2017
ANNUAL REPORT

CREATING COMMUNITIES WHERE AUSTRALIANS LIVE, WORK AND PLAY

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Dear Shareholder,

It's my pleasure to present to you the 2017 Boyuan Holdings Limited (BHL) Annual Report.

The Company has performed strongly over the past year, with an expanding portfolio of diversified investments, securing a solid platform for our sustained growth.

For the full-year financial results for the year-ended 31 December 2017, I am pleased to report that BHL reported a profit after tax of $1.27m compared to a profit after tax of $0.261m for the previous year.

The major contributing factor to this result included profit on the shareholder-approved sale of the Company's Chinese operations (Jiaxing Project), a mixed-use development in the Jiaxing Zhejiang Province in China, known as the Jiayuan Central Plaza Project. The transaction was approved by the eligible shareholders at the Extraordinary General Meeting held on 26 October 2017 and supported by independent expert report to be fair and reasonable to the non-associated shareholders of the Group. The sale of Jiaxing Project resulted in a pre-tax gain on sale of $6.4 million which included the recycling of the Foreign Currency Translation Reserve of $4.8 million through profit and loss as a result of the accounting treatment of the Group reorganisation which took place on 31 May 2016.

The sale has allowed BHL to dispose of its Chinese operations and focus solely on our Australian business and take advantage of a number of emerging opportunities in the local market. Further information on the financial result is contained in the CEO's Review of Operations.

We have strategically expanded our asset base by successfully entering into the hotels and hospitality and the emerging lifestyle living/retirement sectors, which complements BHL's existing property portfolio.

Our focus on the high-growth corridors of Western Sydney has already been rewarded with the NSW and Commonwealth Governments targeting the Region for a once-in-a-lifetime transformation and the creation of the new 'Western Parkland City'. The construction of world-class road, rail, aviation and digital infrastructure will benefit BHL's existing land holdings, proposed developments and associated investments.

BHL's ability to source alternative capital is strongly being supported through our majority-ownership of ASIC-regulated funds management firm, Integer Securities, allowing us to identify, pursue and capitalise on opportunities that arise within the local market.

With a strong, diversified capital base and corporate governance framework in place, your Board remains confident that BHL is well-positioned to deliver on our strategy of creating market-leading, integrated communities, where Australians live, work and play and 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 continuing support of the Company.

Dr Saliba Sassine
Chairman

CEO Review of Operations

A transitional year for BHL where we strengthened and diversified our development pipeline and asset portfolio.

I am pleased to provide shareholders with my CEO's Review of Operations for 2017.

This has been a transitional year for the Company in which we have solidified our foundations and continued to advance our growth strategy in key local markets.

We have focused on progressing our involvement in major property developments in the South West and North-West growth corridors of Sydney, including key sites at Bringelly, Marsden Park and Austral. We have also further improved and diversified our income stream in property development management and through strategic acquisitions in the hotels and hospitality and fast-growing retirement and over 55's lifestyle community's sectors.

As a result, BHL now has a stronger and more diversified revenue and income stream together with a development pipeline and asset portfolio to deliver sustainable growth for our shareholders. We have continued to strengthen our operational platform to identify and consolidate on growth opportunities across our portfolio, supported by strong financial and funding capacity.

Group revenue from continuing operations increased to $7.0m from $0.6m in the previous year and the losses in the Australian operations of $4.897m (FY16: $0.55m) were attributable to ongoing investments to grow the business, in addition to acquisition and transaction costs related to the strengthening of BHL's development and asset portfolio.

Our transactions included acquisitions relating to the company's lifestyle living and retirement portfolio, including the Broadland Gardens sites (Muswellbrook, Harrington, Tamworth and Green Point) for $63.0 million (excluding costs) in December 2017 and the Armidale Tourist Park for $7.4 million (excluding costs) in October 2017. Our expansion into the hotels and hospitality portfolio included the acquisition of the Peachtree Inn Hotel in Penrith, for $15.5 million in October 2017 (excluding costs).

Our experienced management team has made concerted efforts to widen our scope and actively purse investment opportunities in key sectors to enhance BHL's asset base and our partnership with Integer Securities has assisted to secure diversified investments.

Going forward, we have also entered into a new strategic services agreement with Sydney developer, Cyan Stone Pty Ltd (Cyan Stone), which will see our streamlined administration and management services achieving operational efficiencies across the two businesses. Under the agreement, Cyan Stone has engaged BHL (or a subsidiary) to develop and/or manage Cyan Stone's current and future development projects.

The 2017 financial result reflects the significant investments BHL made over the year in growing its existing Australian operations together with costs associated with strategic asset acquisitions to deliver future growth.

I look forward to sharing more good news on our progress over the coming year.

Caden (Yading) Wan
CEO

Lindfield

CORPORATE HISTORY

2016

Initial Public Offering (IPO)

BHL listed on the Australian Securities Exchange with market capitalisation of $62m. BHL had established presence in both Jiaxing, China and New South Wales, Australia.

Property

Acquisition of 705 The Northern Road Bringelly

BHL paid $10.3m for an option to purchase 40.5ha site in Bringelly. The option is exercisable in late 2018. The acquisition would strengthen BHL's development portfolio in the Western Sydney growth corridor and expected to deliver a village centre of ~70,000m² with around 600 housing lots at an average lot size of 400m².

2017

Property

Development of Austral Green

BHL subsidiary signed a Project Management Agreement (PMA) with another of its subsidiaries, Boyuan Real Estate Holdings Pty Ltd (BREH) and a third party, Tcap Kelly St Pty Ltd, to develop a 158 lot sub-division in Austral, in south-west Sydney.

October 2016 — December 2016 — December 2016 — May 2017 — August 2017

Managed Funds

Acquisition of Integer Securities

BHL acquired a controlling equity interest in a licensed managed fund business to enhance BHL's ability to source additional capital for growth opportunities and build further presence in the local Australian market.

Inaugural Annual General Meeting (AGM)

BHL held its first AGM at its head office in Martin Place, Sydney.

achievement milestones

Divestment of China asset and operations

(announced in July 2017)
(approved by shareholders at the Extraordinary General Meeting in October 2017)

BHL divested its Jiaxing Project for RMB 87 million (approx. AUD$16.5 million) in the form of a share sale agreement and dividend payment. Subsequent to the divestment, BHL will redirect capital consistent with its strategy to focus on the Australian market.

1-YEAR ANNIVERSARY

BHL's market capitalisation has increased to $90-$100m.

BHL has established presence in NSW, Australia only. Its activities include property development, development management services, managed funds, retirement/lifestyle living and hotel and hospitality.

October 2017 | October 2017 | October 2017 | December 2017 | December 2017

Retirement+ Lifestyle Living

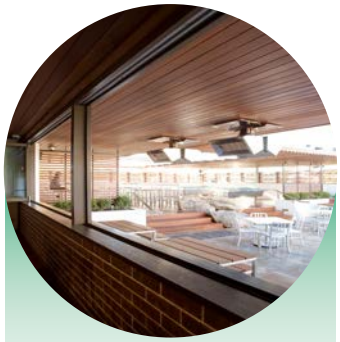
Acquisition of Armidale Tourist Park
(announced in September 2017)
(settlement in October 2017)

BHL acquired new land and business property portfolio for $7.4m (excluding transaction costs) at Armidale in the retirement/lifestyle living sector to deliver high quality, affordable housing and community infrastructure for older Australians.

Hotel+Hospitality

Acquisition of Peachtree Hotel Penrith
(announced in July 2017)
(settlement in October 2017)

BHL acquired land and business for $15.5m (excluding transaction costs) in Penrith in the hotel and hospitality sector to enhance investment portfolio in key growth corridors of South Western Sydney.



Retirement+ Lifestyle Living

Acquisition of Broadland Gardens
(announced in June 2017)
(settlement in December 2017)

BHL acquired Broadland Gardens for $63m (excluding transaction costs) in Tamworth, Green Point, Muswell brook, and Harrington to further enhance its retirement/lifestyle living portfolio.

PROPERTY

Developing existing portfolio in key growth corridors.

BHL's strategic plan to capitalise on local market opportunities has already secured a leading portfolio of residential and commercial development opportunities.

We have targeted the Australian market, and NSW in particular, where record low interest rates and tight housing supply has positioned our property strategy for ongoing strong investor demand.

With a growing portfolio of quality development opportunities in western Sydney, south western Sydney and the Hunter Valley, we have focused on high-growth corridors with strong housing demand and access to new and existing major infrastructure.

BHL has progressed a number of investments including our site at Austral Green where we have been granted DA approval for the sub-division for a total of 158 housing lots. A civil contractor has been engaged and building demolition works have been completed. Construction is expected to commence in the first half of 2018 upon a Development Consent being issued.

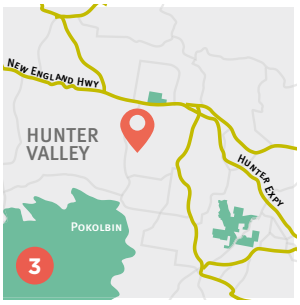
At Marsden Park, Richmond Road, including the historic Clydesdale Estate, we continue to explore options which align with BHL's wider Western Sydney strategy. The Conservation Management Plan (CMP) has been endorsed by the NSW Office of Environment and Heritage (OEH) and this has accelerated a number of DAs for the Cyan Stone project for an urban village, including homes, a retail and entertainment precinct and recreational activities, such as bush walking, horse riding and mountain bike riding. On the grounds of the heritage estate, we are considering a range of "paddock to plate" dining opportunities, as well as fresh food markets. We are also working on a unique "generational living" community, where residents can be born, raised, work and retire in the same area, with large, open green spaces offering locals a healthy, eco-friendly environment.

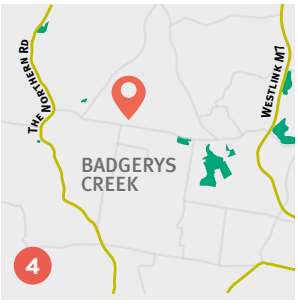
Our future site at Bringelly is located within the key South-West priority growth corridor only 14 km south of Badgerys Creek and 5 km from to the Oran Park town centre, serviced by the proposed second Sydney Airport and the South West Rail Link. BHL continues to work on the rezoning of this site for further development.

"BHL is capitalising on local market opportunities and continuing to progress the development of a number of investments to secure a leading portfolio of residential and commercial assets."
Robert Tasevski, Head of Property

In the Hunter Valley, Cyan Stone's development sites are currently under lease. Land for the proposed Lochinvar and The Hermitage developments are undergoing re-zoning and works for a sub-division at Radford Park are expected to commence in the third quarter of 2018. A masterplan is being developed for Murray's Rise. Working with some of Australia's leading architects, we are exploring options for the sites, including a world-class accommodation resort and the creation of a retirement living community.

BHL is project managing Cyan Stone's the Northern Gateway site at Badgerys Creek, one of the largest single-owner land holdings in the Western Sydney Priority Growth Area (WSPGA). The masterplan includes an exciting combination of mixed employment, including commercial, industrial, education, medical and research, entertainment, retail and tourism. It is anticipated that up to 38,000 jobs will be created with a diversity of housing options for over 22,250 residents. BHL has commenced discussions with leading local project partners to deliver the masterplan.





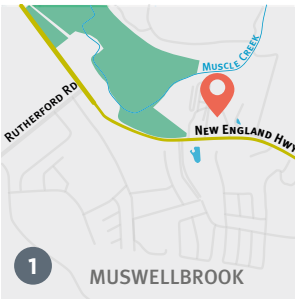
1 Marsden Park
2 Bringelly
3 Hunter Valley
4 Badgerys Creek

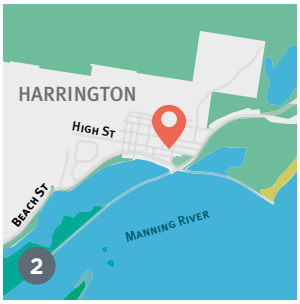
RETIREMENT+LIFESTYLE LIVING

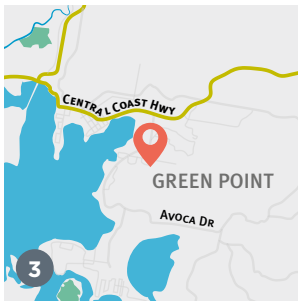
Delivery high quality, affordable housing to long-term residents.

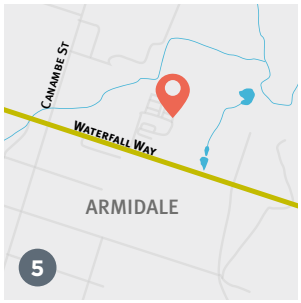
BHL is making inroads into one of Australia's fastest growing investment sectors, with the acquisition of key retirement lifestyle living assets across NSW. Our investment is already exceeding expectations and we are looking at further acquisitions to create integrated communities for the over 55s, particularly in growth areas of NSW where the market for retirement living is expected to double over the next 20 years. Delivering high quality, affordable housing and community lifestyle and leisure facilities for a growing number of retirees is also generating long-term rental income streams for BHL investors. By entering this market, BHL is also playing an important role in meeting the affordable housing and infrastructure needs of Australia's rapidly-ageing population. Working with Land Lease Lifestyle Communities (LLLC), we will continue to identify, acquire, develop and operate new communities on the eastern seaboard of Australia, bolstering our existing properties in Tamworth and Green Point as well as development sites in Muswellbrook and Harrington and our plans for the Armidale Tourist Park site.

"The acquisition of the Armidale Tourist Park and the Broadlands Lifestyle Village has given BHL the opportunity to grow our portfolio, build world class facilities and bring new innovation to the traditional retirement/lifestyle living market." **Ian Clark, CFO**









1 Muswellbrook
Unit 9080
New England Highway,
Muswellbrook,
New South Wales, 2333

2 Harrington
High Street,
Harrington,
New South Wales, 2427

3 Green Point
9 Milpera Road,
Green Point,
New South Wales, 2251

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

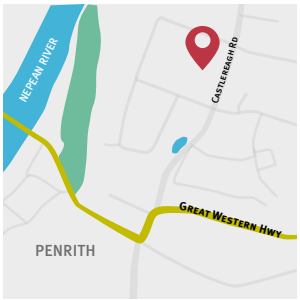
5 Armidale Tourist Park
39 Waterfall Way,
Armidale,
New South Wales 2350

HOTELS+HOSPITALITY

Explore hotel opportunity in expansion zone.

BHL successfully entered the hotels and hospitality sector with the acquisition of the popular Peachtree Hotel, which is well-placed within the Penrith CBD expansion zone. BHL has appointed experienced operators to manage day-to-day operations and we have undertaken plans for a range of exciting refurbishments and upgrades, with a focus on creating a family-friendly venue for locals and visitors alike. With our managed funds operations, Integer Securities, we are continuing to explore several new opportunities to expand our hotel strategy in Western Sydney. Our focus is on under-performing assets with opportunities for uplift and redevelopment.

"Well established in the Penrith area the Peachtree Hotel continues to drive revenue from entertainment and gaming, with its support of the local community it remains an integral part of the region and western Sydney." **Colin Parras, Hotel Manager**



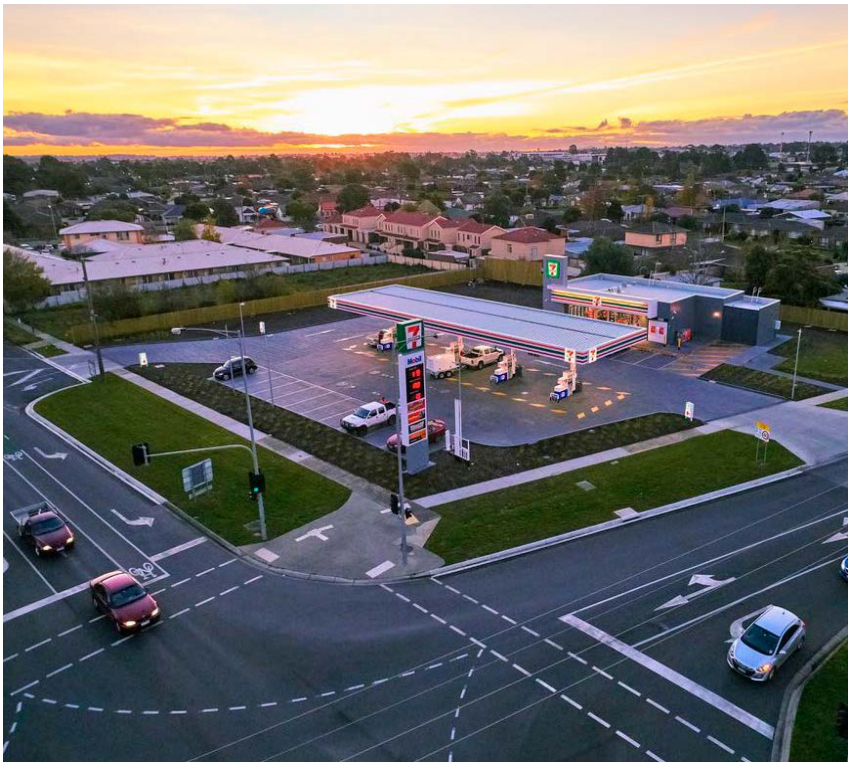
Peachtree Inn Hotel
54 Peachtree Rd,
Penrith NSW 2750

MANAGED FUNDS (INTEGER SECURITIES)

BHL has successfully expanded our development pipeline in Western Sydney over the past year and has diversified our asset base with key acquisitions in the lifestyle living and hotels and hospitality sectors.

BHL is actively pursuing diversified investment opportunities through our 65% ownership of Integer Securities, one of Australia's leading providers of managed investment funds. Integer sources alternative capital from a range of wholesale and retail investors across Australia and South East Asia, which has already delivered BHL with a solid platform for our local acquisition strategy. With Integer's support, BHL has successfully expanded our development pipeline in Western Sydney over the past year and has diversified our asset base with key acquisitions in the lifestyle living and hotels and hospitality sectors. Further hotel acquisitions will be a key priority.

"As an emerging funds manager, Integer Securities strategically creates fully diversified portfolios with high-yielding assets for discerning investors. Our clients receive outstanding investment opportunities through the acquisition of key developments in the thriving Australian property sector." **Adam Huxley, General Manager of Integer Securities**



The directors presented their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Boyuan Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2017.

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

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

Principal activities
During the financial year the principal continuing activities of the Group consisted of:
- property development and management in China and Australia;
- provider of managed investment funds in Australia;
- operation of hotel establishments in New South Wales, Australia;
- operation of tourist parks in New South Wales, Australia; and
- operation of retirement lifestyle living villages in New South Wales, Australia.

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

Review of operations
The profit for the Group after providing for income tax and non-controlling interest amounted to $1,270,000 (31 December 2016: $223,000).

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

Significant changes in the state of affairs

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

Acquisition of the Armidale Tourist park
On 4 October 2017, the Group acquired 100% of the assets and business of Armidale Tourist Park ('Park') for $7,400,000. The Group operates the park as a long and short stay park.

Acquisition of the Peachtree Inn Hotel
On 19 October 2017, the Group acquired 100% of the assets and business known as the Peachtree Inn Hotel in Penrith for $15,500,000. The Group intends to continue to operate the hotel and to explore opportunities to reposition the operations in the short to medium term.

Broadlands Gardens Lifestyle Living
On 8 December 2017, the Group acquired 100% of the assets and business of Broadland Gardens for $63,000,000. The acquisition includes an existing portfolio of New South Wales Lifestyle Living communities and development sites located at Tamworth, Green Point, Muswellbrook and Harrington. It was acquired by the Group for the purpose of entering into the expanding community Lifestyle Living sector.

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
A Second Variation Deed to the Jiaxing Equity Transfer Contract was entered into on 28 February 2018 in relation to the sale of the China operations on 26 October 2017. This was due to a requirement under Chinese law for Chinese companies to retain a portion of post-tax profits in their statutory public accumulation funds. Under the Second Variation Deed, the total consideration received by the Group remained unchanged at RMB 87,000,000. Whilst the dividend component was reduced by RMB 5,153,000, the share sale consideration was increased by the same amount (RMB 5,153,000) resulting in no change to the gross amount received by the Group. However, there was a small tax effect on the Group's net sale proceeds after tax which the Group considers to be immaterial.

On 25 January 2018, the group entered into a US$10m loan facility agreement with global investment bank and asset management firm, China Harmonica Capital Company. The interest rate on the loan is 10% per annum with a term of 365 days commencing from each Advance Date. The loan permits early repayment and redraw of the balance, and the Group is permitted to use the money to conduct its business at its full discretion. The first Drawdown occurred on 29 January 2018 for US$3m initial drawdown amount. The funds will provide BHL with additional working capital to help drive the company's continued growth strategy. Cyan Stone Pty Ltd agreed to provide the guarantee to cover BHL from the loss of foreign currency exchange under the Loan Agreement.

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

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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

Name:	Dr Saliba Sassine
Title:	Chairman and Independent Non-Executive Director
Qualifications:	First Class Honours degree in Economics from the University of Western Australia with a Doctor of Philosophy.
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:	Eden Health Industry Holdings Limited (ASX: ETK)
Former directorships (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
Name:	Yading Wan
Title:	Chief Executive Officer and Executive Director
Qualifications:	Bachelor Degree in accounting from Jiaxing College
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 (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee
Interests in shares:	36,000,000 ordinary shares held indirectly
Name:	Tin Ching Shum
Title:	Executive Director
Qualifications:	Bachelor of Business Administration from the University of China Television and Broadcasting
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 (last 3 years):	None
Special responsibilities:	None
Interests in shares:	204,000,000 ordinary shares held indirectly

Name:	David Paul Batten
Title:	Independent, Non-Executive Director
Qualifications:	Double degree in Health and Physical Education from the University of Wollongong and a Post Graduate Diploma in Business Finance from Curtin University.
Experience and expertise:	Mr. Batten has over 25 years' experience in financial markets and specialises in derivatives in the bullion, equities, commodities, foreign exchange and interest rate markets. He formerly worked within large foreign banking institutions including Bankers Trust Australia, Goldman Sachs, JBWere and the Republic Bank of New York.
Other current directorships:	None
Former directorships (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

Name:	Xiaofeng Chen
Title:	Independent, Non-Executive Director
Qualifications:	Double degree in Engineering and Law from Zhejiang University. Masters degree in Executive MBA ('EMBA') from China Europe International Business School ('CEIBS').
Experience and expertise:	Mr. Chen has over 20 years' experience in financial investment and has held positions in senior management in multiple corporations. He specialises in the technology sector with extensive knowledge in business administration and law. Mr. Chen is currently the Chairman of the board and president of Zhe Da Ke Fa Equity Investment Management Co., Ltd., an investment company focusing on venture capital and private equity and founded by multiple organisations including Zhejiang University. Mr. Chen is also a qualified senior economist in China.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee.
Interests in shares:	None

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

Former directorships (last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Mr Adam Huxley was appointed as Company Secretary on 5 May 2017. Mr Huxley has more than 20 years experience working in property and construction, IT, legal and financial services across Australia and South-East Asia. His areas of expertise include securitisation, turn around, corporate structuring and restructuring and property.

The previous company secretary was Ms Shao Ma.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2017, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr. Saliba Sassine	4	4	1	1	2	2
Yading Wan	3	4	1	1	-	-
Tin Ching Shum	2	4	-	-	-	-
David Paul Batten	4	4	1	1	2	2
Xiaofeng Chen	2	4	-	-	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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

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

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

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

The reward framework is designed to align executive reward to shareholders' interests. The Board 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.

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

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

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

Name	Fees per annum 2017	Fees per annum 2016
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 Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

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

Currently there is no incentive arrangements for executives. The Nomination and Remuneration Committee 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
During the financial year ended 31 December 2017, the Group engaged KPMG review its existing remuneration policies and provide recommendations on how to improve its incentive programs. The outcome of this review was not finalised at the time of preparing this report and therefore will be disclosed in the 31 December 2018 annual report. KPMG were paid $11,275 for this service during the year ended 31 December 2017.

Voting and comments made at the Company's 2017 Annual General Meeting ('AGM')
At the FY16 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2016. 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
- David Paul Batten
- Xiaofeng Chen

And the following persons:
- Ian Clark (CFO - Boyuan Holdings Limited)
- Adam Huxley (CEO - Integer Holdings Pty Ltd)

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

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

	Short-term benefits			Post-employment benefits	Long-term benefits	
2017	Basic salary $	Cash bonus $	Other benefits $	Super-annuation $	Long service leave $	Total $
Non-Executive Directors:						
Dr. S. Sassine	45,662	-	-	4,338	-	50,000
D. Batten	40,000	-	-	-	-	40,000
X. Chen	30,000	-	-	-	-	30,000
Executive Directors:						
Y. Wan	45,662	-	-	4,338	-	50,000
T. Shum	50,000	-	-	-	-	50,000
Other Key Management Personnel:						
I. Clark	340,172	-	-	-	-	340,172
A. Huxley	360,000	-	-	34,200	-	394,200
	911,496	-	-	42,876	-	954,372

The remuneration is 100% fixed.

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

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

** Mr. T. Shum is contractually entitled to superannuation under his executive service agreement, however foreign citizens do not have an obligation to superannuation.

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
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.

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

The employee contracts for Ian Clark, the CFO and Adam Huxley, the Company secretary and CEO of Integer Holdings Pty Ltd are being finalised. The contract details will be disclosed in the annual report of 2018.

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 2017.

Additional disclosures relating to key management personnel

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

	Balance at the start of the year	Received as part of remuneration	Additions	Restructure disposals/ other	Balance at the end of the year
Ordinary shares					
Yading Wan	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

Other transactions with key management personnel and their related parties
The Group has a rental lease agreement ($4,000 per month) with Cyan Stone Pty Ltd, which is 85% owned by Hong Kong Jianyuan Investment Limited, a company controlled by T. Shum, and 15% owned by Y. Wan through Citron Investment Pty Ltd. Refer to Note 35 for the transaction details.

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

During the year ended 31 December 2017, the Group paid $778,000 for services to LLLC Operations Pty Ltd, a company in which Ian Clark owns 25% of the share capital.

This concludes the remuneration report, which has been audited.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On behalf of the directors

Dr. Saliba Sassine
Chairman

Yading Wan
Chief Executive Officer

27 March 2018
Sydney

Auditor's Independence Declaration

for the year ended 31 December 2017

Deloitte.

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

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www.deloitte.com.au

27 March 2018

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

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 2017, 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

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2017

	Note	Consolidated 2017 $'000	2016 $'000
Continuing operations			
Revenue			
Revenue from external customers		7,009	550
Cost of sales		(758)	-
Gross profit		6,251	550
Other income, gains and losses		177	5
Expenses			
Operating expenses		(10,489)	(1,027)
Other expenses		(227)	(47)
Finance costs	5	(913)	(31)
Loss before income tax benefit from continuing operations		(5,201)	(550)
Income tax benefit	6	304	3
Loss after income tax benefit from continuing operations		(4,897)	(547)
Profit after income tax expense from discontinued operations	7	6,169	808
Profit after income tax (expense)/benefit for the year		1,272	261
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		181	-
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation - continuing operations		(271)	(1,411)
Foreign currency translation - discontinued operations		(6,529)	(1,043)
Other comprehensive income for the year, net of tax		(6,619)	(2,454)
Total comprehensive income for the year		(5,347)	(2,193)
Profit for the year is attributable to:			
Non-controlling interest		2	38
Owners of Boyuan Holdings Limited		1,270	223
		1,272	261
Total comprehensive income for the year is attributable to:			
Continuing operations		2	38
Discontinued operations		-	-
Non-controlling interest		2	38
Continuing operations		(4,989)	(1,992)
Discontinued operations		(360)	(239)
Owners of Boyuan Holdings Limited		(5,349)	(2,231)
		(5,347)	(2,193)

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

	Note	Consolidated 2017 $'000	2016 $'000
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Boyuan Holdings Limited			
Basic earnings per share	36	(1.43)	(0.21)
Diluted earnings per share	36	(1.43)	(0.21)
Earnings per share for profit from discontinued operations attributable to the owners of Boyuan Holdings Limited			
Basic earnings per share	36	1.80	0.30
Diluted earnings per share	36	1.80	0.30
Earnings per share for profit attributable to the owners of Boyuan Holdings Limited			
Basic earnings per share	36	0.37	0.08
Diluted earnings per share	36	0.37	0.08

In accordance with AASB 5 'Non-Current Assets Held for Sale and Discontinued Operations', the comparative information has been restated. Refer to note 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 2017

	Note	Consolidated 2017 $'000	2016 $'000
Assets			
Current assets			
Cash and cash equivalents	8	1,555	8,883
Trade and other receivables	9	12,380	27,926
Inventories	10	11,145	19,073
Income tax refund due	6	-	108
Other	11	142	475
Total current assets		25,222	56,465
Non-current assets			
Inventories	12	74	6,652
Other	13	10,414	10,320
Investment properties	14	61,136	55,578
Property, plant and equipment	15	19,198	2
Intangibles	16	10,629	652
Deferred tax	6	-	928
Total non-current assets		101,451	74,132
Total assets		126,673	130,597
Liabilities			
Current liabilities			
Trade and other payables	17	3,204	11,176
Borrowings	18	21,823	1,909
Financial liability	19	596	562
Provision for income tax	6	-	5,249
Employee benefits		513	-
Pre-sale deposits received		-	3,431
Total current liabilities		26,136	22,327
Non-current liabilities			
Borrowings	20	46,450	49,512
Deferred tax	6	676	-
Total non-current liabilities		47,126	49,512
Total liabilities		73,262	71,839
Net assets		53,411	58,758
Equity			
Contributed capital	21	17,613	17,613
Reserves	22	26,011	32,630
Retained profits		9,343	8,073
Equity attributable to the owners of Boyuan Holdings Limited		52,967	58,316
Non-controlling interest		444	442
Total equity		53,411	58,758

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 2017

Consolidated	Contributed capital $'000	Reserves $'000	Retained profits $'000	Non-controlling Interest $'000	Total equity $'000
Balance at 1 January 2016	20,149	9,669	7,850	-	37,668
Profit after income tax benefit for the year	-	-	223	38	261
Other comprehensive income for the year, net of tax	-	(2,454)	-	-	(2,454)
Total comprehensive income for the year	-	(2,454)	223	38	(2,193)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 21)	17,613	-	-	-	17,613
Corporate reorganisation reserve	(25,977)	25,977	-	-	-
Deemed contribution by a fellow subsidiary	5,828	-	-	404	6,232
Fair value movement in put option over non-controlling interests	-	(562)	-	-	(562)
Balance at 31 December 2016	17,613	32,630	8,073	442	58,758

Consolidated	Contributed capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2017	17,613	32,630	8,073	442	58,758
Profit after income tax benefit for the year	-	-	1,270	2	1,272
Other comprehensive income for the year, net of tax	-	(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

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 2017

	Note	Consolidated 2017 $'000	2016 $'000
Cash flows from operating activities			
Profit before income tax (expense)/benefit for the year		1,447	1,236
Adjustments for:			
Depreciation and amortisation		184	29
Net fair value loss/(gain) on investment properties		(91)	585
Net gain on disposal of subsidiaries		(6,433)	-
		(4,893)	1,850
Change in operating assets and liabilities:			
Increase in trade and other receivables		(10,759)	(993)
Decrease/(increase) in inventories		(1,300)	4,182
Decrease in income tax refund due		108	926
Decrease/(increase) in deferred tax assets		(156)	395
Decrease/(increase) in prepayments		(58)	13,074
Increase in other operating assets		(482)	(10,403)
Increase/(decrease) in trade and other payables		2,023	(23,423)
Increase in derivative liabilities		34	-
Decrease in provision for income tax		(1,440)	(208)
Increase in employee benefits		513	-
Decrease in other provisions		-	(166)
		(16,410)	(14,766)
Income tax expense		(175)	(975)
Net cash used in operating activities		(16,585)	(15,741)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	31	(85,900)	(223)
Payments for investment property		-	(3,602)
Payments for property, plant and equipment	15	(81)	-
Proceeds from disposal of investments		1,535	-
Dividend received from sale of China		7,833	-
Withdrawal of pledged bank deposits		392	12
Net cash used in investing activities		(76,221)	(3,813)
Cash flows from financing activities			
Proceeds from issue of shares	21	-	18,626
Share issue transaction costs		-	(1,447)
Proceeds from borrowings		56,749	30,608
Repayment of borrowings		(12,831)	-
Proceeds from related parties loans		16,145	667
Repayments of loans to related parties		-	(20,212)
Proceeds from related party receivables		25,415	-
Net cash from financing activities		85,478	28,242
Net increase/(decrease) in cash and cash equivalents		(7,328)	8,688
Cash and cash equivalents at the beginning of the financial year		8,883	207
Effects of exchange rate changes on cash and cash equivalents		-	(12)
Cash and cash equivalents at the end of the financial year	8	1,555	8,883

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

Note 1. General information

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

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

Suite 1
Level 16
5-17 Martin Place
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 March 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

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

Going concern
The financial statements have been prepared on a going concern basis, notwithstanding the net current asset deficiency of the Group at the reporting date. The ability of the Group to continue as a going concern is dependent upon the continuing financial support of related parties. The Directors have received a letter of loan subordination from Cyan Stone Pty Ltd confirming their intentions to not require repayment of loans owed by the Group of $16,824,231 to enable the Group to continue as a going concern and meet its financial obligations as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the year ended 31 December 2017.

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 ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Boyuan Holdings Limited as at 31 December 2017 and the results of all subsidiaries for the year then ended.

Note 2. Significant accounting policies (continued)

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling 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.

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

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

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

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

Rendering of services
Rendering of services revenue is recognised as the service is provided.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

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

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

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

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

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.

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance 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. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

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

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.

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

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

Investment properties
Investment properties principally comprise freehold land and buildings 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.

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.

Leases

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

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

Poker machine licences
The costs to acquire poker machine licences are capitalised as an asset. The asset has an indefinite life and is tested annually for impairment.

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

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

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

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

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

Employee benefits

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

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

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

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

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

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

Contributed capital
Ordinary shares are classified as equity.

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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.

Earnings per share

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

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

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

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 2017. 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.

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

Management anticipates that the application of AASB 9 in the future will not have a material on the amounts reported in respect of the Group's financial assets and liabilities. The Group will adopt this standard from 1 January 2018.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

Management assessed that the application of AASB 15 in the future will not have a material impact on the amounts reported and disclosures made in the Group's financial statements. The Group has assessed the impact including on the recently acquired Lifestyle Living Villages, Pubs and Tourist Park and there is no material impact. The Group will adopt this standard from 1 January 2018.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard supersedes AASB 117 'Leases', Interpretation 4 'Determining whether an Arrangement contains a lease, Interpretation 115 'Operating Leases - Incentives' and Interpretation 127 'Evaluating the substance of transactions involving the legal form of a lease'. For lessees, AASB 16 will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

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

Note 3. Critical accounting judgements, estimates and assumptions

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

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimate of fair value of investment properties and property, plant and equipment within the Hotel and Lifestyle Living segments
At the end of the reporting period, investment properties and property plant and equipment within Hotel and Lifestyle Living segments are stated at fair value based on a fair value model. In determining fair value, the valuation methodologies adopted require certain estimates and assumptions including income streams, growth rates, 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.

At the end of the reporting period, investment properties and property, plant and equipment within the Hotel and Lifestyle Living segments are stated at fair value based on a fair value model. In determining fair value, the valuation methodologies adopted require certain estimates and assumptions including income streams, growth rates, and market yields and/or capitalisation rates. The assumptions adopted may be based on the investment properties and property, plant and equipment within the Hotel and Lifestyle Living segments 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. In particular, investment properties and property plant and equipment within Hotel and Lifestyle Living segments are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuation methodology requires certain estimates. In relying on the valuation report, management has exercised their judgment and is satisfied that the assumptions used in the valuations have reflected the current market conditions.

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.

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.

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

Put option over non-controlling interest - Expected Gross Obligations ('EGO')
The 'Expected Gross Obligation' recorded on consolidation is based on the present value of expected settlement of these which have been discounted to present value over one year using a rate of 5.77% (based on the 2 year Australian government bond rate plus a risk premium of 4%).

Note 4. Operating segments

Identification of reportable operating segments
The Group disposed of its operations in China on 26 October 2017. Consequently, the Property Development segment has been classified as a discontinued operation and removed from the segment disclosure in 2017 and 2016. There was no revenue from the Australian Property Development segment for the year ended 31 December 2017. Refer to Note 7 for detailed information of discontinuing operations. The Group is organised into 5 operating segments (2016: 2 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 Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

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

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

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

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

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

Major customers
Cyan Stone Group being the major customer individually has contributed over 10% of the total revenue for the year ended 31 December 2017 (2016: none). Refer to note 35 for further details.

Operating segment information - continuing operations

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

Note 4. Operating segments (continued)

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

Geographical information - continuing operations

	Sales to external customers		Geographical non-current assets	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Australia	7,009	550	100,775	20,880

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

Note 5. Expenses

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

Note 6. Income tax

	Consolidated	
	2017	2016
	$'000	$'000
Income tax benefit from continuing operations		
Current tax	(148)	(31)
Deferred tax - origination and reversal of temporary differences	(39)	45
Prior year over provision	(117)	(17)
Aggregate income tax benefit	(304)	(3)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit from continuing operations	(5,201)	(550)
Tax at the statutory tax rate of 30%	(1,560)	(165)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax on gain of sale of discontinued operations	277	-
Expenses	1,096	187
	(187)	22
Prior year tax losses not recognised now recouped	-	(8)
Prior year over provision	(117)	(17)
Income tax benefit from continuing operations	(304)	(3)

	Consolidated	
	2017	2016
	$'000	$'000
Income tax expense from discontinued operations		
Current tax:		
Current tax - Enterprise Income Tax in the PRC	-	191
LAT	254	546
Deferred tax - origination and reversal of temporary differences	225	241
Aggregate income tax benefit	479	978
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit before tax from discontinued operations	1,154	2,272
PRC Enterprise Income Tax at 25%	288	568
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect of expenses not deductible for tax purpose	-	1
LAT	254	546
Tax effect of LAT	(63)	(137)
Income tax expense from discontinued operations	479	978

Note 6. Income tax (continued)

	Consolidated 2017 $'000	Consolidated 2016 $'000
Deferred tax asset/(liability)		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	429	8
Accrued LAT	-	659
Intangible assets - poker machine licences	(1,440)	-
Net fair value gain on investment properties	-	(412)
Temporary differences - revenue recognition and related cost of sales	-	356
Temporary differences - expenses	15	(3)
	(996)	608
Amounts recognised in equity:		
Transaction costs on share issue	320	320
Deferred tax asset/(liability)	(676)	928
Movements:		
Opening balance	928	841
Credited/(charged) to profit & loss	186	(281)
Credited/(charged) to equity	-	320
Disposal of Chinese operations	(319)	-
Prior year true up and adjustments	(31)	-
Additions through business combinations	(1,440)	48
Closing balance	(676)	928

	Consolidated 2017 $'000	Consolidated 2016 $'000
Income tax refund due		
Income tax refund due	-	108

	Consolidated 2017 $'000	Consolidated 2016 $'000
Provision for income tax		
Provision for income tax	-	5,249

Note 7. Discontinued operations

Description
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 a AUD $7,729,000 dividend.

This was announced to the market on 20 July 2017. Variation deeds were subsequently entered into between Hong Kong Boyuan and Shencheng to:

- Adjust the purchase price from RMB 85 million to RMB 45.6 million; and
- Add a condition precedent – Jiaxing Boyuan Real Estate Development Co., Ltd (Jiaxing Boyuan), a wholly owned subsidiary of Jiaxing Longyuan declaring a dividend of RMB 41.4 million to Jiaxing Longyuan, and Jiaxing Longyuan declaring the dividend of RMB 41.4 million to Hong Kong Boyuan.

An independent expert concluded in their report dated 30 August 2017 that the transaction is fair and reasonable to the non-associated shareholders of the Group.

The transaction was then approved by the eligible shareholders at the Extraordinary General Meeting which took place on 26 October 2017. As described in the notice of the EGM certain shareholders were not allowed to participate in the vote.

The dividend under the arrangement as described above was declared on 26 October 2017 and paid to the Group on 30 November 2017. A minor portion of the Purchase Price was also paid to the Group on 30 November 2017, while the outstanding portion of $7.1m which is included as a receivable as at 31 December 2017 was fully collected by the Group in March 2018.

The sale of Jiaxing Longyuan resulted in a pre-tax gain on sale of $6.4 million which included the recycling of the Foreign Currency Translation Reserve (FCTR) of $4.8 million through profit and loss which had arisen as a result of the accounting treatment of the Group reorganisation which took place on 31 May 2016.

In line with AASB 10 Consolidated Financial Statements (AASB 10), management has assessed 26 October 2017 to be the date for loss of control of the Chinese operations in the annual report due to:

- The transaction was approved by the shareholders on 26 October 2017;
- The dividend of RMB 41.4 million was declared and approved by the board of Jiaxing Boyuan and Jiaxing Longyuan to Hong Kong Boyuan on 26 October 2017. The timing of the payment was considered to be administrative in the circumstance of the transaction rather than a determining factor for loss of control; and
- Mr Wan (CEO of the Group) resigned from the board of Jiaxing Longyuan following the dividend declaration in October 2017.

As a result, the disposal of Chinese operations has been disclosed as a discontinued operation under requirements of AASB 5 Non-Current Assets Held for Sale and Discontinued Operations (AASB 5) for the period 1 January 2017 to 26 October 2017 with the comparative information restated in the Statement of profit and loss and other comprehensive income.

The net proceeds from the sale have been invested by the Group in new projects including the Peachtree Inn Hotel and Lifestyle Living assets. Following the divestment, the Group does not have any interests in Property Development and Management in China. All of the Group's current operating assets and development opportunities are in Australia.

Note 7. Discontinued operations (continued)

Financial performance information

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

Cash flow information

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

Note 7. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2017	2016
	$'000	$'000
Cash and cash equivalents	782	-
Trade and other receivables	1,303	-
Inventories	15,805	-
Other current assets	387	-
Investment properties	52,208	-
Deferred tax assets	320	-
Total assets	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	-

Details of the disposal

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

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2017	2016
	$'000	$'000
Cash at bank	1,555	8,883

Note 9. Current assets - trade and other receivables

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

Amount due from related parties refer to the Note 35 Related Party disclosure.

Note 10. Current assets - inventories

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

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

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

Note 11. Current assets - other

	Consolidated	
	2017	2016
	$'000	$'000
Prepayments	141	83
Pledged bank deposits	-	392
Other current assets	1	-
	142	475

Note 12. Non-current assets - inventories

	Consolidated	
	2017	2016
	$'000	$'000
Properties under development	74	6,652

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

Note 13. Non-current assets - other

	Consolidated	
	2017	2016
	$'000	$'000
Bringelly development	10,414	10,320

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

Note 14. Non-current assets - investment properties

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

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

Opening fair value	55,578	52,561
Additions	-	3,602
Additions through business combinations (note 31)	58,245	-
Disposals	(52,778)	-
Revaluation (decrements)/increments	91	(585)
Closing fair value	61,136	55,578

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

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

Note 15. Non-current assets - property, plant and equipment

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

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

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

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

Note 16. Non-current assets - intangibles

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Goodwill - at cost	5,229	52
AFSL Licence - at cost	600	600
Poker machines licences - at cost	4,800	-
	10,629	652

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

Consolidated	Goodwill $'000	AFSL Licence $'000	Poker machines licences $'000	Total $'000
Balance at 1 January 2016	-	-	-	-
Additions through business combinations (note 31)	52	600	-	652
Balance at 31 December 2016	52	600	-	652
Additions through business combinations (note 31)	5,177	-	4,800	9,977
Balance at 31 December 2017	5,229	600	4,800	10,629

Impairment testing
Goodwill, AFSL licences, and poker machine licences are tested annually for impairment. Goodwill, AFSL licences, and poker machine licences are allocated to three cash generating units ('CGU'), which are based on the Group's funds management, hotel and lifestyle living operating segments. Goodwill, AFSL licences, and poker machine licences are allocated to the CGU's as follows:

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Funds management	652	652
Lifestyle living	3,737	-
Hotel	6,240	-
	10,629	652

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.

Key assumptions used in the value in use calculations:
- Long term growth rate 5%
- Pre-tax discount rate 15% - 20%

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.

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.

Note 16. Non-current assets - intangibles (continued)

Hotel CGU impairment testing
For the year ended 31 December 2017, the recoverable amount of the poker machine licences and the CGU to which it belongs has been determined based on fair value less to costs of disposal. This is on the basis that the intangible asset arose from an acquisition that occurred close to year end on 19 October 2017. The agreement was negotiated between a willing buyer and seller and therefore the purchase consideration represented fair value. There have been no changes in the period after the acquisition which would result in a decrease in fair value.

Management has assessed that the carrying value of the poker machine licence and the CGU's to which it belongs at 31 December 2017 approximates its fair value less cost to disposal, therefore there is no impairment.

Lifestyle living CGU impairment testing
For the year ended 31 December 2017, the recoverable amount of the goodwill and the CGU to which it belongs has been determined based on fair value less to costs of disposal. This is on the basis that the goodwill arose from an acquisition that occurred close to year end on 8 December 2017. The agreement was negotiated at a price that would be paid to purchase the asset in an orderly transaction between market participants at the acquisition date and therefore the purchase consideration represented fair value. There have been no changes in the period after the acquisition which would result in a decrease in fair value.

Management has assessed that the carrying value of goodwill and the CGU's to which it belongs at 31 December 2017 approximates its fair value less cost to disposal, therefore there is no impairment.

Note 17. Current liabilities - trade and other payables

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

Refer to note 24 for further information on financial instruments.

Note 18. Current liabilities - borrowings

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Bank loans	-	1,909
Related party loan - Cyan Stone Pty Limited	16,823	-
Loan - Bremon Group Pty Ltd	5,000	-
	21,823	1,909

Refer to note 24 for further information on financial instruments.

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

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

Note 18. Current liabilities - borrowings (continued)

Loan - Bremon Group Pty Ltd
Refer to note 20 for details of the loan from Bremon Group Pty Ltd.

Note 19. Current liabilities - financial liability

	Consolidated	
	2017	2016
	$'000	$'000
Put option over non-controlling interest	596	562

Refer to note 24 for further information on financial instruments.

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

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

	No. of Shares	Exercise Price	Exercisable in	Other conditions
Option 1	375	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 after 2 years	None
Option 3	150	Fair value at time of exercise	Any time	None

Note 20. Non-current liabilities - borrowings

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

Refer to note 24 for further information on financial instruments.

Bank loans
At 31 December 2017 bank loans consisted of:
(i) $7,750,000 borrowing facility from the National Bank of Australia which was used for the acquisition of the Peachtree Inn Hotel. The facility expires on 30 September 2020.
(ii) $3,700,000 borrowing facility from Bank of Queensland. BHL Lifestyle Living (Armidale) Pty Ltd borrowed $1,850,000 from Bank of Queensland. Integer Securities Limited as trustee for Integer Lifestyle Living Sub Trust No. 5 borrowed $1,850,000 from Bank of Queensland. Interest was charged at 4.09% per annum with the facility expiring on 4 October 2020.

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

Loan - Bremon Group Pty Ltd
During the year ended 31 December 2017 borrowings of $40,000,000 were obtained from Bremon Group Pty 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 in the next 12 months and interest is charged at 6% per annum.

Note 21. Equity - contributed capital

	Consolidated			
	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Ordinary shares - fully paid	343,130,100	343,130,100	17,613	17,613

Movements in ordinary share capital

Details	Date	Number		$'000
Balance	1 January 2016	12,500		20,149
Conversion of shares on Group reorganisation*	31 May 2016	249,987,500	$0.00	-
Capital reduction on group reorganisation	31 May 2016	-	$0.00	(25,977)
Deemed contribution by fellow subsidiary	31 May 2016	-	$0.00	5,828
Issue of shares - initial public offering	31 October 2016	93,130,100	$0.20	18,626
Less: share issue transaction costs, net of tax		-	$0.00	(1,013)
Balance	31 December 2016	343,130,100		17,613
Balance	31 December 2017	343,130,100		17,613

*On re-organisation of the group, existing shareholders received an additional 19,999 shares for each share held prior to the re-organisation.

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

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

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

Capital risk management
The Group's 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 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 2016 Annual Report.

Note 22. Equity - reserves

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

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

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

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

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

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

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

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

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

Note 23. Equity - dividends

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

Note 24. Financial instruments

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

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

The Group currently does not hedge its activities.

Market risk

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

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

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

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
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.

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

	2017		2016	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank loan - facility 1	4.09%	3,700	-	-
Bank loan - facility 2	3.65%	7,750	-	-
Net exposure to cash flow interest rate risk		11,450		-

For the Group, bank loans outstanding total $11,450,000 (2016: $nil). An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of $115,000 (2016: $nil) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

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

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

As at 31 December 2017 the amount due from related parties mainly represented the amounts due from two (2016: one) related parties. Management considers that the credit risk on these balances is not significant.

Note 24. Financial instruments (continued)

As at 31 December 2017 there is no concentration of credit risk on non-related party receivables of $445,000 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.

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

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

Consolidated - 2017	Weighted average interest rate %	On demand or less than 1 month $'000	1-3 months $'000	4 months to 1 year $'000	1-5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	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
Other loans	6.00%	-	600	6,800	41,600	49,000
Total non-derivatives		3,204	709	23,948	53,810	81,671

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

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

Note 24. Financial instruments (continued)

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

Note 25. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investment - Marsden Park land	-	-	2,891	2,891
Investment properties - retirement villages	-	-	58,245	58,245
Property, plant and equipment – Peachtree Hotel and Armidale	-	-	19,118	19,118
Total assets	-	-	80,254	80,254
Liabilities				
Put option	-	-	596	596
Total liabilities	-	-	596	596

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

There were no transfers between levels during the financial year.

Movements in level 3 - investment properties is disclosed in note 14.

Valuations of investment properties and property, plant and equipment
The basis of the valuation of investment properties, property, plant and equipment is fair value.

The investment properties and property, plant and equipment are revalued at every balance date based on assessments by management or external valuers experienced 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.

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

Note 25. Fair value measurement (continued)

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

Consolidated	Put/call options $'000	Total $'000
Balance at 1 January 2016	-	-
Put option recorded on acquisition	562	562
Balance at 31 December 2016	562	562
Loss recognised in profit or loss	34	34
Balance at 31 December 2017	596	596

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	Income approach The key inputs are: (1) Monthly market rent; (2) Capitalisation rate	Capitalisation rate, taking into account yield generated from comparable properties of 6.5% - 8.5%.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
Properties under construction	Comparison and income approach The key inputs are: (1) Comparable unit sales rate of land; (2) Construction cost and professional fees; or	Comparable unit sales rate of land, using market direct 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.
	(1) Monthly market rent; (2) Capitalisation rate	Capitalisation rate, taking into account of yield generated from comparables properties of 8.5% - 10%.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
Property, plant and equipment	Comparison and income approach The key inputs are: (1) Comparable unit sales rate of property, plant and equipment; (2) Construction cost and professional fees (3)Forecast net operating income	Comparable unit sales rate of property, plant and equipment, using market direct comparables and taking into account location and other individual factors. Capitalisation of future maintainable earnings.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
Put option over non-controlling interest	The key input is the Redemption amount discounted to present value: (1)Discount rate	5.77%	0.25% change would increase/ decrease Redemption amount by $1,003.

Note 25. Fair value measurement (continued)

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

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

Note 26. Key management personnel disclosures

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

	Consolidated	
	2017	**2016**
	$	**$**
Short-term employee benefits	911,496	88,064
Post-employment benefits	42,876	723
	954,372	88,787

Note 27. Remuneration of auditors

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

	Consolidated	
	2017	**2016**
	$	**$**
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	208,899	86,700
Other services - Deloitte Touche Tohmatsu		
Due diligence and investigation accountants report	-	192,000
	208,899	278,700
Audit services - network firms		
Audit or review of the financial statements	88,728	39,800
Other services - network firms		
Due diligence and investigation accountants report	-	162,000
	88,728	201,800

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

Note 28. Contingent liabilities

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Mortgage guarantees	-	3,004

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

Note 29. Commitments

	Consolidated	
	2017 $'000	2016 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	48	44
One to five years	17	65
	65	109

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

Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2017 $'000	2016 $'000
Profit/(loss) after income tax	5,131	(622)
Total comprehensive income	5,131	(622)

Statement of financial position

	Parent	
	2017 $'000	2016 $'000
Total current assets	13,998	25,419
Total assets	77,273	56,694
Total current liabilities	1,394	1,281
Total liabilities	27,889	12,441
Equity		
Contributed capital	17,612	17,612
Group reorganisation reserve	27,263	27,263
Retained profits/(accumulated losses)	4,509	(622)
Total equity	49,384	44,253

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2017 and 31 December 2016.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2017 and 31 December 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2017 and 31 December 2016.

Note 30. Parent entity information (continued)

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.

Note 31. Business combinations

Peachtree Inn Hotel - provisional accounting
On 19 October 2017, the Group acquired 100% of the assets and business known as the Peachtree Inn Hotel in Penrith for $15,500,000. The Group intends to continue to operate the hotel and to explore opportunities to reposition the operations in the short to medium term. The goodwill of $1,440,000 represents future profits from the business. The acquired business contributed revenues of $1,051,000 and Gross Profit of $621,000 to the Group for the period from 19 October to 31 December 2017.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	262
Inventory	24
Land and buildings	9,265
Plant and equipment	1,435
Intangible assets - poker machine licences	4,800
Other payables	(186)
Deferred tax liability	(1,440)
Net assets acquired	14,160
Goodwill	1,440
Acquisition-date fair value of the total consideration transferred	15,600
Representing:	
Cash paid or payable to vendor	15,600
Acquisition costs expensed to profit or loss	605
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	15,600
Less: cash and cash equivalents	(262)
Net cash used	15,338

Note 31. Business combinations (continued)

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

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	14
Land and buildings	3,496
Plant and equipment	865
Tourist park cabins	3,039
Net assets acquired	7,414
Goodwill	-
Acquisition-date fair value of the total consideration transferred	7,414
Representing:	
Cash paid or payable to vendor	7,414
Acquisition costs expensed to profit or loss	352
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	7,414
Less: cash and cash equivalents	(14)
Net cash used	7,400

Note 31. Business combinations (continued)

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

Details of the acquisition are as follows:

	Fair value $'000
Plant and equipment	1,018
Investment properties	58,245
Net assets acquired	59,263
Goodwill	3,737
Acquisition-date fair value of the total consideration transferred	63,000
Representing:	
Cash paid or payable to vendor	63,000
Acquisition costs expensed to profit or loss	4,057
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	63,000

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

Details of the acquisition are as follows:

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

Note 31. Business combinations (continued)

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

Note 32. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Hong Kong Boyuan Investment Holding Limited	Hong Kong	100%	100%
Jiaxing Longyuan Enterprise Management Co., Ltd.*	China	-	100%
Jiaxing Boyuan Real Estate Development Co., Ltd.*	China	-	100%
Boyuan Investment Holding Pty Ltd	Australia	100%	100%
Boyuan Real Estate Holding Pty Ltd	Australia	100%	100%
Cyan Stone Clydesdale Pty Ltd **	Australia	100%	100%
BHL Developments Pty Ltd	Australia	100%	-
BHL Hotels Pty Ltd***	Australia	100%	-
BHL Lifestyle Living Pty Ltd****	Australia	100%	-
Boyuan Bringelly Pty Ltd	Australia	100%	100%
BHL Group Services Pty Ltd	Australia	100%	-
BHL Finance Pty Ltd	Australia	100%	-

* disposed of during the financial year ended 31 December 2017
** including Cyan Stone Clydesdale Trust
*** includes BHL Hotel Operations Pty Ltd and Integer Hotel Trust
**** includes 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)

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	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest 2017 %	Parent Ownership interest 2016 %	Non-controlling interest Ownership interest 2017 %	Non-controlling interest Ownership interest 2016 %
Integer Holdings Pty Limited	Australia	Regulated managed fund provider	65%	65%	35%	35%
Integer Securities Limited	Australia	Regulated managed fund provider	65%	65%	35%	35%

Note 33. Non-cash investing and financing activities

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Transfer of receivables between related parties*	-	507
Payment made on behalf of BHL Group by related party	19,150	-
	19,150	507

*This is the payment paid on behalf of BHL group by related party. The amount was partially repaid before end of the year. Please refer to Note 35 Related party transaction for details.

Note 34. Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Trust 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	Total $'000
Balance at 1 January 2016	-	21,078	-	-	-	-	21,078
Net cash from/(used in) financing activities	19,448	(20,212)	11,160	-	-	-	10,396
Loans received	-	-	-	-	-	20,813	20,813
Other changes	-	(866)	-	-	-	-	(866)
Balance at 31 December 2016	19,448	-	11,160	-	-	20,813	51,421
Net cash from/(used in) financing activities	14,883	-	(11,160)	16,823	40,000	-	60,546
Changes through discontinued operations	(22,881)	-	-	-	-	(20,813)	(43,694)
Balance at 31 December 2017	11,450	-	-	16,823	40,000	-	68,273

Note 35. Related party transactions

Parent entity
Boyuan Holdings Limited is the parent entity.

Ultimate parent entity
Hong Kong Jianyuan Investment Limited is the ultimate parent entity

Subsidiaries
Interests in subsidiaries are set out in note 32.

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

Note 35. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2017	**2016**
	$	**$**
Sales of goods and services and other income:		
Sales of goods and services with Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder:		
Fees for due diligence and project development management services	2,850,000	-
Sales and marketing related fees	1,405,389	300,000
Shared services fees	240,000	-
Sales of goods and services with Blue Cedar Development and its controlled entities - entities controlled by a director:		
Fund Establishment fee from commonly controlled entity	125,000	-
Fund Rollover fee from commonly controlled entity	275,000	-
Sales of goods and service and other income with other related parties:		
Project development management fee from an entity under common control	120,000	-
Profit from sale of Chinese Operations to Zhejiang Jiayuan*	6,432,744	-
Payment for goods and services:		
Payments for goods and services with Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder:		
Rental expense	38,067	24,000
Payments for other expenses with Blue Cedar Development and its controlled entities - entities controlled by a director :		
Interest paid/payable	635,416	31,364
Payments for goods and services with other related parties:		
Commission for the purchase of Retirement Village paid to related parties of key management	778,000	-
Director fee paid to key management personnel of a commonly controlled entity	30,000	-

* Represents the profit on sale of the Chinese Operations to Zhejiang Jiayuan Shencheng Real Estate Property Development Group Ltd., an entity under the common control of the ultimate shareholder. Refer to note 7 for details.

Note 35. Related party transactions (continued)

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

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

* Represents the consideration receivable from the sale of the Chinese Operations to Zhejiang Jiayuan Shencheng Real Estate Property Development Group Ltd., an entity under the common control of the ultimate shareholder. Refer to note 7 for details.
** Receivable was settled concurrently with the sale of the Chinese Operations.
*** Amounts are due to Jin Jiang Investment and Management to ($145,520); which is an entity controlled by the ultimate shareholder.

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

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

* Refer to note 20 for details on the terms and conditions of the loan from Cyan Stone Pty Ltd.
** The loan was derecognised as part of the disposal of the Chinese Operations. Refer to Note 7 for further details.

Note 36. Earnings per share

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

Note 36. Earnings per share (continued)

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

	Cents	Cents
Basic earnings per share	(1.43)	(0.21)
Diluted earnings per share	(1.43)	(0.21)

	Consolidated	
	2017 $'000	2016 $'000
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Boyuan Holdings Limited	6,169	808

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

	Cents	Cents
Basic earnings per share	1.80	0.30
Diluted earnings per share	1.80	0.30

	Consolidated	
	2017 $'000	2016 $'000
Earnings per share for profit		
Profit after income tax	1,272	261
Non-controlling interest	(2)	(38)
Profit after income tax attributable to the owners of Boyuan Holdings Limited	1,270	223

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

	Cents	Cents
Basic earnings per share	0.37	0.08
Diluted earnings per share	0.37	0.08

Note 37. Events after the reporting period

A Second Variation Deed to the Jiaxing Equity Transfer Contract was entered into on 28 February 2018 in relation to the sale of the China operations on 26 October 2017. This was due to a requirement under Chinese law for Chinese companies to retain a portion of post-tax profits in their statutory public accumulation funds. Under the Second Variation Deed, the total consideration received by the Group remained unchanged at RMB 87,000,000. Whilst the dividend component was reduced by RMB 5,153,000, the share sale consideration was increased by the same amount (RMB 5,153,000) resulting in no change to the gross amount received by the Group. However, there was a small tax effect on the Group's net sale proceeds after tax which the Group considers to be immaterial.

On 25 January 2018, the group entered into a US$10m loan facility agreement with global investment bank and asset management firm, China Harmonica Capital Company. The interest rate on the loan is 10% per annum with a term of 365 days commencing from each Advance Date. The loan permits early repayment and redraw of the balance, and the Group is permitted to use the money to conduct its business at its full discretion. The first Drawdown occurred on 29 January 2018 for US$3m initial drawdown amount. The funds will provide BHL with additional working capital to help drive the company's continued growth strategy. Cyan Stone Pty Ltd agreed to provide the guarantee to cover BHL from the loss of foreign currency exchange under the Loan Agreement.

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

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

for the year ended 31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Dr. Saliba Sassine
Chairman

Yading Wan
Chief Executive Officer

27 March 2018
Sydney

Deloitte.

Deloitte Touche Tohmatsu
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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 2017, 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 2017 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
Disposal of Chinese operations As disclosed in note 7 Discontinued Operations the Group disposed of its Chinese Operations on 26 October 2017. The determination of the date of disposal was complex given the conditions precedent in the share sale agreement, including the: • requirement for the declaration of a RMB41.4 million dividend by entity being disposed of prior to the sale; and • need to obtain shareholder approval.	Our procedures included but were not limited to: • Assessing the appropriateness of the accounting treatment for the disposal • Evaluating and challenging the judgements made by management in determining the date at which to recognise the sale • Agreeing the declaration of the dividend to the resolution of the directors of the entity being disposed of • Reviewing the result of the EGM to confirm that the shareholder approval had been obtained • Assessing the appropriateness of the treatment of the FCTR that was recognised in the profit and loss for the period • Assessing the appropriateness of the relevant disclosures in the notes.
Acquisitions during the period The Group completed a number of acquisitions during the last quarter of FY17 which are described in Note 31 to the consolidated financial statements. Accounting for these transactions is complex, requiring management to exercise judgement in determining the fair value of acquired assets and liabilities along with the allocation of the purchase consideration to goodwill and separately identifiable intangible assets. The acquisitions are provisionally accounted for at 31 December 2017 as allowed by the accounting standards.	Our procedures included but were not limited to: • Assessing the appropriateness of the accounting for the acquisitions by reference to the various sale and purchase agreements • Obtaining an understanding of the process that management had undertaken to determine the fair value of the acquired assets and liabilities • Assessing the identification of the assets and liabilities and the valuation methodologies and key assumptions used in the valuation of these • assessing the appropriateness of the relevant disclosures in the notes.
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. We have included this as a key audit matter as the effects of the related party relationships and transactions may cause the financial statements to be misleading.	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 bases, 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.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

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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. 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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 21 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Boyuan Holdings Limited, for the year ended 31 December 2017, 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, 27 March 2018

Corporate Directory

Directors	Dr. Saliba Sassine - Chairman Yading Wan - Chief Executive Officer Tin Ching Shum David Paul Batten Xiaofeng Chen
Company secretary	Adam Huxley
Registered office	Suite 1 Level 16 5-17 Martin Place Sydney NSW 2000 Tel: +61 2 8068 0156
Share register	Boardroom Pty Limited Level 12 Grosvenor Place 225 George Street Sydney NSW 2000 Tel: +61 2 9290 9600 or 1300 737 760
Auditor	Deloitte Touche Tohmatsu Level 9 Grosvenor Place 225 George Street Sydney NSW 2000
Solicitors	Sparke Helmore Lawyers Level 29 MLC Tower 19 Martin Place Sydney NSW 2000
Stock exchange listing	Boyuan Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: BHL)
Website	www.boyuan.com.au
Business objectives	Boyuan Holdings Limited has used cash and cash equivalents held at the time of listing, in a way consistent with its stated business objectives.
Corporate Governance Statement	The Corporate governance statement which is approved at the same time as the Annual Report can be found at: http://www.boyuan.com.au/corporate_governance/

Shareholder Information

for the year ended 31 December 2017

The shareholder information set out below was applicable as at 15 March 2018.

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

	Number of holders of ordinary shares
1 to 1,000	3
1,001 to 5,000	18
5,001 to 10,000	167
10,001 to 100,000	146
100,001 and over	85
	419
Holding less than a marketable parcel	3

Equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
Hong Kong Jianyuan Investment Limited	204,000,000	59.45
Citron Investment Pty Ltd	36,000,000	10.49
Mr Li Jiafa	19,080,000	5.56
Ms Xie Yajuan	12,456,000	3.63
Mr Tsho Yun Wai	6,500,000	1.89
Citicorp Nominees Pty Limited	5,264,300	1.53
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)	3,478,781	1.01
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)	1,252,639	0.37
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
	315,331,491	91.89

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the Company are set out below:

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

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

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

There are no other classes of equity securities.

Restricted securities

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

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