rate risk on the Group's bank balance and pledge deposit as the exposure is not significant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

As at 31 December 2016 the amount due from related parties mainly represented the amounts due from one (2015: one) related party. Management considers that the credit risk on these balances is not significant.

As at 31 December 2016 there is a concentration of credit risk on rent receivables. Rent receivable due from one independent third party, Jiaxing Wan Bo Hui Business Management Co., Ltd ('WBH'), amounted to $582,000 (2015: $222,000), representing 1.58% (2015: 15.50%) of the balance of gross monetary assets.

Apart from amounts disclosed above, the Group does not have significant credit risk exposure to any other single counterparty. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the reporting periods.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

For properties that are presold but development has not been completed or the purchaser has not obtained the relevant building ownership certificate, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount of up to 80% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and re-sell the repossessed properties. Therefore, management considers the Group would likely recover any loss arising from the guarantee by it. Management considers the credit risk exposure to financial guarantees provided to property purchasers as minimal because the facilities are secured by the properties and the market prices are higher than the guaranteed amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2016	Weighted average interest rate %	On demand or less than 1 month $'000	1-3 months $'000	4 months to 1 year $'000	1-5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	**3,188**	**–**	**–**	**–**	**3,188**
Amount due to related party	**–**	**755**	**–**	**–**	**–**	**755**
Refundable deposits related to sales of properties	**–**	**372**	**–**	**–**	**–**	**372**
Other payables	**–**	**901**	**–**	**–**	**–**	**901**
Loans – related parties	**–**	**–**	**–**	**–**	**20,813**	**20,813**
Interest-bearing – fixed rate						
Bank loans	**5.64%**	**–**	**–**	**10,422**	**10,123**	**20,545**
Loan – Blue Cedar Development Pty Ltd	**12.00%**	**137**	**212**	**954**	**12,465**	**13,768**
Total non-derivatives		**5,353**	**212**	**11,376**	**43,401**	**60,342**

Consolidated – 2015	Weighted average interest rate %	On demand or less than 1 month $'000	1-3 months $'000	4 months to 1 year $'000	1-5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	3,129	–	–	–	3,129
Amount due to related party	–	88	–	–	–	88
Refundable deposits related to sales of properties	–	4,454	–	–	–	4,454
Other payables	–	889	–	–	–	889
Interest-bearing – fixed rate						
Trust loans	13.00%	–	133	2,438	22,800	25,371
Total non-derivatives		8,560	133	2,438	22,800	33,931

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 25. FAIR VALUE MEASUREMENT

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; and

Level 3: Unobservable inputs for the asset or liability.

Consolidated – 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Completed investment properties	**–**	**–**	**52,778**	**52,778**
Investment – Marsden Park land	**–**	**–**	**2,800**	**2,800**
Total assets	**–**	**–**	**55,578**	**55,578**
Liabilities				
Put option	**–**	**–**	**562**	**562**
Total liabilities	**–**	**–**	**562**	**562**

Consolidated – 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Completed investment properties	–	–	37,159	37,159
Investment properties under construction	–	–	15,402	15,402
Total assets	–	–	52,561	52,561

There were no transfers between levels during the financial year.

Movements in Level 3 – investment properties is disclosed in note 12.

Valuations of investment properties

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ('JLL') having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases; and take into consideration occupancy rates and returns on investment.

Valuations of put options

Put options are valued at each reporting date based on the likely settlement amount, discounted to present value.

Level 3 assets and liabilities

Movements in Level 3 assets and liabilities (excluding investment properties) during the current and previous financial year are set out below:

Consolidated	Put/call options $'000	Total $'000
Balance at 1 January 2015	–	–
Balance at 31 December 2015	–	–
Put option recorded on acquisition	562	562
Balance at 31 December 2016	**562**	**562**

NOTE 25. FAIR VALUE MEASUREMENT (CONTINUED)

The following table gives information about how the fair values of the investment properties and derivative liabilities (put options) are determined:

Description	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s)
Completed investment properties	Income approach The key inputs are: (1) Monthly market rent; (2) Capitalisation rate	Capitalisation rate, taking into account yield generated from comparable properties and adjusted to reflect the certainty of term income secured and to be received of 3.5% (2015: 3.5%).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
Properties under construction	Comparison and income approach The key inputs are: (1) Comparable unit sales rate of land; (2) Construction cost and professional fees; or	Comparable unit sales rate of land, using market direct comparable and taking into account location and other individual factors.	A slight increase in the market unit sales rate would result in a significant increase in fair value and vice versa.
	(1) Monthly market rent; (2) Capitalisation rate	Capitalisation rate, taking into account yield generated from comparable properties and adjusted to reflect the certainty of term income secured and to be received of 3.5% (2015: 3.5%).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
Put option over non-controlling interest	The key input is the Redemption amount discounted to present value: (1) Discount rate	5.89%	0.25% change would increase/ decrease Redemption amount by $2,662.

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 26. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2016 $	2015 $
Short-term employee benefits	**88,064**	66,000
Post-employment benefits	**723**	4,000
	88,787	70,000

NOTE 27. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company, and its network firms:

	Consolidated 2016 $	2015 $
Audit services – Deloitte Touche Tohmatsu		
Audit or review of the financial statements	**86,700**	–
Other services – Deloitte Touche Tohmatsu		
Due diligence and investigating accountant's report	**192,000**	–
	278,700	–
Audit services – network firms		
Audit or review of the financial statements	**39,800**	53,000
Other services – network firms		
Due diligence and investigating accountant's report	**162,000**	–
	201,800	53,000

Audit services – network firms relates to services provided by Deloitte Touche Tohmatsu CPA LLP, Shanghai, China.

NOTE 28. CONTINGENT LIABILITIES

	Consolidated 2016 $'000	2015 $'000
Mortgage guarantees	**3,004**	4,112

Guarantees are given to banks in respect of loans procured by the buyers of the Group's properties. Such guarantees will be released by banks upon the purchaser obtaining the relevant building ownership certificate and completion of the relevant mortgage registration. The possibility of default by the buyers of the Group's properties is remote; accordingly, no liability has been recognised in the statement of financial position at the inception of the guarantee contracts.

NOTE 29. COMMITMENTS

	Consolidated 2016 $'000	2015 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Expenditure in respect of properties under development for sales and investment properties under construction	**-**	3,432
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**44**	1,087
One to five years	**65**	4,348
More than five years	**-**	4,348
	109	9,783

Operating lease commitments represent future minimum lease payments payable by the Company.

NOTE 30. RELATED PARTY TRANSACTIONS

Parent entity

Boyuan Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the Remuneration Report included in the Directors' Report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 2016 $	Consolidated 2015 $
Sale of goods and services:		
Sale of services to key management personnel*	**300,000**	–
Payment for goods and services:		
Purchase of equipment for property development from entities controlled by close family members of the ultimate shareholder of Boyuan	**–**	286,000
Payment for services from key management personnel**	**24,000**	–

* *The Group received $300,000 in relation to a sales and marketing agreement with Cyan Stone Pty Limited for efforts in promoting the sale of properties at a project it owns. The Group also purchased land from Cyan Stone Pty Limited for $5,300,000 during the year.*

** *The Group has a rental lease agreement ($4,000 per month) with Cyan Stone Pty Limited, a company jointly owned by Hong Kong Jiayuan Investment Limited and Citron Investment Pty Limited of which Yading Wan and Yuxing Shen are shareholders respectively.*

Receivable from and payable to related parties

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

	Consolidated 2016 $	Consolidated 2015 $
Current receivables:		
Amount due from subsidiary under common control of the ultimate controlling shareholder of Boyuan*	**26,041,562**	267,063
Current payables:		
Amount due to related parties controlled by close family members of the ultimate controlling shareholder of Boyuan	**271,068**	87,897
Amount due to non-controlling interest of Integer	**87,500**	–
Amount due to related party (rent)	**24,000**	–

* *Jinyuan International Development Limited who is under common control of the ultimate controlling shareholder has provided a letter of support for $25,852,155, being the amount Hong Kong Jianyuan Investment Limited owes to the Group. This letter will remain in force until May 2017, when the balance is due.*

Loans to/from related parties

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

	Consolidated 2016 $	Consolidated 2015 $
Current borrowings:		
Loan from Cyan Stone Pty Limited	**482,730**	–
Non-current borrowings:		
Loans to other related parties	**20,812,563**	–

NOTE 31. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2016 $'000	2015 $'000
Loss after income tax	**(622)**	–
Total comprehensive income	**(622)**	–

Statement of financial position

	Parent	
	2016 $'000	2015 $'000
Total current assets	**25,419**	–
Total assets	**56,694**	–
Total current liabilities	**1,281**	–
Total liabilities	**12,441**	–
Equity		
Contributed capital and reserves	**44,875**	–
Accumulated losses	**(622)**	–
Total equity	**44,253**	–

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2016 and 31 December 2015.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2016 and 31 December 2015.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2016 and 31 December 2015.

Comparative period

The parent entity was incorporated on 22 October 2015 and therefore the results for the comparative period are from 22 October 2015 to 31 December 2015. The parent entity was dormant during the comparative period.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and their receipt may be an indicator of an impairment of the investment.

NOTE 32. BUSINESS COMBINATIONS

Integer Holdings Pty Limited – provisional accounting

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 total consideration transferred of $850,000. Integer is a regulated managed fund provider. 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. The acquired business contributed revenues of $250,244 and profit after tax of $155,421 to the Group for the period from 9 December 2016 to 31 December 2016.

Details of the acquisition are as follows:

	Fair value $'000
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)
Net assets acquired	798
Goodwill	52
Acquisition-date fair value of the total consideration transferred	850
Representing:	
Cash paid or payable to vendor	850
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: purchase price made in future periods	(88)
Net cash used	223

NOTE 33. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business/ Country of incorporation	Ownership interest 2016 %	2015 %
Hong Kong Boyuan Investment Holding Limited	Hong Kong	**100%**	–
Jiaxing Longyuan Enterprise Management Co., Ltd	China	**100%**	–
Jiaxing Boyuan Real Estate Development Co., Ltd.	China	**100%**	–
Boyuan Investment Holding Pty Ltd	Australia	**100%**	–
Boyuan Real Estate Holding Pty Ltd	Australia	**100%**	–
Cyan Stone Clydesdale Pty Limited*	Australia	**100%**	–

* *including Cyan Stone Clydesdale Trust*

The consolidated financial statements also incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 3:

Name	Principal place of business/ Country of incorporation	Principal activities	Parent Ownership interest 2016 %	Parent Ownership interest 2015 %	Non-controlling interest Ownership interest 2016 %	Non-controlling interest Ownership interest 2015 %
Integer Holdings Pty Limited	Australia	Regulated managed fund provider	**65%**	–	**35%**	–
Integer Securities Limited	Australia	Regulated managed fund provider	**65%**	–	**35%**	–

NOTE 34. NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated 2016 $'000	Consolidated 2015 $'000
Transfer of receivables between related parties	**507**	2,108
Transfer of Director loan to related party	**-**	10,539
Transfer of third party receivable to related party	**-**	11,593
	507	24,240

NOTE 35. EARNINGS PER SHARE

	Consolidated 2016 $'000	Consolidated 2015 $'000
Profit after income tax	**261**	6,045
Non-controlling interest	**(38)**	–
Profit after income tax attributable to the owners of Boyuan Holdings Limited	**223**	6,045

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**265,521,683**	250,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	**265,521,683**	250,000,000

	Cents	Cents
Basic earnings per share	**0.08**	2.42
Diluted earnings per share	**0.08**	2.42

The weighted average number of ordinary shares for the comparative period has been adjusted to give effect to the capital reconstruction and Group reorganisation which occurred during the financial year.

NOTE 36. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2016 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.

DIRECTORS' DECLARATION

31 DECEMBER 2016

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

DR SALIBA SASSINE
Chairman

28 February 2017
Perth

YADING WAN
Chief Executive Officer

28 February 2017
Shang-hai, China

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOYUAN HOLDINGS LIMITED

31 DECEMBER 2016

Deloitte.

Deloitte Touche Tohmatsu
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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Boyuan Holdings Limited (the 'Company') and its subsidiaries (the 'Group'), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Directors as set out on pages 28 to 62.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Group, would be in the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER
Group reorganisation Prior to listing on the ASX, the Group underwent a restructure and through its Wholly Foreign Owned Enterprise ('WFOE') in China acquired the entire issued share capital of Jiaxing Boyuan from Jiaxing Jiayuan Real Estate Group Co., Ltd, for RMB130 million. As disclosed in notes 2, 3, 20 and 22 this Group reorganisation did not represent a business combination in accordance with AASB 3 'Business Combinations'. Instead, the Directors have treated this as a form of capital reconstruction and Group reorganisation. As there are no accounting standards which govern the treatment of the transaction the Directors have had to exercise significant judgement in accounting for this reorganisation. The Group reorganisation is a key audit matter as a result of the complexity in the steps involved in affecting the reorganisation, the significant related party transactions involved and the judgement exercised in determining the accounting treatment to apply to this transaction.	Our procedures included but were not limited to: • Obtaining an understanding of the structure of the Group from the review of contracts, registration documents and legal opinions provided to the Directors; • Obtaining an understanding of the relationships and transactions with its related parties used to affect the Group reorganisation, including obtaining an understanding of the terms and business purposes of the reorganisation; • Assessing the application of the relevant accounting standards, approaches and guidance for the transaction and to ensure the appropriateness of the Group reorganisation reserve; and • Challenging the assumptions used in the Group reorganisation, focusing on the consideration around the understanding of the relationships in the transaction and equity balances. We also assessed the appropriateness of the related disclosures in notes 2, 3, 20 and 22 to the consolidated financial statements.
Investment property valuation As at 31 December 2016, investment properties of $56 million (2015: $53 million) is recorded at fair value as disclosed in notes 3, 13 and 25. The fair value of investment properties is calculated in accordance with the valuation policy set out in notes 3 and 25 which outline the approach used by the external valuator, in particular the income approach. The valuation process requires significant judgement due to the impact that changes in assumptions can have on the valuations; in particular, the forecast cash flows, capitalisation rates and discount rates.	Our procedures included but were not limited to: • Testing a sample of key controls associated with the preparation of the property valuation models; • Understanding management's process around the property valuations and the oversight applied by the Directors; • Assessing the competence and objectivity of the external valuers; • Performing analytical procedures to understand the valuation movements compared to market data and previous periods; • Testing the accuracy of the information contained in the valuation by agreeing key inputs such as net operating income to underlying records and source evidence; • Assessing the forecasts used in the valuations with reference to current financial results such as revenues and expenses, capital expenditure requirements, vacancy rates and lease renewals; and • Challenging the assumptions used in the valuation, focusing on the capitalisation rate and discount rate with reference to external market trends and transactions. We also assessed the appropriateness of the related disclosures in notes 3, 13 and 25 to the consolidated financial statements.

Deloitte.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER
Completeness of related party transactions Due to the large number of related party transactions ('RPTs'), the manner of settlement and other terms of RPTs may be different from those with independent third parties. The RPTs may not be on an arm's length basis and can be more favourable or less favourable depending on each situation. Failure to identify and appropriately disclose significant RPTs may hinder the financial statements from giving a true and fair view of the state of affairs of the Group and of the results of its operation.	Our procedures included but were not limited to: • Reviewing the Group structure and a list of names of all known related parties and any transactions with those parties during the period as prepared by management; • Testing a sample of accounting records and contracts for material, unusual and non-recurring transactions or balances, such as loans to Directors' associated companies and individual parties; and • Reviewing the minutes of meetings of the Board of Directors and other meetings for material transactions authorised or disclosed. We also assessed the appropriateness of the related disclosures in note 30 to the consolidated financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report; or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 24 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Boyuan Holdings Limited, for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of Boyuan Holdings Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

DELOITTE TOUCHE TOHMATSU

Chartered Accountants
Sydney, 28 February 2017

Andrew J Coleman
Partner

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 17 February 2017.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	2
1,001 to 5,000	5
5,001 to 10,000	194
10,001 to 100,000	195
100,001 and over	91
	487
Holding less than a marketable parcel	2

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the 20 largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Hong Kong Jianyuan Investment Limited	204,000,000	59.45
Citron Investment Pty Ltd	36,000,000	10.49
Mr Li Jiafa	19,080,000	5.56
Ms Xie Yajuan	12,456,000	3.63
Mr Tsho Yun Wai	6,500,000	1.89
Cui & Shao Investment Pty Ltd (Cui & Shao Family A/C)	5,000,000	1.46
Fengke Investment Pty Ltd (Fengke Family A/C)	5,000,000	1.46
Integral Capital Group Pty Ltd	4,388,630	1.28
Mr Liming Yang	3,014,318	0.88
Mr Zhao Jianzhong	2,875,000	0.84
Mr Song Mei	1,996,000	0.58
Mr Yao Huiliang	1,200,000	0.35
Ms Tang Haiqin	1,173,484	0.34
Citicorp Nominees Pty Limited	1,083,008	0.32
Mr Ye Fujun	1,046,969	0.31
Ms Xu Qin	1,000,000	0.29
Mr Xu Enping	1,000,000	0.29
Ms Dai Liping	1,000,000	0.29
Mr Jing Xing	998,000	0.29
Mr Tang Wenyong	998,000	0.29
	309,809,409	90.29

Unquoted equity securities

There are no unquoted equity securities.

SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Hong Kong Jianyuan Investment Limited	204,000,000	59.45
Citron Investment Pty Ltd	36,000,000	10.49
Mr Li Jiafa	19,080,000	5.56

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

RESTRICTED SECURITIES

Class	Expiry date	Number of shares
Ordinary shares	Escrowed until 31 October 2018	204,000,000
Ordinary shares	Escrowed until 31 October 2017	36,000,000
		240,000,000

CORPORATE DIRECTORY

DIRECTORS

Dr Saliba Sassine – Chairman
Yading Wan – Chief Executive Officer
Yuxing Shen
David Paul Batten
Xiaofeng Chen

COMPANY SECRETARY

Shao Ma

REGISTERED OFFICE

Suite 1
Level 16
5-17 Martin Place
Sydney NSW 2000
Tel: +61 2 8068 0156

SHARE REGISTER

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000
Tel: +61 2 9290 9600 or 1300 737 760

AUDITOR

Deloitte Touche Tohmatsu
Level 9
Grosvenor Place
225 George Street
Sydney NSW 2000

SOLICITORS

Sparke Helmore Lawyers
Level 29
MLC Tower
19 Martin Place
Sydney NSW 2000

STOCK EXCHANGE LISTING

Boyuan Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: BHL)

WEBSITE

www.boyuan.com.au

BUSINESS OBJECTIVES

Boyuan Holdings Limited has used cash and cash equivalents held at the time of listing, in a way consistent with its stated business objectives.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement which is approved at the same time as the Annual Report can be found at: http://www.boyuan.com.au/corporate_governance/

Designed and produced by Sdirect Pty Ltd.