BHL

ANNUAL REPORT 2018

Contents

Beautiful communities where Australians live and work

Boyuan Holdings Limited (BHL) is a proud Australian property company, bringing a truly unique perspective and capability to the market. Listed on the Australian Securities Exchange (ASX: BHL), we're delivering market-leading, quality residential and commercial communities where Australians live and work. BHL creates 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.

CHAIRMAN'S LETTER

Dr Saliba Sassine
Chairman

Dear Shareholder,

I am pleased to present the 2018 Boyuan Holdings Limited (BHL) Annual Report.

Your Company delivered a strong financial result in 2018, reflecting our continued progress and focus on our property development and lifestyle living strategy.

For the year-ended 31 December 2018, the Group reported a profit after tax attributable to the owners of $3.36 million, compared to a profit after tax of $1.27 million for the prior year.

The major contributing factors to the improved financial result included the settlement of the Austral project in south west Sydney and a full year of operations for our Lifestyle Living business division compared to one month's contribution in the prior year.

Group revenue in Australia increased to $48.6 million from $7.0 million in the prior year.

Meanwhile, BHL's financial position remains strong with net assets of $57.0 million compared to $53.4 million for the prior year, equating to net tangible assets per security of 14.4 cents (2017: 12.7 cents).

Your Directors were pleased to deliver a solid financial result, which continues the strong operational platform the Company is developing for further growth across our business.

That platform includes our core property development pipeline which underpins our future growth and our lifestyle living portfolio which further diversifies our asset portfolio.

We made good progress in each of these operating areas during the year which are discussed further in the CEO's Review.

During 2018, BHL entered into strategic services agreements with related parties including Cyan Stone and Citron Investment. Under the arrangement, BHL will be a service provider to Cyan Stone and Citron Investment (and both parties' nominees). This strategic relationship will generate a stable income stream and further enhances BHL's reputation in the market.

In the meantime, our 65% ownership of ASIC-regulated funds management firm, Integer Securities enables BHL to pursue additional investment opportunities in key sectors to further enhance our performance. Integer continues to support BHL's operations which helps to facilitate our future growth strategy for the diversification of our investment portfolio.

BHL continues to focus on executive talent to drive sustainable value creation. During the year, we strengthened our senior leadership team with the appointment of Rebecca Sun as Chief Financial Officer. Rebecca brings significant industry experience to our Group and is a welcome addition to our team.

At BHL we have always had a strong commitment to our local communities where Australians live, work and play. The commitment is reflected in our BHL Foundation, a not-for-profit organisation which will allow us to deliver social investment through education and university scholarships, sport and youth activities, and cultural initiatives in our local communities.

BHL maintains a strong, diversified capital base and corporate governance framework which underpins our business.

The Board remains confident in our ability to deliver on our strategy of creating market-leading, integrated communities, to create sustainable value for our shareholders over the medium to longer term.

On behalf of the Board, I would like to acknowledge and thank the BHL executive team for their efforts in delivering our result over the past year and thank our shareholders for your ongoing support of the Company.

Dr Saliba Sassine
Chairman

CEO'S REVIEW OF OPERATIONS

Caden (Yading) Wan
CEO

I am pleased to provide shareholders with my CEO's Review of Operations for 2018.

Once again, BHL delivered a strong financial result, continuing our momentum in implementing our strategy for growth in our key markets.

The implementation of that strategy continues to be reflected in improved financial results with profit after tax attributable to the owners increasing to $3.36 million in 2018 from $1.27 million in the prior year.

During the year, the Board capitalised on market conditions with the sale of the Peachtree Hotel in Penrith, Western Sydney for $16.5 million.

That sale has enabled us to repay debt to further strengthen our balance sheet. It also enables the Group to focus on further investments across our property development assets and our fast-growing lifestyle living portfolio.

I am pleased to report that the Group continues to make solid progress on our core property development pipeline which is focused on the south west and north west growth corridors of Sydney.

The Company's sub-division at the development site at Austral Green, south west Sydney started settlement in December 2018. This 2.02 hectares site, with approval for 43 housing lots, is part of the South West Growth Precinct and benefits from major infrastructure and is close to major arterial roads.

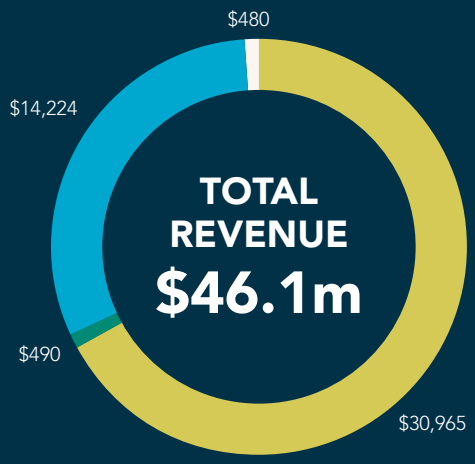
We are also advancing our other key property developments in this growth corridor, including the 40.5 hectare development at Bringelly and the mixed-use development at Marsden Park.

Our property development strategy remains focused on capitalising on local market opportunities, having secured a pipeline of quality residential and commercial project management opportunities.

The strategic services arrangement with private developer Cyan Stone, will result in BHL managing the development of Cyan Stone's existing and future projects.

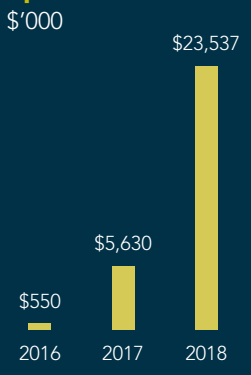
In the meantime, we are continuing to generate revenue and income from our lifestyle living portfolio.

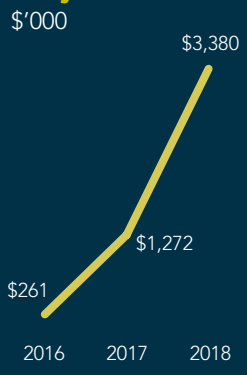
Through this portfolio, BHL is delivering high quality, affordable housing and community



Revenue by division
$'000

- Property Investment & Management
- Funds Management
- Lifestyle Living
- Corporate





lifestyle and leisure facilities for a growing number of retirees and generating long-term residential income streams for BHL investors.

BHL maintains a strong and diversified development pipeline and asset portfolio to deliver sustainable growth for our shareholders.

We continue to strengthen our operational platform to identify and consolidate on growth opportunities across our portfolio, supported by a strong financial and funding capacity and governance framework.

Our results in 2018 reflect the continuing efforts of our management team to create sustainable value for shareholders over the long term.

I look forward to providing further updates to our shareholders about our strategy and in the meantime, I thank you for your continued support of BHL.

Caden (Yading) Wan
CEO

PROPERTY INVESTMENT & MANAGEMENT

Providing market-leading residential and commercial projects for our customers.

"By tailoring our services to suit the specific needs of each project, the result to the client is a successful delivery of real value."

Robert Tasevski
Head of Construction

BHL offers a full suite of support services for our project partners, providing practical support across the full life cycle of residential and commercial developments, from assistance with initial site acquisitions; development applications (DA); building design and construction; sales and marketing and ongoing property management.

The objective of our services is to ensure we achieve the best outcome and returns for the project by focusing on the opportunities, carefully documenting needs, defining briefs, analysing options and establishing costs to achieve a successful outcome for all our related party projects.

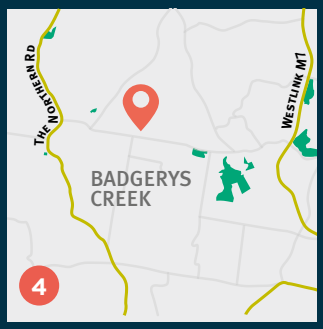
We have entered into strategic services agreements with Cyan Stone and Citron Investment and we are now managing and delivering a number of their exciting land development projects across Sydney, including projects at Cobbitty, Silverdale, Badgerys Creek, Hunter Valley, Bringelly and Marsden Park (Clydesdale).

BHL's experience in Australia and overseas, providing our clients with strategic advisory services, is helping deliver high-quality residential and commercial developments.

Marsden Park

Bringelly

Hunter Valley



Badgerys Creek

NORTHERN
GATEWAY
METRO
STATION

PROJECT: NORTHERN GATEWAY

"We have brought together the brightest thinkers to shape a new city on the global doorstep to Western Sydney."

Re-imagining the potential for Western Sydney.

BHL as the project management lead, aims to bring a unique 'future city' to Western Sydney, providing vital, new infrastructure for the fast-growing region by maximising the full economic potential of the North South Rail Link and the M12 Motorway, better integrating land use and supporting the Federal Government's '30-minute city' plan.

The Northern Gateway Vision Masterplan was designed by renowned Dutch architecture firm OMA who are global leaders in the masterplanning and development of airport cities.

The Vision Masterplan is aimed at building a globally recognised city that includes a Westfield retail and entertainment precinct managed by Scentre Group, an international university and education precinct developed with the assistance of Western Sydney University, a wellness/healthcare centre headed by world-renowned neurosurgeon Professor Charlie Teo and a hi-tech logistics hub by LOGOS.

The flexible land use approach includes an open space network of tree canopy and water bodies to reduce the urban heat island effects within the Northern Gateway.

The Vision Masterplan will be built out in stages to meet market demand. The first stage of the precinct is to be opened in line with the opening of the nearby Western Sydney Airport in 2026.

Over a 25-year development timeframe to 2050, the Northern Gateway will contribute an estimated $21.6 billion for the NSW economy and over 55,700 local employment opportunities across 2.2 million square metres of gross floor area.

Achievements to-date:

- Vision Masterplan
- M12 Corridor/ Sydney Orbital Submission Lodged
- Planning Proposed Lodged
- Value Sharing Lodged
- LUIIP Stage 1 Response Lodged

Potential jobs (2050)

55,730

Economic output (2050)

$21.6b

Employment land (sqm)

2,200,000

Open space (sqm)

410,630

FY19 milestones (government timeframe):

- LUIIP Stage 2 Response
- M12 Environmental Impact Statement (EIS) Response
- State Environmental Planning Policy (SEPP)/ Precinct Plan
- Re-zoning Finalised

RETIREMENT & LIFESTYLE LIVING

Delivery of high-quality, affordable housing to long-term residents.

"BHL has made great strides to develop expertise in land lease communities and craft desired lifestyle products for the seniors market."

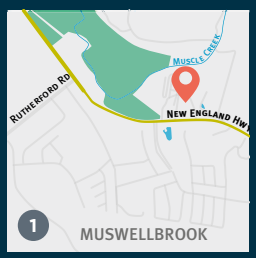
Rebecca Sun
Chief Financial Officer

BHL continues to make solid progress with its key acquisitions in the fast-growing over 55's retirement living sector.

We are leading the market with our Broadlands Gardens properties across NSW, which are purpose built and designed for active retirees who want to maintain their carefree, independent lifestyle.

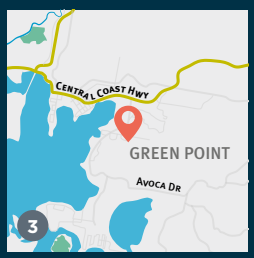
Our estates in Armidale, Green Point, Muswellbrook, Tamworth and Harrington have exceeded expectations. BHL is exploring further acquisitions to create integrated communities for the over 55s, particularly in the growth areas of NSW, where the market for retirement living is expected to double over the next 20 years.

BHL's ongoing delivery of high-quality, affordable housing with our integrated community and leisure facilities, is also generating long-term residential income streams for our investors.



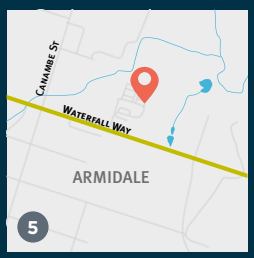
Muswellbrook
Unit 9080,
New England Hwy,
Muswellbrook, NSW, 2333

Harrington
High Street,
Harrington,
NSW, 2427



Green Point
9 Milpera Road,
Green Point,
NSW, 2251

Tamworth
19-51 Warral Road,
West Tamworth,
New South Wales, 2340



Armidale Tourist Park
39 Waterfall Way,
Armidale,
NSW 2350


CLUBHOUSE

FUNDS MANAGEMENT (INTEGER SECURITIES)

Developing diversified, high-yielding assets for discerning investors.

"Integer continues to deliver strong risk adjusted returns to its investors. In doing so we look to counter cyclical property backed opportunities and continue working with BHL in delivering those types of opportunities within their portfolio."

Adam Huxley
Chief Executive Officer
Integer Securities Limited

BHL is proactively pursuing attractive opportunities in a range of sectors through our majority ownership in Integer Securities Limited, an emerging provider of managed investment funds.

Integer is a provider of property based managed investment funds. Integer seeks to strategically create fully diversified portfolios with high-yielding assets for discerning investors.

With substantial expertise in advice, project delivery and finance to facilitate residential investment opportunities, Integer also has a proven track record of successfully delivering specialty retail assets.

Integer's team is widely regarded in Australia for providing leading advice in property, capital and investment markets, consulting on significant property transactions for major corporate and institutional clients.

It is the people of Integer that ensure each of the financial products they administer are managed responsibly, while at the same time seeking to achieve the best possible returns to investors.

Directors' Report

for the year ended 31 December 2018

The directors present their report, together with the financial statements on the consolidated entity 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 2018 (referred to hereafter as the 'Group').

Directors

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

Principal activities

During the year the principal activities of the Group consisted of:

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

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 $3,356,000 (31 December 2017: $1,270,000).

Please refer to the Chief Executive Officer's review of operations for further details.

Significant changes in the state of affairs

Disposal of Peachtree Inn Hotel
On 7 June 2018, the Group announced the disposal of Peachtree Hotel to a third-party hotel operator for $16,500,000. The transaction settled on 29 June 2018 and a gain on sale of $758,000 (before tax) was recorded. The proceeds received have been used to settle the National Australia Bank loan of $7,750,000 with the remaining funds put aside for capital improvements of the lifestyle living portfolio.

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

On 15 January 2019, Boyuan Real Estate Holding Pty Ltd, a wholly owned subsidiary of Boyuan Holdings Ltd entered into a loan agreement with Overseas Union Finance for $5,000,000 for additional working capital purposes. Interest is charged at 4% per annum and the facility expires 2 months from the date of the initial advancement. The loan was repaid on 15 March 2019.

On 25 January 2019, the Group repaid the first tranche of loan from China Harmonica Capital Company amounting to US$3,000,000 plus any related interests.

Mr John Batiste and Mr Robert Rowlands, both directors of Integer Securities Limited have resigned effective 31 December 2018. On 7 February 2019, Mr Adam Pearce and Mr John Griffiths have been appointed as directors of Integer Securities Limited.

Other than as disclosed in this report and to the knowledge of the Directors, no matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

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.

Information on directors

Dr Saliba Sassine - *Chairman and Independent Non-Executives Director*		
Experience and expertise	Dr. Sassine is a senior corporate finance 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 in last 3 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*		
Experience and expertise	Mr Wan is a founding member of the Board as Chief Executive Officer and Executive Director since the listing of the company in October 2016. He has over 25 years' experience in real estate, property development and has held various other management roles over the years.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Member of the Nomination and Remuneration Committee	
Interests in shares	Ordinary shares held indirectly	36,000,000

Information on directors (continued)

Tin Ching Shum - *Executive Director - resigned 26 June 2018*		
Experience and expertise	Mr Shum has more than 25 years' experience in all aspects of the real estate sector. Mr Shum is 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)	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares	Ordinary shares held indirectly at 26 June 2018 upon resignation as a director	204,000,000

David Paul Batten - *Independent, Non-Executive Director*		
Experience and expertise	Mr. Batten has over 30 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	None	
Former directorships in last 3 years	Non-Executive Chairman of Victor Group Holdings Limited (ASX: VIG) and Non-Executive Director of China Dairy Corporation Limited (ASX: CDC).	
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*		
Experience and expertise	Mr. Chen has over 20 years' 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 in last 3 years	None	
Special responsibilities	Member of the Audit and Risk Committee	
Interests in shares	None	-

Information on directors (continued)

Company secretary

Ms. Jia Chen Wang was appointed as Company Secretary on 7 June 2018. Ms. Wang has been the Deputy Company Secretary and Legal Counsel of the Group since September 2017. Prior to joining the Group, Ms. Wang held various roles in corporate secretariat, strategy, insurance and legal in another listed company.

The previous Company Secretary was Mr. Adam Huxley.

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 31 December 2018, and the numbers of meetings attended by each director were:

	Full Board		Meetings of committees					
			Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Dr. Saliba Sassine	7	7	3	3	2	2	2	2
Yading Wan	7	7	-	-	2	2	2	2
Tin Ching Shum	1	5	-	-	-	-	-	-
David Paul Batten	7	7	3	3	2	2	2	2
Xiaofeng Chen	5	7	3	3	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

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 ('NRC') 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 have 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.

Remuneration report (audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

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 NRC. The NRC 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 2018	Fees per annum 2017
Dr. Saliba Sassine	$50,000	$50,000
David Paul Batten	$40,000	$40,000
Xiaofeng Chen	$30,000	$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 two components:

- base pay and non-monetary benefits; 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, are reviewed annually by the NRC 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.

Currently there is no incentive arrangements for executives. The NRC may in the future consider providing short to 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
From time to time, the Nomination and Remuneration Committee seeks external independent remuneration advice and engages remuneration consultants who report directly to the NRC.

Remuneration report (audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

During the financial year, the Board engaged KPMG as its independent consultant to provide information on remuneration matter. The Chair of NRC oversees the engagement of remuneration services for, and payment of, the independent consultant. Fees of $20,756 were paid for services provided by KPMG. No remuneration recommendations as defined under Division 1, Part 1.2.98 (1) of the *Corporations Act, 2001*, were made by KPMG.

The Board was satisfied that advice received from KPMG was free from any undue influence by KMP, because strict protocols were observed and complied with regarding any interaction between KPMG and management. All remuneration advice was provided directly to the Chair of the NRC.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')
At the FY18 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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
- Tin Ching Shum - ceased as KMP on 26 June 2018
- David Paul Batten
- Xiaofeng Chen

And the following persons:

- Ian Clark (CFO - Boyuan Holdings Limited) - resigned on 5 June 2018
- Adam Huxley (CEO - Integer Securities Limited)
- Rebecca Sun (CFO - Boyuan Holdings Limited) - appointed on 7 June 2018, prior to this appointment she was the Group's Financial Controller

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

Remuneration report (audited) (continued)

Details of remuneration (continued)

Name	Year	Fixed remuneration				Variable remuneration		Total
		Basic salary	Other benefits	Superannuation	Long service leave	Cash bonus	Termination payments	
Non-Executive Directors								
Dr. Saliba Sassine	2018	45,662	-	4,338	-	-	-	50,000
	2017	45,662	-	4,338	-	-		50,000
David Paul Batten	2018	40,000	-	-	-	-	-	40,000
	2017	40,000	-	-	-	-	-	40,000
Xiaofeng Chen	2018	30,000	-	-	-	-	-	30,000
	2017	30,000	-	-	-	-	-	30,000
Executive Directors								
Yading Wan	2018	45,662	-	4,338	-	-	-	50,000
	2017	45,662	-	4,338	-	-	-	50,000
Tin Ching Shum*	2018	24,247	-	-	-	-	-	24,247
	2017	50,000	-	-	-	-	-	50,000
Other Key Management Personnel								
Ian Clark**	2018	167,547	-	-	-	-	18,000	185,547
	2017	340,172	-	-	-	-	-	340,172
Adam Huxley	2018	331,001	-	20,290	-	-	-	351,291
	2017	360,000	-	34,200	-	-	-	394,200
Rebecca Sun***	2018	170,959	-	11,588	-	-	-	182,547
	2017	-	-	-	-	-	-	-
Total	2018	855,078	-	40,554	-	-	18,000	913,632
Total	2017	911,496	-	42,876	-	-	-	954,372

* Mr. Shum is contractually entitled to superannuation under his executive service agreement, however foreign citizens do not have an obligation to superannuation. Mr. Shum resigned on 26 June 2018 and the remuneration reflects the period he was a director.

** Mr. Clark resigned and ceased to be a KMP on 5 June 2018. The remuneration reflects the period he was employed by the Group.

*** Ms. Sun was appointed as Chief Financial Officer on 7 June 2018.

Remuneration report (audited) (continued)

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:	Tin Ching Shum
Title:	Executive Director
Agreement commenced:	8 June 2016
Term of agreement:	Ongoing until 25 June 2018, ceased on 26 June 2018
Details:	Mr. Shum'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. Shum is entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company. The Company may suspend Mr. Shum'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. Shum 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. Shum's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Mr. Shum commits any act of serious misconduct or fraud, is charged with any offence or is declared bankrupt.

Remuneration report (audited) (continued)

Service agreements (continued)

Name:	Adam Huxley
Title:	Chief Executive Officer - Integer Securities Limited
Agreement commenced:	1 July 2018
Term of agreement:	Ongoing
Details:	Mr. Huxley's appointment is on a full time basis at an annual gross salary of $302,000 and will continue until terminated in accordance with the executive services agreement. Mr. Huxley is entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company. The Company may suspend Mr. Huxley'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. Huxley may terminate the executive services agreement at any time by providing the other party with three month's written notice of termination. The Company may terminate Mr. Huxley's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Mr. Huxley commits any act of serious misconduct or fraud, is charged with any offence or is declared bankrupt.

Name:	Rebecca Sun
Title:	Chief Financial Officer
Agreement commenced:	7 June 2018
Term of agreement:	Ongoing
Details:	Ms. Sun's appointment is on a full time basis at an annual gross salary of $300,000 and will continue until terminated in accordance with the executive services agreement. Ms. Sun is entitled to be reimbursed for reasonable business expenses incurred in carrying out her duties to the Company. The Company may suspend Ms. Sun's appointment at any time and for any duration if she has committed a serious breach of the executive services agreement or at law. Either the Company or Ms. Sun may terminate the executive services agreement at any time by providing the other party with three month's written notice of termination. The Company may terminate Ms. Sun's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Ms. Sun 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 2018.

Remuneration report (audited) (continued)

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:

Consolidated entity 2018 Name	Balance at the start of the year	Received as part of remuneration	Additions	Other changes during the year	Balance at the end of the year
Ordinary shares					
Yading Wan	36,000,000	-	-	-	36,000,000
Tin Ching Shum*	204,000,000	-	-	-	204,000,000
Ian Clark*	10,000	-	-	-	10,000
	240,010,000	-	-	-	240,010,000

* Mr. Shum and Mr. Clark ceased to be KMP on 26 June 2018 and 5 June 2018 respectively. The balance of shares as at year end represent the number of shares they hold in the capacity of shareholder and not as KMP.

Other transactions with key management personnel and their related parties
The Group has a number of related party transactions with Cyan Stone Pty Ltd, which is 85% owned by Hong Kong Jianyuan Investment Limited, a company controlled by Mr. Shum, and 15% owned by Mr. Wan through Citron Investment Pty Ltd. Refer to Note 24 for the transaction details.

Adam Huxley owns 25% of the share capital in Integer Holdings Pty Ltd, a subsidiary of the Group.

This concludes the remuneration report, which has been audited.

Insurance of officers and indemnities

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 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.

Non-audit services (continued)

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 director's report on page 25.

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.

Dr. Saliba Sassine
Director
Sydney

Yading Wan
Director
Sydney

20 March 2019

Auditor's Independence Declaration

for the year ended 31 December 2018

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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

20 March 2019

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 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the 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

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

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December 2018

	Note	Consolidated 2018 $'000	2017 $'000
Continuing operations			
Revenue			
Revenue from customers	4	46,159	5,958
Cost of sales	4	(22,622)	(328)
Gross profit	4	23,537	5,630
Other income, gains and (losses)	5	(3,821)	139
Expenses			
Employee benefit expenses		(5,681)	(2,433)
Operating expenses		(5,497)	(7,049)
Other expenses		(140)	(4)
Finance costs		(3,591)	(824)
Profit/(loss) before income tax (expense)/benefit from continuing operations		4,807	(4,541)
Income tax (expense)/benefit	6	(1,582)	106
Profit after income tax expense from continuing operations		3,225	(4,435)
Profit after income tax from discontinued operation	7	155	5,707
Profit after income tax expense for the year		3,380	1,272
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings, net of tax		181	181
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation - discontinued operations	19(b)	-	(6,529)
Foreign currency translation - continuing operations	19(b)	-	(271)
Other comprehensive income for the year, net of tax		181	(6,619)
Total comprehensive income for the year		3,561	(5,347)
Profit is attributable to:			
Non-controlling interests		24	2
Owners of Boyuan Holdings Limited		3,356	1,270
		3,380	1,272
Total comprehensive income for the year is attributable to:			
Continuing operations		24	2
Discontinued operations		-	-
Non-controlling interest		24	2

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

	Note	Consolidated 2018 $'000	2017 $'000
Continuing operations		3,382	(4,527)
Discontinued operations		155	(822)
Owners of Boyuan Holdings Limited		3,537	(5,349)
		3,561	(5,347)
		Cents	**Cents**
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Boyuan Holdings Limited:			
Basic earnings per share	30	0.93	(1.29)
Diluted earnings per share	30	0.93	(1.29)
Earnings per share for profit from discontinued operations attributable to the owners of Boyuan Holdings Limited:			
Basic earnings per share	30	0.05	1.67
Diluted earnings per share	30	0.05	1.67
Earnings per share for profit attributable to the owners of Boyuan Holdings Limited:			
Basic earnings per share	30	0.98	0.37
Diluted earnings per share	30	0.98	0.37

In accordance with AASB 5 'Non-Current Assets Held for Sale and Discontinued Operations', the comparative information has been restated. Refer to note 7 for details.

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 2018

	Note	Consolidated 2018 $'000	2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents		3,376	1,555
Trade and other receivables	8	20,546	12,380
Inventories	9	6,622	11,145
Derivative financial instruments		1,243	-
Other		652	142
Total current assets		32,439	25,222
Non-current assets			
Property, plant and equipment	10	8,196	19,198
Investment properties	11	57,717	61,136
Intangible assets	12	4,389	10,629
Deferred tax assets	6	1,650	-
Inventories	13	1,391	74
Other non-current assets	14	18,154	10,414
Total non-current assets		91,497	101,451
Total assets		123,936	126,673
LIABILITIES			
Current liabilities			
Trade and other payables	15	10,311	3,204
Borrowings	16	19,265	21,823
Provision for income tax	6	2,400	-
Employee benefits		575	513
Provisions		58	-
Financial liabilities	17	655	596
Total current liabilities		33,264	26,136
Non-current liabilities			
Borrowings	18	33,700	46,450
Deferred tax liabilities	6	-	676
Total non-current liabilities		33,700	47,126
Total liabilities		66,964	73,262
Net assets		56,972	53,411
EQUITY			
Share capital	19(a)	17,613	17,613
Reserves	19(b)	25,922	26,011
Retained earnings		12,969	9,343
Capital and reserves attributable to owners of Boyuan Holdings Limited		56,504	52,967
Non-controlling interests		468	444
Total equity		56,972	53,411

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 2018

Consolidated	Contributed capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2017	17,613	32,630	8,073	442	58,758
Profit for the year	-	-	1,270	2	1,272
Other comprehensive income for the year, net of tax	-	(6,619)	-	-	(6,619)
Total comprehensive income for the year	-	(6,619)	1,270	2	(5,347)
Balance at 31 December 2017	17,613	26,011	9,343	444	53,411

Consolidated	Contributed capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2018	17,613	26,011	9,343	444	53,411
Profit for the period	-	-	3,356	24	3,380
Other comprehensive income for the year, net of tax	-	181	-	-	181
Total comprehensive income for the year	-	181	3,356	24	3,561
Recycle revaluation reserve to retained earnings on disposal of property, plant and equipment	-	(270)	270	-	-
Balance at 31 December 2018	17,613	25,922	12,969	468	56,972

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 2018

	Note	Consolidated 2018 $'000	2017 $'000
Cash flows from operating activities			
Profit before tax for the period		4,937	1,447
Adjustments for:			
Depreciation and amortisation		749	184
Unrealised loss/(gain) on foreign exchange		1,230	(91)
Net gain on disposal of subsidiaries		-	(6,433)
Net fair value gain on derivative assets		(1,175)	-
Net fair value loss on investment properties		3,892	-
Profit on disposal of Peachtree Hotel		(758)	-
Put option revaluation		59	-
		8,934	(4,893)
Change in operating assets and liabilities:			
Increase in trade and other receivables		(15,265)	(10,759)
Decrease/(Increase) in inventories		3,081	(1,300)
Decrease in income tax refund due		-	108
Increase in deferred tax assets		(886)	(156)
Increase in prepayments		(550)	(58)
Increase in other operating assets		-	(482)
Increase in trade and other payables		7,243	2,023
Increase in derivative liabilities		-	34
Increase/(Decrease) in provision for income tax		2,430	(1,440)
Increase in employee benefits		62	513
Increase in other asset		(7,743)	-
		(2,694)	(16,410)
Income tax expense		(1,558)	(175)
Net cash outflow from operating activities		(4,252)	(16,585)
Cash flows from investing activities			
Withdrawal of pledged bank deposits		-	392
Proceeds from disposal of Peachtree Hotel		16,090	-
Dividend received from sale of China		-	7,833
Payment for purchase of business, net of cash acquired		-	(85,900)
Payments for investment properties		(473)	-
Proceeds from disposal of China operations		7,257	1,535
Purchase of property, plant and equipment		(264)	(81)
Net cash inflow/(outflow) from investing activities		22,610	(76,221)
Cash flows from financing activities			
Proceeds from borrowings	23	13,010	56,749
Repayment of borrowings	23	(29,547)	(12,831)
Proceeds from loans from related parties		-	16,145
Proceeds from receivables from related party		-	25,415
Net cash (outflow)/inflow from financing activities		(16,537)	85,478
Net increase/(decrease) in cash and cash equivalents		1,821	(7,328)
Cash and cash equivalents at the beginning of the financial year		1,555	8,883
Cash and cash equivalents at end of year		3,376	1,555

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

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 20 March 2019. The directors have the power to amend and reissue the financial statements.

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.

(a) 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.

(i) AASB 9 Financial Instruments

The requirements of AASB 9 represent a significant change from AASB 139 Financial Instruments: Recognition and Measurement. The nature and effects of the key changes to the Group's accounting policies resulting from the adoption of AASB 9 are summarised below:

(I) Classification and measurement of financial assets and liabilities

On 1 January 2018 (the date of initial application of AASB 9), the Group's management assessed which business models apply to the financial assets held by the group and classified its financial instruments into the appropriate AASB 9 categories. The adoption of AASB 9 has not impacted the carrying value of financial assets but has resulted in classification changes on initial application at 1 January 2018 which is shown in the following table:

	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139 31 December 2017 $'000	New carrying amount under AASB 9 31 December 2017 $'000
Financial Assets				
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	376	376
Amount due from related parties	Loans and receivables	Financial assets at amortised cost	11,814	11,814
Other non-current assets	Loans and receivables	Financial assets at amortised cost	10,414	10,414

2 Significant accounting policies (continued)

(a) New or amended Accounting Standards and Interpretations adopted (continued)

(i) AASB 9 Financial Instruments (continued)

(I) Classification and measurement of financial assets and liabilities (continued)

Loans and receivables are classified and measured at amortised cost. The Group holds these financial assets in order to collect the contractual cash flows, and the contractual terms are solely payments of outstanding principal.

AASB 9 requires that all financial liabilities be subsequently classified at amortised cost, except in certain circumstances. None of these circumstances apply to the Group and accordingly there is no change to the classification of the Group's payables and borrowings on adoption of AASB 9.

(II) Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income (FVOCI), but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. There has been no impact with the adoption of AASB 9 on the Group's financial assets as management has not noted any possible default events over the expected life of the financial assets.

(III) Accounting policies

Policy applicable from 1 January 2018
AASB 9 contains three principal classification categories for financial assets:
- measured at amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit and loss (FVTPL).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised cost
Loans and receivables
Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance under the ECL model.

Recoverability of receivables
At each reporting date, the Group assess whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivable and are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). A default on trade receivables is when the counterparty fails to make contractual payments when they fall due and management determines that collection of the debt should no longer be pursued.

2 Significant accounting policies (continued)

(a) New or amended Accounting Standards and Interpretations adopted (continued)

(i) AASB 9 Financial Instruments (continued)

(III) Accounting policies (continued)

The Group analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate lifetime ECL. Other current observable data may include:
- forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- conditions specific to the asset to which the receivable relates.

(IV) Impairment of financial assets

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively. There has been no impact on the Group's previously reported financial position as a result of the adoption AASB 9.

(ii) AASB 15 Revenue from Contracts with Customers

The requirements of AASB 15 replace AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures.

(I) Classification and measurement of revenue

Revenue is recognised over time if:
- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time.

The following table summarises the changes in terminology with respect to the timing of revenue recognition between AASB 111 and AASB 118 compared to AASB 15 and the new revenue recognition policies under AASB 15. From the Group's assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing the previous accounting policies to those now under AASB 15.

2 Significant accounting policies (continued)

(a) New or amended Accounting Standards and Interpretations adopted (continued)

(ii) AASB 15 Revenue from Contracts with Customers (continued)

(I) Classification and measurement of revenue (continued)

Type of revenue	Description	Revenue recognition policy under AASB 111 and AASB 118	Revenue recognition policy under AASB 15
Recharge revenue	Austral (BHL) Development Pty Limited recovers project fees for the services provided under the development management services agreement. Revenue from recharges is recognised as the services are provided. The developer is invoiced when applicable and the invoice is due within 30 days of the invoice date.	Revenue recognised when costs are incurred.	Over time
Establishment fees and roll over fees	Integer Securities Limited charges establishment and roll over fees to a related party. The fees are charged in accordance with the loan agreement. Establishment fees is charged at the time of the first drawing and roll over fees are charged on the first day of each rollover period.	Revenue recognised when the loan has been arranged and at a point in time when the service has been provided.	Point in time
Development management fees	BHL Development Pty Limited provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated and recognised in accordance with the specific agreement. These fees are invoiced on a monthly basis, in arrears, and consideration is due 30 days from invoice date.	Recognised in proportion to the value of the works as a percentage of the total project cost delivered until the completion of the associated development works.	Over time
Rental income - Armidale Tourist Park	BHL Lifestyle Living (Armidale) Pty Ltd derive rental income by providing accommodation services to tourists. The revenue is recognised when the services are delivered.	Recognised in the period in which the services are rendered.	Over time (for the duration of the stay)

2 Significant accounting policies (continued)

(a) New or amended Accounting Standards and Interpretations adopted (continued)

(ii) AASB 15 Revenue from Contracts with Customers (continued)

(I) Classification and measurement of revenue (continued)

Type of revenue	Description	Revenue recognition policy under AASB 111 and AASB 118	Revenue recognition policy under AASB 15
Rental income - Lifestyle Living	BHL Lifestyle Living Pty Ltd* provides rental services to the owners of property assets in accordance with property services agreements. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced fortnightly with variable payment terms depending on the individual agreements.	Recognised on an accrual basis based on the contract terms.	Over time
Sale of inventory	Proceeds from the sale of inventory are recognised by the Group in accordance with a specific contract entered into with another party for delivery of inventory. Revenue is calculated in accordance with the contract. Consideration is payable in accordance with the contract. Revenue is recognised when control has been transferred to the buyer.	When significant risk and rewards are transferred.	Point in time

* including BHL Lifestyle Living (Green Point) Pty Ltd, BHL Lifestyle Living (Muswellbrook) Pty Ltd and BHL Lifestyle Living (Tamworth) Pty Ltd

(II) Transition

Changes in accounting policies resulting from the adoption of AASB 15 have been applied retrospectively. There has been no impact on the Group's previously reported financial position as a result of the adoption AASB 15.

(b) Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the net current asset deficiency of the Group at the reporting date. The ability of the Group to continue as a going concern is dependent upon the continuing financial support from Jia Yuan Chuangsheng Holding Group Co., Ltd, a related party of the ultimate parent entity of Boyuan Holdings Limited. The Directors have received a letter of financial support from Jia Yuan Chuangsheng Holding Group Co., Ltd confirming their intentions to provide sufficient cash or other acceptable assets to enable the Group to continue as a going concern and meet its financial obligation and settle all its unrecognised commitments as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the year ended 31 December 2018.

Jia Yuan Chuangsheng Holding Group Co., Ltd has also confirmed in the letter of financial support that they will provide sufficient cash or acceptable assets to ensure that Tcap Kelly St Pty Limited, Cyan Stone Pty Limited and HV Parent Pty Limited, all related parties of the Group to settle $18,091,474 (and the related GST payable) owing to the Group as and when these amounts fall due. The amount is intended to be settled within 12 months from the signing of the financial statements of Boyuan Holdings Limited for the year ended 31 December 2018.

2 Significant accounting policies (continued)

(c) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Boyuan Holdings Limited is a for-profit entity for the purpose of preparing the financial statements. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

(i) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for investment properties, certain property, plant and equipment within the Lifestyle Living segments, derivative asset on the foreign currency swap contract and the financial liability associated with the Put Options over Non - Controlling Interests which are carried at expected gross obligation to settle.

(ii) 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.

(d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Boyuan Holdings Limited as at 31 December 2018 and the results of all subsidiaries for the year then ended.

(i) Subsidiaries

Subsidiaries are all entities (including structured 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 deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. 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 consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Losses incurred by the Group are attributed to the non-controlling interest 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 recognised 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.

2 Significant accounting policies (continued)

(d) Principles of consolidation (continued)

(ii) Changes in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Segment reporting

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 is responsible for the allocation of resources to operating segments and assessing their performance.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Boyuan Holdings Limited's functional and presentation currency.

(ii) Foreign currency transactions

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

(iii) 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.

(g) 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

2 Significant accounting policies (continued)

(g) Income tax (continued)

- 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.

The carrying amount 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.

(h) Discontinued operations

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

The comparative information in the consolidated statement of profit or loss and other comprehensive income and associated notes have been restated for businesses that satisfy the definition of the discontinued operation as at the end of the reporting period (refer to note 7).

(i) Current and non-current classification

Assets and liabilities are presented in the consolidated 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.

(j) 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.

2 Significant accounting policies (continued)

(k) 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.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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.

(l) 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 the end of each reporting period. 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.

(m) 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 profit or loss.

(n) 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.

(i) 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.

(ii) 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.

2 Significant accounting policies (continued)

(n) Investments and other financial assets (continued)

(ii) Impairment of financial assets (continued)

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.

(o) Investment properties

Investment properties principally comprise freehold land and buildings including integral plant and equipment 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.

(p) Property, plant and equipment

Land and buildings and certain items of plant and equipment within Hotel and Lifestyle Living segments are shown at fair value, based on periodic, every 6 months, valuations by management or external independent valuers, less subsequent depreciation and impairment for buildings, plant and equipment. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land, buildings, plant and equipment are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Furniture, fixtures and office equipment is stated at cost less accumulated depreciation and impairment.

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

Buildings	40 years
Tourist park cabins	20 years
Plant and equipment	3 - 5 years
Furniture, fittings and equipment	5 years
Motor vehicles	4 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.

2 Significant accounting policies (continued)

(q) Leases

(i) 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.

(ii) 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.

(r) 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.

(i) 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.

(ii) AFSL Licence

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

(s) 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.

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year 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 within 30 to 180 days of recognition.

2 Significant accounting policies (continued)

(u) 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.

(v) 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.

(w) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Other long-term employee benefit obligations

These are liabilities for long service leave and annual leave which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

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.

(x) 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.

2 Significant accounting policies (continued)

(x) Fair value measurement (continued)

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.

(y) Contributed equity

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.

(z) Business combinations

The acquisition method of accounting is used to account for all 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.

2 Significant accounting policies (continued)

(aa) Earnings per share

(i) 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.

(ii) 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.

(ab) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ac) 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 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

(i) 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 16 will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the consolidated 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 consolidated 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 assessed that the application of AASB 16 in the future will not have a material impact on the amounts reported in respect of the Group's leases. The Group will adopt this standard from 1 January 2019.

3 Critical estimates, judgements and errors

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.

(a) Estimate of fair value of investment properties and property, plant and equipment within the Lifestyle Living segments

At the end of the reporting period, investment properties and property plant and equipment within Lifestyle Living segment are stated at fair value. In determining fair value, the valuation methodologies adopted require certain estimates and assumptions including income streams, growth rates, comparability of assets with other transactions in the market and market yields and/or capitalisation rates. The assumptions adopted may be based on the investment properties historic performance adjusted for current and expected future performance, forecasts of revenue, operating expenses and capital expenditure, asset specific and general economy growth rates, and general economic and regulatory conditions. In performing the valuation, management has exercised its judgement and are satisfied that the assumptions used in the valuation reflect current market conditions.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Investment properties within Lifestyle Living segment are stated at fair value based on the valuation performed by independent professional valuers and Armidale Tourist Park is valued internally by management. In determining the fair value, the valuation methodology requires certain estimates. In relying on the valuation report, management has exercised their judgement and is satisfied that the assumptions used in the valuations have reflected the current market conditions.

(b) Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(c) 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 are measured based on the expected manner as to how the properties will be recovered.

(d) 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.

4 Segment information

(a) Identification of reportable operating segments

The Group is organised into five operating segments: Property Investment and Management, Funds Management, Hotel, Lifestyle Living and Corporate (management and various shared services). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The Hotel segment was disposed on 29 June 2018 (refer to note 7).

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

(b) Intersegment transactions

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

(c) Intersegment receivables, payables and loans

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

(d) Major customers

TCAP Kelly St Pty Ltd and Cyan Stone Pty Limited and its controlled entities being the two major customers have contributed about 35.7% of the total revenue from continuing operations for the year ended 31 December 2018.

4 Segment information (continued)

(e) Operating segment information - continuing operations

Consolidated - 2018	Property Investment & Management $'000	Funds Management $'000	Lifestyle Living $'000	Corporate $'000	Total $'000
Revenue					
Revenue	30,965	490	14,224	480	46,159
Cost of sales	(16,437)	-	(6,185)	-	(22,622)
Gross profit	14,528	490	8,039	480	23,537
Other income, gains and losses					(3,821)
Operating expenses					(5,497)
Employee benefit expenses					(5,681)
Other expenses					(140)
Finance costs					(3,591)
Profit / Loss before income tax benefit					4,807
Income tax expense					(1,582)
Profit / Loss after income tax benefit					3,225

Consolidated - 2017	Property Investment & Management $'000	Funds Management $'000	Lifestyle Living $'000	Corporate $'000	Total $'000
Revenue					
Revenue	4,450	400	868	240	5,958
Cost of sales	(100)	-	(228)	-	(328)
Total Revenue	4,350	400	640	240	5,630
Other income, gains and losses					139
Operating expenses					(7,049)
Other expenses					(4)
Finance costs					(824)
Employee benefit expenses					(2,433)
Profit / Loss before income tax benefit					(4,541)
Income tax benefit					106
Profit / Loss after income tax benefit					(4,435)

	Sales to customers from continuing operations		Geographical non-current asset	
Consolidated entity	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Australia	46,159	5,958	89,847	101,451

4 Segment information (continued)

(e) Operating segment information - continuing operations (continued)

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

5 Other income, gains and losses

	Note	Consolidated 2018 $'000	2017 $'000
Fair value loss on investment properties		(3,891)	-
Net foreign exchange loss		(1,072)	104
Fair value adjustment to put option		(59)	(34)
Derivative assets revaluation gain		1,175	-
Other income		26	69
		(3,821)	139

6 Income tax expense

(a) Income tax expense - continuing operations

	Consolidated 2018 $'000	2017 $'000
Income tax expense from continuing operations		
Current tax	2,685	39
Deferred tax - origination and reversal of temporary differences	(1,178)	(28)
Prior year true - up	75	(117)
Aggregate income tax expense/(benefit)	1,582	(106)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(Loss) before income tax expense/(benefit) from continuing operations	4,807	(4,541)
Tax at the statutory tax rate of 30%	1,442	(1,362)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax on gain of sale of discontinued operations	-	277
Tax impact on non-deductible expenses	65	1,096
	1,507	11
Prior year over provision	75	(117)
Income tax expense/(benefit) from continuing operations	1,582	(106)

6 Income tax expense (continued)

(b) Income tax expense - discontinued operations

	Consolidated	
	2018 $'000	2017 $'000
Income tax expense from discontinued operations		
Current tax	(3)	66
Deferred tax - origination and reversal of temporary differences	(22)	214
Aggregate income tax (benefit)/expense	(25)	280
Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate		
Profit before tax from discontinued operations	130	494
Tax at the statutory tax rate of 30%	39	(198)
PRC Enterprise Income Tax at 25%	-	288
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax impact of non-deductible expenses	(64)	-
LAT	-	253
Tax effect of LAT	-	(63)
Income tax (benefit)/expense from discontinued operations	(25)	280

(c) Deferred tax asset/(liability)

	Consolidated	
	2018 $'000	2017 $'000
Deferred tax asset/(liability)		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss in the current or prior years:		
Tax losses	243	429
Intangible assets - poker machine licenses	-	(1,440)
Temporary difference - Net fair value loss on investment properties	1,167	-
Temporary difference - expenses	79	15
	1,489	(996)
Amounts recognised in equity in the current or prior years:		
Transaction costs on share issue	161	320
Deferred tax asset/(liability)	1,650	(676)

6 Income tax expense (continued)

(c) Deferred tax asset/(liability) (continued)

	Consolidated	
	2018 $'000	2017 $'000
Movements:		
Opening balance	(676)	928
Credited/(charged) to profit & loss	1,201	186
Credited/(charged) to equity	-	-
Disposal of Chinese operations	-	(319)
Disposal of Hotel operations	-	-
Utilisation of prior year deferred tax asset	(240)	-
Prior year true up and adjustments	(75)	(31)
Disposal through discontinued operations/(Additions) through business combinations	1,440	(1,440)
Closing balance	1,650	(676)

(d) Provision for income tax

	Consolidated	
	2018 $'000	2017 $'000
Provision for income tax	2,400	-

7 Discontinued operation

(a) Hotel Operations

On 7 June 2018, the Group announced the disposal of Peachtree Hotel for a sale price of $16,500,000. The business was acquired in October 17. The transaction settled on 29 June 2018 and is reported in the current period as discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(i) Financial performance and cash flow information

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Revenue	2,431	1,055
Cost of sales	(1,001)	(429)
Finance costs	(208)	(89)
Operating expenses	(1,850)	(1,197)
Total expenses	(3,059)	(1,715)
(Loss)/Profit before income tax expense	(628)	(660)
Income tax benefit	187	198
(Loss)/Profit after income tax expense	(441)	(462)
Gain on disposal before income tax	758	-
Income tax expense	(162)	-
Gain on disposal after income tax expense	596	-
Profit after income tax expense from discontinued operations	155	(462)

(ii) Cash flow information

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Net cash from/(used in) operating activities	(836)	(523)
Net cash from/(used in) investing activities	-	-
Net cash from/(used in) financing activities	853	550
Net increase/(decrease) in cash and cash equivalents from discontinued operations	17	27

7 Discontinued operation (continued)

(a) Hotel Operations (continued)

(iii) Carrying amount of assets and liabilities disposed

	Consolidated 2018 $'000
Cash and cash equivalents	100
Inventories	125
Property, plant and equipment	10,700
Intangibles	6,240
Total assets	17,165
Trade and other payables	135
Deferred tax liability	1,440
Employee benefits	4
Total liabilities	1,579
Net assets	15,586

(iv) Assets and liabilities of disposal group classified as held for sale

	Consolidated 2018 $'000
Total sales consideration per agreement	16,500
Additional settlement adjustment	59
Carrying amount of net assets disposed	(15,586)
Selling costs	(215)
Gain on disposal before income tax	758

7 Discontinued operation (continued)

(b) Chinese Operations

On 26 October 2017, the Group through its wholly owned subsidiary Hong Kong Boyuan Investment Holding Limited (Hong Kong Boyuan) disposed of its investment in Jiaxing Longyuan Enterprise Management Co. Ltd (Jiaxing Longyuan) to Zhejiang Jiayuan Shencheng Real Estate Property Group Ltd (Shencheng), a related party of the Group. The Group received consideration of AUD$7,961,000 (net of withholding tax and costs) following the declaration and distribution of an AUD $7,729,000 dividend.

(i) Financial performance and cash flow information

	Consolidated 2017 $'000
Property Development	2,478
Property rental income	1,605
Total revenue	4,083
Other income	22
Total other income	22
Cost of sales	(1,517)
Distribution expenses	(30)
Administration expenses	(849)
Finance costs	(1,494)
Total expenses	(3,890)
Profit before income tax expense	215
Income tax expense	(479)
Profit / Loss after income tax expense	(264)
Gain on disposal before income tax	6,433
Income tax expense	-
Gain on disposal after income tax expense	6,433
Profit after income tax expense from discontinued operations	6,169

(ii) Cash flow information

	Consolidated 2017 $'000
Net cash from/(used in) operating activities	(2,900)
Net cash from/(used in) investing activities	1
Net cash from/(used in) financing activities	2,637
Net increase/(decrease) in cash and cash equivalents from discontinued operations	(262)

7 Discontinued operation (continued)

(b) Chinese Operations (continued)

(iii) Carrying amount of assets and liabilities disposed

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

(iv) Assets and liabilities of disposal group classified as held for sale

	Consolidated 2017 $'000
Total sales consideration per agreement	8,971
Carrying amount of net assets disposed	(6,358)
Recycle of foreign currency reserve through profit or loss	4,830
Selling cost including withholding tax	(1,010)
Gain on disposal before income tax	6,433
Gain on disposal after income tax	6,433

8 Current assets - Trade and other receivables

	Consolidated	
	2018 $'000	2017 $'000
Trade and other receivables - external	105	376
Amount due from related parties	19,831	11,814
Deposits	610	190
	20,546	12,380

Amount due from related parties refer to note 24 Related Party Disclosure.

9 Current assets - Inventories

	Consolidated	
	2018 $'000	2017 $'000
Properties under development	2,773	4,875
Properties held for sale	3,849	6,158
Stock on hand - at cost	-	112
	6,622	11,145

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

10 Property, plant and equipment

Consolidated entity Non-current	Land $'000	Buildings $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Tourist park cabins $'000	Total $'000
Year ended 31 December 2017							
Opening net book amount	-	-	-	2	-	-	2
Additions	5,374	7,387	3,318	78	-	3,039	19,196
Depreciation expense	-	(40)	(104)	-	-	(37)	(181)
Revaluation increments	-	40	104	-	-	37	181
Closing net book amount	5,374	7,387	3,318	80	-	3,039	19,198
At 31 December 2017							
Original cost	5,374	7,427	3,422	80	-	3,076	19,379
Accumulated depreciation	-	(40)	(104)	-	-	(37)	(181)
Net book amount	5,374	7,387	3,318	80	-	3,039	19,198
Year ended 31 December 2018							
Opening net book amount	5,374	7,387	3,318	80	-	3,039	19,198
Additions	-	-	64	161	54	-	279
Depreciation expense	-	(129)	(509)	(37)	-	(73)	(748)
Disposals	(5,028)	(4,238)	(1,441)	(7)	-	-	(10,714)
Revaluation increments/(decrements)	-	75	102	-	-	4	181
Closing net book amount	346	3,095	1,534	197	54	2,970	8,196
At 31 December 2018							
Cost or fair value	346	3,192	1,956	234	54	3,080	8,862
Accumulated depreciation and impairment	-	(97)	(422)	(37)	-	(110)	(666)
Net book amount	346	3,095	1,534	197	54	2,970	8,196

11 Non-current assets - Investment properties

	Consolidated 2018 $'000	Consolidated 2017 $'000
Investment property - retirement villages - at fair value	54,479	58,245
Investment properties under construction - at fair value	3,238	2,891
	57,717	61,136

(a) Reconciliation

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

	Consolidated 2018 $'000	Consolidated 2017 $'000
Non-current assets - at fair value		
Opening balance at 1 January 2018	61,136	55,578
Additions through business combinations	-	58,245
Additions through capital expenditures	472	-
Revaluation (decrements)/increments	(3,891)	91
Disposals	-	(52,778)
Closing balance at 31 December 2018	57,717	61,136

(b) Location of investment properties

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

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

12 Intangible assets

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

12 Intangible assets (continued)

(a) Reconciliations

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

Consolidated entity Non-Current assets	Goodwill $'000	AFSL License $'000	Poker machine licenses $'000	Total $'000
Balance at 1 January 2017				
Cost	52	600	-	652
Additions through business combinations	5,177	-	4,800	9,977
Balance at 31 December 2017	5,229	600	4,800	10,629
Disposals	(1,440)	-	(4,800)	(6,240)
Balance at 31 December 2018	3,789	600	-	4,389

(b) Impairment testing

The reduction in intangibles by $6,240,000 is due to the disposal of Peachtree hotel during the year including the goodwill of $1,440,000 and poker machine licenses of $4,800,000. Remaining goodwill and AFSL licences are tested annually for impairment. Goodwill and AFSL licences are allocated to two cash generating units ('CGU'), which are based on the Group's funds management and lifestyle living operating segments. Goodwill and AFSL licences are assessed to the CGU's as follows:

	Consolidated	
	2018 $'000	2017 $'000
Funds management	652	652
Lifestyle living	3,737	3,737
Hotel	-	6,240
	4,389	10,629

(i) Lifestyle living CGU impairment testing

The recoverable amount of the CGU has been determined based on a value in use calculation. This calculation uses a 9 year cash flow projection based upon financial budgets approved by management. Cash flows beyond the nine year period are extrapolated using the average long term growth rate for the business. Management have used 9 years as this reflects the expected timeframe to complete the development of the remaining villages.

Key assumptions used in the value in use calculations:
- Long term growth rate of 3% for cash flows beyond the nine year period
- Pre-tax discount rate of 17.5% for manufactured home developments
- Pre-tax discount rate of 9% for manufactured home operations

Based on the value-in-use calculation methodology and assumptions stated above, the carrying amount of the CGU at balance date does not exceed its recoverable amount.

12 Intangible assets (continued)

(b) Impairment testing (continued)

(ii) Funds management CGU impairment testing

The recoverable amount of the CGU has been determined based on a value in use calculation. This calculation uses a 5 year cash flow projection based upon financial budgets approved by management. Cash flows beyond the five year period are extrapolated using the average long term growth rate for the business. The growth rates are consistent with forecasts included in industry.

Key assumptions used in the value in use calculations:
- Long term growth rate 3%
- Pre-tax discount rate 7.5%

Based on the value-in-use calculation methodology and assumptions stated above, the carrying amount of the CGU at balance date does not exceed its recoverable amount.

(iii) Impact of possible changes in assumptions

A reasonable possible change in assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

13 Non-current assets - Inventories

	Consolidated	
	2018 $'000	2017 $'000
Properties under development	1,391	74

The properties under development are basin lots from the Austral development that are not expected to be realised within twelve months from the end of the reporting date.

14 Other non-current assets

	Consolidated	
	2018 $'000	2017 $'000
Other non-current assets	18,154	10,414

The asset is represented by deposit, consulting and legal costs from the acquisition of land in Bringelly, New South Wales, Australia. A balance of $55,499,100 is due on settlement and settlement is expected in June 2019. Jia Yuan Chuangsheng Holding Group Co, a related party of the ultimate parent entity of Boyuan Holdings Limited has undertaken to provide sufficient cash to the Group to settle the $55,499,100 commitment as and when it falls due.

15 Current liabilities - Trade and other payables

	Consolidated 2018 $'000	Consolidated 2017 $'000
Current liabilities		
Trade payables	1,600	1,537
Amounts due to related parties	5,334	209
Refundable deposits related to sales of properties	626	83
Other payables	2,751	1,375
	10,311	3,204

16 Current liabilities - Borrowings

	Consolidated 2018 $'000	Consolidated 2017 $'000
Loan - China Harmonica Capital Company	14,188	-
Related party loan - Cyan Stone Pty Limited	26	16,823
Other loans	51	-
Loan - Bremon Group Pty Ltd	5,000	5,000
	19,265	21,823

Refer to note 20 for further information on financial instruments.

Loan - China Harmonica Capital Company
On 25 January 2018, the Group entered into a US$10,000,000 loan facility agreement with global investment bank and asset management firm, China Harmonica Capital Company. The interest rate on the loan is 10% per annum with a term of 365 days commencing from each Advance Date. The loan permits early repayment and redraw of the balance, and the Group is permitted to use the money to conduct its business at its full discretion. The drawdowns occurred on 29 January 2018 for US$3,000,000, 28 March 2018 for US$2,000,000, 14 May 2018 for US$2,000,000 and 14 June 2018 for US$3,000,000. The funds will provide additional working capital to help drive the continued growth strategy. The Group is not allowed to distribute any profit prior to repayment of the loan.

Loan - Bremon Group Pty Ltd
Refer to note 18 for details of the loan from Bremon Group Pty Ltd.

17 Current liabilities - financial liability

	Consolidated 2018 $'000	Consolidated 2017 $'000
Put option over non-controlling interest	655	596

Refer to note 20 for further information on financial instruments.

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

17 Current liabilities - financial liability (continued)

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

	No. of Shares	Exercise Price	Exercisable in	Other conditions
Option 1	375	Fair value at time of exercise	Any time	The CEO of Integer ceases to be an employee of Integer
Option 2	375	Fair value at time of exercise	Any time	None
Option 3	150	Fair value at time of exercise	Any time	None

18 Non-current liabilities - Borrowings

	Consolidated	
	2018 $'000	2017 $'000
Bank loans	3,700	11,450
Loan - Bremon Group Pty Ltd	30,000	35,000
	33,700	46,450

Refer to note 20 for further information on financial instruments.

Bank loans
As at 31 December 2018 bank loans consisted of $3,700,000 borrowing facility from Bank of Queensland that was entered in 2017. BHL Lifestyle Living (Armidale) Pty Ltd borrowed $1,850,000 from Bank of Queensland. Integer Securities Limited as trustee for Integer Lifestyle Living Sub Trust No. 5 borrowed from $1,850,000 Bank of Queensland. Interest rates are variable and have increased from 4.09% at the beginning of the year to 4.53% at 31 December 2018. The facility expires on 4 October 2020.

Loan - Bremon Group Pty Ltd
During the year ended 31 December 2017 borrowings of $40,000,000 were obtained from Bremon Group Pty Ltd by BHL Finance Pty Limited (a wholly owned subsidiary) for the purpose of acquiring the Broadlands Gardens Lifestyle Living assets. The term is 5 years with $5,000,000 payable at the end of each years 1,2,3 and 4 from the date of the first drawdown and $20,000,000 payable in 2022. The first $5,000,000 repayment was repaid on 7 December 2018. Interest is charged at 6% per annum.

19 Equity

(a) Equity - contributed capital

	Note	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Ordinary shares - fully paid		343,130,100	343,130,100	17,613	17,613
	19(a)(i)	343,130,100	343,130,100	17,613	17,613

19 Equity (continued)

(a) Equity - contributed capital (continued)

(i) Movements in ordinary shares:

Details	Notes	Number of shares (thousands)	Total $'000
Opening balance 1 January 2017		343,130	17,613
Balance 31 December 2017		343,130	17,613
Opening balance 1 January 2018		343,130	17,613
Balance 31 December 2018		343,130	17,613

(ii) 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 holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(iii) Share buy-back

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

(iv) Capital risk management

The Group's objectives 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 consolidated 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.

The capital risk management policy remains unchanged from the 31 December 2017 Annual Report.

19 Equity (continued)

(b) Other reserves

	Consolidated	
	2018 $'000	2017 $'000
Revaluation surplus - property, plant and equipment	92	181
General reserve	2,096	2,096
Foreign currency translation	(1,681)	(1,681)
Put options reserve	(562)	(562)
Group reorganisation reserve	25,977	25,977
	25,922	26,011

(i) Revaluation surplus reserve

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

(ii) 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.

(iii) 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.

(iv) Put option reserve

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

The debit recognised in equity on initial recognition of the put option over Integer's shares may be presented as either a deduction from non-controlling interest ('NCI') or from other reserves alongside NCI. The Group has elected to disclose it as a separate reserve.

(v) Group reorganisation reserve

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

19 Equity (continued)

(b) Other reserves (continued)

(vi) Movements in reserves

Consolidated entity	Revaluation surplus $'000	General $'000	Foreign currency $'000	Put options $'000	Group reorganisation $'000	Total $'000
Balance at 1 January 2017	-	2,096	5,119	(562)	25,977	32,630
Revaluation - gross	181	-	-	-	-	181
Foreign currency translation	-	-	(1,970)	-	-	(1,970)
Recycle to retained earnings on disposal of subsidiary	-	-	(4,830)	-	-	(4,830)
Balance at 31 December 2017	181	2,096	(1,681)	(562)	25,977	26,011
Revaluation - gross	181	-	-	-	-	181
Recycle to retained earnings on disposal of property, plant and equipment	(270)	-	-	-	-	(270)
	(89)	-	-	-	-	(89)
Balance at 31 December 2018	92	2,096	(1,681)	(562)	25,977	25,922

19 Equity (continued)

(c) Equity - dividends

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

20 Financial instruments

(a) 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, evaluates financial risks within the Group's operating units and reports to the Board on a monthly basis.

(b) Market risk

(i) Foreign exchange 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.

For sensitivity analysis purposes, a +/- 5% sensitivity in foreign exchange rates to the Australian dollar has been selected as this is considered realistic given the current levels of exchange rates, the recent levels of exchange rate, the recent levels of volatility and market expectations for future movements in exchange rates. Based on China Harmonica Capital Company outstanding loan amount as at 31 December 2018, had the Australian dollar weakened/strengthened by 5% against the United States dollar compared to year-end rates with other variables held constant, the consolidated entity's profit before tax would have been $693,660 lower/higher as a result of exposure to exchange rate fluctuations. The decrease/increase in profit before tax would be offset by the movement in fair value change on the derivative instrument with Cyan Stone Pty Limited.

(ii) Price risk

The Group is not exposed to any significant price risk.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

20 Financial instruments (continued)

(b) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	2018		2017	
Consolidated entity	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank loan - facility 1	4.38%	3,700	4.09%	3,700
Bank loan - facility 2	-	-	3.65%	7,750
		3,700		11,450

For the Group, bank loans outstanding total $3,700,000 (2017: $11,450,000). An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of $37,000 (2017: $115,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

During the year, the $7,750,000 loan from the National Australia Bank was repaid using the proceeds from the sale of Peachtree Hotel. The loan of US$10,000,000 from China Harmonica Capital Company and $35,000,000 from Bremon Group Pty Ltd have a fixed interest rate of 10% and 6% respectively, hence they are not subjected to variability of market interest rates.

An analysis by remaining contractual maturities in shown in 'liquidity risk section' below.

(c) 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 consolidated statement of financial position and notes to the financial statements. The Group does not hold any collateral.

As at 31 December 2018 the amount due from related parties mainly represented the amounts due from two related parties. Management considers that the credit risk on these balances is not significant.

As at 31 December 2018 there is no concentration of credit risk on non-related party receivables of $105,000 as it relates to various external parties.

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.

(d) 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.

20 Financial instruments (continued)

(d) Liquidity risk (continued)

(i) Maturities of financial liabilities

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 consolidated statement of financial position.

Consolidated **At 31 December 2018**	**Weighted average interest rate %**	**On demand $'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	-	1,600	-	-	-	1,600
Amount due to related party	-	5,334	-	-	-	5,334
Refundable deposits related to sales of properties	-	626	-	-	-	626
Other payables	-	2,751	-	-	-	2,751
Interest-bearing						
Bank loan - facility 1	4.38%	-	41	122	3,822	3,985
Loan - Bremon Group Pty Ltd	6.00%	-	525	6,575	34,500	41,600
Loan - China Harmonica Capital Company	10.00%	-	4,658	10,868	-	15,526
Total non-derivatives		10,311	5,224	17,565	38,322	71,422

Consolidated **At 31 December 2017**	**Weighted average interest rate %**	**On demand $'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	-	1,537	-	-	-	1,537
Amount due to related party	-	209	-	-	-	209
Refundable deposits related to sales of properties	-	83	-	-	-	83
Other payables	-	1,375	-	-	-	1,375
Loans - related parties	-	-	-	16,823	-	16,823
Interest-bearing variable						
Bank loan - facility 1	4.09%	-	38	113	3,965	4,116
Bank loan - facility 2	3.65%	-	71	212	8,245	8,528
Loan - Bremon Group Pty Ltd	6.00%	-	600	6,800	41,600	49,000
Total - non derivatives		3,204	709	23,948	53,810	81,671

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

20 Financial instruments (continued)

(e) Fair value of financial instruments

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

21 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 of entity	Place of business/ country of incorporation	Ownership interest 2018 %	2017 %
Hong Kong Boyuan Investment Holding Limited	Hong Kong	100	100
Boyuan Investment Holding Pty Ltd	Australia	100	100
Boyuan Real Estate Holding Pty Ltd	Australia	100	100
Cyan Stone Clydesdale Pty Ltd*	Australia	100	100
BHL Developments Pty Ltd	Australia	100	100
BHL Hotels Pty Ltd**	Australia	100	100
BHL Lifestyle Living Pty Ltd***	Australia	100	100
Boyuan Bringelly Pty Ltd	Australia	100	100
BHL Group Services Pty Ltd	Australia	100	100
BHL Finance Pty Ltd	Australia	100	100
BHL Foundation Ltd****	Australia	100	-
Northern Gateway Development Pty Ltd*****	Australia	100	-

* including Cyan Stone Clydesdale Trust

** including BHL Hotel Operations Pty Ltd and Integer Hotel Trust

*** including BHL Lifestyle Living (Armidale) Pty Ltd, BHL Lifestyle Living (Green Point) Pty Ltd, BHL Lifestyle Living (Muswellbrook) Pty Ltd, BHL Lifestyle Living (Tamworth) Pty Ltd, BHL Lifestyle Living (Harrington) Pty Ltd and Integer Lifestyle Living (ATF)

**** incorporated on 3 August 2018

***** incorporated on 20 September 2018

The consolidated financial statements also incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 2:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the parent 2018 %	2017 %	Ownership interest held by non-controlling interest 2018 %	2017 %	Principal activities
Integer Holdings Pty Limited	Australia	65	65	35	35	Regulated management fund provider
Integer Securities Limited	Australia	65	65	35	35	Regulated management fund provider

22 Non-cash investing and financing activities

	Consolidated 2018 $'000	Consolidated 2017 $'000
Payment made on behalf of BHL group by related party	-	19,150
Loan made to BHL Group by related party on the Austral project	18,877	-
Loan from BHL Group to related party on the Austral project	(14,158)	-
	4,719	19,150

23 Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Loan - Blue Cedar Development Pty Ltd $'000	Related party loan - Cyan Stone Pty Limited $'000	Loan - Bremon Group Pty Ltd $'000	Loans - Related parties $'000	Loan - China Harmonica Capital Company $'000	Total $'000
Balance at 1 January 2017	19,448	11,160	483	-	20,330	-	51,421
Net cash from/(used in) financing activities	14,883	(11,160)	16,340	40,000	-	-	60,063
Changes through discontinued operations	(22,881)	-	-	-	(20,813)	-	(43,694)
Other changes	-	-	-	-	483	-	483
Balance at 31 December 2017	11,450	-	16,823	40,000	-	-	68,273
Net cash from/(used in) financing activities	(7,699)	-	(16,797)	(5,000)	-	12,959	(16,537)
Other changes	-	-	-	-	-	1,229	1,229
Balance at 31 December 2018	3,751	-	26	35,000	-	14,188	52,965

24 Related party transactions

(a) Parent entity

Boyuan Holdings Limited is the parent entity.

(b) Ultimate parent entity

Hong Kong Jianyuan Investment Limited is the ultimate parent entity.

(c) Subsidiaries

Interests in subsidiaries are set out in note 21.

(d) Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

(e) Transactions with other related parties

The following transactions occurred with related parties (below amounts are exclusive of GST):

	Consolidated	
	2018	2017
Revenue from services provided and other income:	$	$
Revenue from services with Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder		
Fees for due diligence and project development management fee	2,365,000	2,850,000
Sales and marketing service fee	1,967,476	1,405,389
Group service fee revenue	480,000	240,000
Revenue from services with Blue Cedar Development and its controlled entities - entities controlled by a director of subsidiaries of the Group		
Debt establishment fee	180,000	125,000
Debt rollover fee	310,000	275,000
Revenue from services with 621B Northern Road Pty Limited and 621Z Northern Road Pty Ltd - entities controlled by a director		
Project development management fee	490,000	-
Revenue from services with HV Parent Pty Limited and its controlled entities - entities controlled by a director		
Project development management fee	2,625,000	-
Revenue from services with Cobbitty Parent Pty Ltd and its controlled entities - entities controlled by a director		
Project development management fee	315,000	-
Revenue from services with TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group		
Austral (BHL) Development Pty Ltd cost recharge	11,191,899	-
Project development management fee	469,682	-
Revenue from services with 828 Windsor Road Development Pty Ltd - entity controlled by a director of Blue Cedar Development		
Project development management fee	136,364	68,182

24 Related party transactions (continued)

(e) Transactions with other related parties (continued)

Revenue from services provided and other income:	Consolidated 2018 $	2017 $
Revenue from services and other income with other related parties - entities controlled by a common shareholder		
Project development management fee	-	120,000
Profit from sale of Chinese Operations to Zhejiang Jiayuan	-	6,432,744
Payment for good and services		
Rental expense to Cyan Stone Pty Limited - entity controlled by a common shareholder	48,000	38,067
Interest paid/payable to Blue Cedar Development - entity controlled by a director of subsidiaries of the Group	-	635,416
Commission for the purchase of Retirement Villages paid to related parties of key management personnel	-	778,000
Director fee paid to key management personnel of a commonly controlled entity	30,000	30,000
Service fee expense with Cyan Stone Pty Limited - entity controlled by a common shareholder	130,042	-
TCAP Kelly St Pty Ltd recharge of development cost to Boyuan Real Estate Holdings Pty Ltd	897,840	-

24 Related party transactions (continued)

(e) Transactions with other related parties (continued)

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

	Consolidated 2018 $	Consolidated 2017 $
Current receivables:		
Receivable from Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	3,799,680	4,252,205
Receivable from Blue Cedar and its controlled entities - entities controlled by a director of subsidiaries of the Group	585,000	275,000
Consideration receivable from commonly controlled entity for disposal of Chinese Operations	-	7,098,237
Receivable from related parties of key management personnel	120,000	120,000
Receivable from 621B Northern Road Pty Limited and 621Z Northern Road Pty Limited - entities controlled by a director	240,000	-
Receivable from HV Parent Pty Limited and its controlled entities - entities controlled by a common director	1,470,000	-
Receivables from Cobbitty Parent Pty Ltd and its controlled entities - entities controlled by a common director	315,000	-
Receivables from TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group	12,821,794	-
Amount due from 828 Windsor Road Development Pty Ltd - entity controlled by a director of Blue Cedar Development	-	68,182
Current payables:		
Amount due to related parties controlled by close family members of the ultimate controlling share holder of Boyuan Holdings Limited	145,520	145,520
Amount due to Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	67,554	30,867
Payables to related parties of key management personnel	30,000	32,882
Amount due to TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group	5,001,537	-

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

	Consolidated 2018 $	Consolidated 2017 $
Loan from Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	25,845	16,824,231

25 Recognised fair value measurements

(a) Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated entity - At 31 December 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Investment properties - retirement village	-	-	54,479	54,479
Investment properties - under construction	-	-	3,238	3,238
Property, plant and equipment - mainly Armidale Tourist Park	-	-	7,075	7,075
Total financial assets	-	-	64,792	64,792
Financial Liabilities				
Put option	-	-	655	655
Total financial liabilities	-	-	655	655

Consolidated entity - At 31 December 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Investment properties - retirement village	-	-	58,245	58,245
Investment properties - under construction	-	-	2,891	2,891
Property, plant and equipment - mainly Armidale Tourist Park and Peachtree Hotel	-	-	19,118	19,118
Total financial assets	-	-	80,254	80,254
Financial Liabilities				
Put option	-	-	596	596
Total financial liabilities	-	-	596	596

There were no transfers between levels during the financial year.

Movements in level 3 - investment properties is disclosed in note 11.

(b) Valuations of investment properties and property, plant and equipment

Investment properties have been valued using the net income or comparison approach. Property, plant and equipment are valued using the net income approach.

25 Recognised fair value measurements (continued)

(b) Valuations of investment properties and property, plant and equipment (continued)

Under the comparison approach method, fair value is estimated based on assessments by management or external valuers experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties at the same location and in similar conditions, subject to similar leases and takes into consideration occupancy rates and returns on investment. Undeveloped sites have been valued using a direct comparison approach.

Under the income approach, fair value is estimated using assumptions including the future maintainable income and capitalisation rate. The capitalisation method involves applying a capitalisation rate into perpetuity to maintainable operating earnings before interest, taxation, depreciation and amortisation (EBITDA), based on historical and forecast financial information. The capitalisation rate is based on current market evidence.

(c) Valuations of put options

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

(d) Level 3 assets and liabilities

Movements in level 3 assets and liabilities (excluding investment properties and property, plant and equipment) during the current and previous financial year are set out below:

Consolidated entity	Put/call options $'000	Total $'000
Balance at 1 January 2017	562	562
Loss recognised in profit or loss	34	34
Balance at 31 December 2017	596	596
Loss recognised in profit or loss	59	59
Balance at 31 December 2018	655	655

25 Recognised fair value measurements (continued)

(d) Level 3 assets and liabilities (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 and retirement villages	Comparison and income approach The key inputs are: (1) Monthly market rent; (2) Capitalisation rate; or	Capitalisation rate, taking into account yield generated from comparable properties of 6.25% - 8.00%.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
	(1) Comparable unit sales rate of site	Comparable unit sales rate of site, using market direct comparables and taking into account location and other individual factors.	A slight increase in the market site sales rate would result in a significant increase in fair value and vice versa.
Properties under construction	Comparison approach The key inputs are: (1) Comparable unit sales rate of land; (2) Construction cost and professional fees	Comparable unit sales rate of land, using market direct comparables 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.
Property, plant and equipment	Income approach The key inputs are: (1) Future maintainable earning; (2) Capitalisation rate	Capitalisation rate, taking into account from comparable properties of 8.5%.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

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.

26 Key management personnel compensation

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

	Consolidated	
	2018 $	2017 $
Short-term employee benefits	855,078	911,496
Post-employment benefits	40,554	42,876
Termination benefits	18,000	-
	913,632	954,372

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	
	2018	2017
	$	$
Audit services - Deloitte Touche Tohmatsu		
Audit and review of financial statements	240,500	208,899
Other services - Deloitte Touche Tohmatsu		
Taxation services	115,515	-
	356,015	208,899

	Consolidated	
	2018	2017
	$	$
Audit services - network firms		
Audit and review of financial statements	-	88,728
	-	88,728

28 Contingent liabilities and contingent assets

The Group had no contingent liabilities as at 31 December 2018 or 31 December 2017.

29 Commitments

(a) Capital commitments

Significant capital commitment contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated	
	2018	2017
	$'000	$'000
Within one year	55,499	-

Capital commitment represent the balance of payment due on settlement in June 2019 for the acquisition of land in Bringelly, New South Wales, Australia.

29 Commitments (continued)

(b) Non-cancellable operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated	
	2018 $'000	2017 $'000
Within one year	17	48
Later than one year but not later than five years	-	17
	17	65

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

30 Earnings per share

(a) Earnings per share for profit/(loss) from continuing operations

	Consolidated	
	2018 $'000	2017 $'000
Profit/(loss) after income tax attributable to the owners of Boyuan Holdings Limited	3,201	(4,437)

	Consolidated	
	2018 Number	2017 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100

	Consolidated	
	2018 Cents	2017 Cents
Basic earnings per share	0.93	(1.29)
Diluted earnings per share	0.93	(1.29)

(b) Earnings per share for profit/(loss) from discontinued operations

	Consolidated	
	2018 $'000	2017 $'000
Profit/(loss) after income tax attributable to the owners of Boyuan Holdings Limited	155	5,707

30 Earnings per share (continued)

(b) Earnings per share for profit/(loss) from discontinued operations (continued)

	Consolidated	
	2018 Number	2017 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100

	Consolidated	
	2018 Cents	2017 Cents
Basic earnings per share	0.05	1.67
Diluted earnings per share	0.05	1.67

(c) Earnings per share for profit/(loss)

	Consolidated	
	2018 $'000	2017 $'000
Profit/(loss) after income tax	3,380	1,272
Non-controlling interest	(24)	(2)
Profit/(loss) after income tax attributable to the owners of Boyuan Holdings Limited	3,356	1,270

	Consolidated	
	2018 Number	2017 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100

	Consolidated	
	2018 Cents	2017 Cents
Basic earnings per share	0.98	0.37
Diluted earnings per share	0.98	0.37

31 Parent entity financial information

(a) Summary financial information

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

	Parent Entity	
	2018 $'000	2017 $'000
Statement of profit or loss and other comprehensive income		
(Loss)/Profit after income tax	(1,870)	5,131
Total comprehensive income	(1,870)	5,131

	Parent entity	
	2018 $'000	2017 $'000
Statement of financial position		
Current assets	42,129	13,998
Total assets	99,519	77,273
Current liabilities	18,253	1,394
Total liabilities	52,004	27,889
Equity		
Issued capital	17,613	17,613
Group reorganisation reserve	27,263	27,263
Retained earnings	2,639	4,509
Total equity	47,515	49,385

(b) Guarantees entered into by the parent entity

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2018 and 31 December 2017.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2018 and 31 December 2017.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2018 and 31 December 2017.

31 Parent entity financial information (continued)

(e) 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 its receipt may be an indicator of an impairment of the investment.

32 Events occurring after the reporting period

On 15 January 2019, Boyuan Real Estate Holding Pty Ltd, a wholly owned subsidiary of Boyuan Holdings Limited entered into a loan agreement with Overseas Union Finance for $5,000,000 for additional working capital purposes. Interest is charged at 4% per annum and the facility expires 2 months from the date of the initial advancement. The loan was repaid on 15 March 2019.

On 25 January 2019, the Group repaid the first tranche of loan from China Harmonica Capital Company amounting to US$3,000,000 plus any related interests.

Mr John Batiste and Mr Robert Rowlands, both directors of Integer Securities Limited have resigned effective 31 December 2018. On 7 February 2019, Mr Adam Pearce and Mr John Griffiths have been appointed as directors of Integer Securities Limited.

Other than as disclosed in this report and to the knowledge of the Directors, no matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

for the year ended 31 December 2018

In the directors' opinion:

(a) 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;

(b) 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;

(c) the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and

(d) 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
Director
Sydney

Yading Wan
Director
Sydney

20 March 2019

Deloitte.

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Independent Auditor's Report to the members of Boyuan Holdings Limited

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 2018, 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 Directors' declaration.

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 2018 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 Company, 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 for 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

Valuation of the Group's Retirement Living Portfolio of investment properties
 	
As at 31 December 2018, the Group reported a Retirement Living Portfolio of investment properties valued at $54.5 million as disclosed in Note 11. The properties are valued at fair value which is dependent on current prices in an active market for similar properties at the same location and in similar conditions, subject to similar leases and takes into consideration occupancy rates and returns on investment.
 	
Note 25 outlines the valuation methodologies used by management which includes the capitalisation approach and the direct comparison approach.
 	
As described in note 3a the valuation process requires significant judgment in the following key areas:
- Forecast cashflows
- Capitalisation rate
- Comparability of the assets with other transactions in the market.
 	
Internal and external valuers apply professional judgement on how current market conditions and other factors impact the fair value of individual properties.
	Our procedures included, but were not limited to:
	
	• Assessing management's process over investment properties valuations
	• Holding discussions with management to obtain an understanding of the valuation movements and their identification of any additional property specific matters
	• Assessing the independence, competence and objectivity of the external and internal valuers
	• Testing on a sample basis, the assumptions used in the valuations, focusing on the capitalisation rate with reference to external market trends and transactions and challenging those assumptions where appropriate
	• Testing on a sample basis of properties, both externally and internally valued, the following:
	  ○ Testing management's methodology
	  ○ Assessing the integrity of the information 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 revenue, expenses and capital expenditure
	  ○ The mathematical accuracy of the models.
	
	We also assessed the appropriateness of the disclosures in the notes to the financial statements.

Carrying value of the Goodwill associated with the Group's Retirement Living goodwill The Group's Retirement Village business has $3.8 million Goodwill allocated. Notes 3b and 12 outline the methodology and key assumptions used by management in assessing for impairment of goodwill. The assessment of the recoverable amount of these balances requires management to exercise significant judgement while applying estimates on forecast cashflows and the appropriate discount rate to apply to these cash flows.	Our procedures included, but were not limited to: • Evaluating the Group's impairment assessment process including the review of the forecasts used by management • Challenging the key assumptions, including the forecast revenue, costs, capital expenditure, discount rates and terminal growth rates in the impairment assessment • Performing sensitivity analysis in relation to key assumptions, with particular focus on the discount rate and forecast cash flows. We also assessed the appropriateness of the disclosures in the notes to the financial statements.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Accounting for related party transactions Due to the large number of related party transactions ("RPTs"), the terms of RPTs may be different from those with independent third parties and the terms may be altered by side agreements between the related parties. The RPTs may not be on an arm's length basis and can be more favourable or less favourable depending on each situation.	Our procedures included, but were not limited to: • Obtaining an understanding of management's processes for identifying related party relationships and transactions, including side agreements, with related parties • Evaluating and challenging management's identification of RPT's by reference to the Group structure and details of Key Management Personnel (KMP) • On a sample basis, obtaining an understanding of terms for RPT's by, inspecting supporting documentation to evaluate whether they had been conducted on similar terms to the terms used for independent third parties • Assessing the appropriateness of the relevant disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report, including the Chairman's letter, CEO's Review of Operations, Property Investment & Management, Project: Northern Gateway, Retirement & Lifestyle Living, and Funds Management (Integer Securities), for the year ended 31 December 2018, 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 of the Company 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 ability of the Group 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.

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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.

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 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 matter 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.

Independent Auditor's Report

to the members of Boyuan Holdings Limited

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 22 of the Directors' Report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Boyuan Holdings Limited, for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company 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

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 20 March 2019

Corporate Directory

Directors	Dr. Saliba Sassine *Chairman, Independent, Non-Executive Director* Yading Wan *Chief Executive Officer, Executive Director* David Paul Batten *Independent, Non-Executive Director* Xiaofeng Chen *Independent, Non-Executive Director*
Company secretary	Jia Chen Wang
Principal registered office in Australia	5-17 Martin Place Sydney NSW 2000 Australia
Share and debenture register	Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street Sydney NSW 2000 +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 listings	Boyuan Holdings Limited shares are listed on the Australia Securities Exchange (ASX code: BHL)
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: https://bhlgroup.com.au/corporate-governance/
Website	https://bhlgroup.com.au/

Shareholder Information

for the year ended 31 December 2018

The shareholder information set out below was applicable as at 6 March 2019.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Number of holders of ordinary shares
1 - 1000	9
1,001 - 5,000	29
5,001 - 10,000	160
10,001 - 100,000	133
100,001 and over	73
	404

B. Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary shares	
	Number held	% of total shares issued
Citicorp Nominees Pty Ltd*	211,352,795	61.60
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
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	3,875,530	1.13
Mr Liming Yang	3,014,318	0.88
Mr Zhao Jianzhong	2,875,000	0.84
Mr Song Mei	1,996,000	0.58
BNP Paribas Nominees Pty Ltd (DRP)	1,564,227	0.46
Mr Yao Huiliang	1,200,000	0.35
Ms Tang Haiqin	1,173,484	0.34
Mr Fujun Ye	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 Xing Jing, Mr Wenyong Tang and Mr Chen Wujun (each hold 998,000 ordinary shares)	2,994,000	0.87
	318,128,323	92.72

* On 31 December 2018, a non market trade transfer of 204,000,000 units took place from Hong Kong Jianyuan Investment Limited to Citicorp Nominees Pty Limited. Citicorp Nominees Pty Limited acts as a custodian to the 204,000,000 units held by Hong Kong Jianyuan Investment Limited.

B. Equity security holders (continued)

Unquoted equity securities

There are no unquoted equity securities.

C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
Citicorp Nominees Pty Limited	211,352,795	61.60%
Citron Investment Pty Ltd	36,000,000	10.49%
Mr Li Jiafa	19,080,000	5.56%

D. Voting rights

The voting rights attaching to each class of equity securities 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.

BHL

www.bhlgroup.com.au