

Boyuan Holdings Limited
Appendix 4D
Half-year report

1 Company details

Name of entity: Boyuan Holdings Limited
ABN: 92 608 897 963
Reporting period: For the half-year ended 30 June 2019
Previous period: For the half-year ended 30 June 2018

2 Results for announcement to the market

				\$'000
Revenue from ordinary activities	Down	27.0%	to	10,961
Revenue from continuing activities	Down	13.0%	to	10,961
Profit from ordinary activities after tax attributable to the owners of Boyuan Holdings Limited	Down	50.0%	to	354
Profit for the half-year attributable to the owners of Boyuan Holdings Limited	Down	50.0%	to	354

Dividends

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

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to \$354,000 (30 June 2018: profit of \$704,000).

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by Boyuan Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	14.96	14.48

4 Control gained over entities

Not applicable.

5 Loss of control over entities

Not applicable.

6 Dividends

Current period

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

Previous period

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

7 Dividend reinvestment plans

Not applicable.

8 Details of associates and joint venture entities

Not applicable.

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

9 Foreign entities

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

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

10 Audit qualification or review

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

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

11 Attachments

Details of attachments (if any):

The Interim Report of Boyuan Holdings Limited for the half-year ended 30 June 2019 is attached.

12 Signed



Signed _____

Dr. Saliba Sassine
Chairman

29 August 2019
Sydney

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Boyuan Holdings Limited

ABN 92 608 897 963

Interim financial report - 30 June 2019

Boyuan Holdings Limited
Directors' report
30 June 2019

The directors present their report, together with the financial statements of the consolidated entity (referred hereafter as the 'Group') consisting of Boyuan Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2019.

Directors

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

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

Principal activities

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

- property development and management;
- provider of managed investment funds;
- operation of tourist parks in New South Wales; and
- operation of retirement lifestyle living villages in New South Wales.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to \$354,000 (30 June 2018: profit of \$704,000).

For the financial half-year the Group reported a net profit attributable to the owners of the Group of \$354,000 compared to a net profit of \$704,000 for the prior corresponding period.

Group revenue from continuing operations was \$10,961,440 compared to \$12,648,690 in the prior period.

Included in revenue for the financial half-year from continuing operations are rental income and home sales of \$3,722,000 from lifestyle living assets, property investment and management income for management fees from local projects of \$6,517,000, corporate income through service fees received from related parties and third parties of \$252,000 and income from its majority-owned funds management business, Integer Securities, of \$470,000.

The decrease in revenue is primarily attributable to decrease in home sales from the lifestyle living segment but this is offset by the increase in management fees from property investment and management segment.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

On 1 August 2019, Mr Euh (David) Hwang was appointed as Joint Company Secretary of the Group.

Other than as disclosed in this report and to the knowledge of the Directors, no matter or circumstance has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs, or may do so in future periods.

Rounding of amounts

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

Boyuan Holdings Limited
Directors' report
30 June 2019
(continued)

Auditor's independence declaration

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

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

On behalf of the directors



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



Yading Wan
Chief Executive Officer, Executive Director
Sydney

29 August 2019

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

29 August 2019

Dear Board Members

Boyuan Holdings Limited

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

As lead audit partner for the review of the financial statements of Boyuan Holdings Limited for the half year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants

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Boyuan Holdings Limited
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Boyuan Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2019

		Consolidated	
		6 months ended 30 June 2019 \$'000	6 months ended 30 June 2018 \$'000
	Note		
Continuing operations			
Revenue			
Revenue from customers	3	10,961	12,649
Cost of sales		(2,091)	(3,213)
Gross profit	3	8,870	9,436
Other losses	4	(65)	(1,196)
Expenses			
Operating expenses		(2,254)	(2,948)
Other expenses		(39)	(115)
Employee benefit expenses		(4,078)	(2,584)
Finance costs		(1,801)	(1,551)
Profit before income tax (expense)/benefit from continuing operations		633	1,042
Income tax (expense)/benefit		(193)	(458)
Profit after income tax (expense)/benefit from continuing operations		440	584
Profit after income tax from discontinued operation	5	-	155
Profit after income tax (expense)/benefit for the period		440	739
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings, net of tax		-	410
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income for the period, net of tax		-	410
Total comprehensive income for the period		440	1,149
Profit/(loss) for the period is attributable to:			
Non-controlling interests		86	35
Owners of Boyuan Holdings Limited		354	704
		440	739
Total comprehensive income for the period is attributable to:			
Continuing operations		86	35
Discontinued operations		-	-
Non-controlling interest		86	35

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

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Boyuan Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2019
(continued)

	Note	Consolidated	
		6 months ended 30 June 2019 \$'000	6 months ended 30 June 2018 \$'000
Continuing operations		354	959
Discontinued operations		-	155
Owners of Boyuan Holdings Limited		354	1,114
		440	1,149
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Boyuan Holdings Limited			
Basic earnings per share	19	0.10	0.16
Diluted earnings per share	19	0.10	0.16
Earnings per share for profit from discontinued operations attributable to the owners of Boyuan Holdings Limited			
Basic earnings per share	19	-	0.05
Diluted earnings per share	19	-	0.05
Earnings per share for profit attributable to the owners of Boyuan Holdings Limited			
Basic earnings per share	19	0.10	0.21
Diluted earnings per share	19	0.10	0.21

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

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Boyuan Holdings Limited
Consolidated statement of financial position
As at 30 June 2019

		Consolidated	
		30 June	31 December
	Note	2019	2018
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		1,007	3,376
Trade and other receivables	6	2,835	20,546
Inventories	7	5,339	6,622
Other		317	652
Derivative financial instruments		-	1,243
Total current assets		9,498	32,439
Non-current assets			
Inventories		1,443	1,391
Other non-current assets	8	18,466	18,154
Investment properties	9	58,246	57,717
Property, plant and equipment	10	7,944	8,196
Intangible assets	11	4,470	4,389
Deferred tax assets		1,597	1,650
Total non-current assets		92,166	91,497
Total assets		101,664	123,936
Liabilities			
Current liabilities			
Trade and other payables	12	3,734	10,311
Borrowings	13	5,010	19,265
Financial liabilities		741	655
Provision for income tax		157	2,400
Employee benefits		703	575
Provisions		172	58
Total current liabilities		10,517	33,264
Non-current liabilities			
Borrowings	14	33,735	33,700
Total non-current liabilities		33,735	33,700
Total liabilities		44,252	66,964
Net assets		57,412	56,972
Equity			
Contributed capital	15	17,613	17,613
Reserves		25,922	25,922
Retained earnings		13,323	12,969
Equity attributable to owners of Boyuan Holdings Limited		56,858	56,504
Non-controlling interests		554	468
Total equity		57,412	56,972

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

Boyuan Holdings Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2019

Consolidated	Contributed capital \$'000	Reserves \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2018	17,613	26,011	9,343	444	53,411
Profit after income tax expense for the year	-	-	704	35	739
Other comprehensive income for the year, net of tax	-	410	-	-	410
Total comprehensive income for the half-year	-	410	704	35	1,149
Recycle revaluation reserve to retained earnings on disposal of property, plant and equipment	-	(270)	270	-	-
Balance at 30 June 2018	17,613	26,151	10,317	479	54,560

Consolidated	Contributed capital \$'000	Reserves \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2019	17,613	25,922	12,969	468	56,972
Profit after income tax expense for the year	-	-	354	86	440
Total comprehensive income for the half-year	-	-	354	86	440
Balance at 30 June 2019	17,613	25,922	13,323	554	57,412

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

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Boyuan Holdings Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2019

	Consolidated	
	6 months ended 30 June 2019 \$'000	6 months ended 30 June 2018 \$'000
Cash flows from operating activities		
Profit before income tax expense for the half-year	633	1,191
Adjustments for:		
Depreciation and amortisation	303	464
Net fair value loss on investment properties	-	545
Net fair value gain on derivative assets	(79)	64
Unrealised loss/(gain) on foreign exchange	92	700
Put option revaluation	86	59
Profit on disposal of Peachtree Hotel	-	(767)
	1,035	2,256
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	15,380	(1,160)
Decrease/(Increase) in inventories	1,231	(1,328)
Decrease/(Increase) in deferred tax assets	53	(238)
Decrease/(Increase) in prepayments	292	(165)
(Decrease)/Increase in trade and other payables	(2,953)	595
(Decrease)/Increase in provision for income tax	(2,242)	628
Increase in employee benefits	128	184
Increase in other asset	(312)	(432)
Increase in other provisions	115	-
	12,727	340
Income tax expense	(193)	(433)
Net cash from/(used in) operating activities	12,534	(93)
Cash flows from investing activities		
Payments for investment properties	(528)	-
Proceeds from disposal of China operations	-	7,260
Purchase of property, plant and equipment	(45)	(138)
Payments for capital improvements	-	(141)
Proceeds from disposal of Peachtree Hotel	-	16,090
Payment of software costs	(44)	-
Net cash (used in)/from investing activities	(617)	23,071
Cash flows from financing activities		
Proceeds from borrowings	5,000	12,959
Repayment of borrowings	(19,286)	(7,750)
Repayments of loans to related parties	-	(16,823)
Net cash used in financing activities	(14,286)	(11,614)
Net increase/(decrease) in cash and cash equivalents	(2,369)	11,364
Cash and cash equivalents at the beginning of the financial year	3,376	1,555
Cash and cash equivalents at the end of the financial half-year	1,007	12,919

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

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Note 1. General information

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

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

Suite 1 Level 16
5-17 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 29 August 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

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

AASB 16 Leases

AASB 16 requires lessees to recognise the right-of-use assets and liabilities by applying an 'on-balance sheet' accounting method, while leaving the accounting for lessors largely unchanged from previous standards. This has created a right of use asset and lease liability.

On the application date of 1 January 2019, the Group have identified one lease being the lease of office space which originally terminated in July 2019. The lease was subsequently varied and extended to 31 December 2019. The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. As the lease term of office space ends within 12 months from the date of initial application, the adoption of AASB16 does not have an impact on the amounts reported in respect of the Group's leases.

The Group applied the modified retrospective approach on transition to AASB 16, therefore comparative information has not been restated and continues to be reported under the Group's former leases accounting policy.

Note 2. Significant accounting policies (continued)

Going concern

The financial statements for the interim half-year reporting have been prepared on a going concern basis, notwithstanding the net current asset deficiency of the Group at the reporting date. The ability of the Group to continue as a going concern is dependent upon the continuing financial support from Jia Yuan Chuangsheng Holding Group Co., Ltd, a related party of the ultimate parent entity of Boyuan Holdings Limited. The Directors have received a letter of financial support from Jia Yuan Chuangsheng Holding Group Co., Ltd confirming their intentions to provide sufficient cash or other acceptable assets to enable the Group to continue as a going concern and meet its financial obligation and settle all its unrecognised commitments as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the half-year ended 30 June 2019.

Note 3. Operating segments

Identification of reportable operating segments

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

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

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

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

Intersegment transactions

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

Intersegment receivables, payables and loans

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

Operating segment information - continuing operations

Consolidated - 6 months ended 30 June 2019	Property Investment & Management \$'000	Funds Management \$'000	Lifestyle Living \$'000	Corporate \$'000	Total \$'000
Revenue					
Revenue	6,517	470	3,722	252	10,961
Total revenue	6,517	470	3,722	252	10,961
Gross profit	5,305	470	2,843	252	8,870
Other income, gains and losses					(65)
Operating expenses					(2,254)
Other expenses					(39)
Employee benefit expenses					(4,078)
Finance costs					(1,801)
Profit before income tax expense					633
Income tax expense					(193)
Profit after income tax expense					440

Note 3. Operating segments (continued)

Operating segment information - continuing operations (continued)

Consolidated - 6 months ended 30 June 2018	Property		Lifestyle Living \$'000	Corporate \$'000	Total \$'000
	Investment & Management \$'000	Funds Management \$'000			
Revenue					
Revenue	4,706	265	7,438	240	12,649
Total revenue	4,706	265	7,438	240	12,649
Gross profit	4,686	265	4,245	240	9,436
Other income, gains and losses					(1,196)
Operating expenses					(2,948)
Other expenses					(115)
Employee benefit expenses					(2,584)
Finance costs					(1,551)
Profit before Income tax expense					1,042
Income tax expense					(458)
Profit after Income tax expense					584

The Gross profit of the Lifestyle Living segment has been reclassified to better align with the current period groupings. As a result, the Gross profit has increased by \$192,000 and operating expenses has increased by \$192,000. The expenditure categories below gross profit have been aligned with current period groupings.

Geographical information

	Sales to customers		Geographical non-current assets	
	6 months ended 30 June 2019 \$'000	6 months ended 30 June 2018 \$'000	30 June 2019 \$'000	31 Dec 2018 \$'000
	Australia	10,961	12,649	90,569

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

Note 4. Other losses

	Consolidated	
	6 months ended 30 June 2019 \$'000	6 months ended 30 June 2018 \$'000
Net foreign exchange loss	(92)	(388)
Other income	34	15
Fair value loss on investment properties	-	(700)
Derivative Revaluation	79	(64)
Fair value adjustment to put option	(86)	(59)
Other losses	(65)	(1,196)

Note 5. Discontinued operations

Hotel Operations

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

Financial performance information

	Consolidated 30 June 2018 \$'000
Revenue	2,431
Cost of sales	(1,001)
Operating expenses	(1,850)
Finance costs	(208)
Total expenses	(3,059)
Loss before income tax	(628)
Income tax benefit	187
Loss after income tax	(441)
Gain on disposal before income tax	758
Income tax expense	(162)
Gain on disposal after income tax	596
Profit after income tax expenses from discontinued operations	155

Cash flow information

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

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Note 5. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated 30 June 2018 \$'000
Cash and cash equivalents	100
Inventories	125
Property, plant and equipment	10,700
Intangibles	6,240
Total assets	<u>17,165</u>
Deferred tax liability	1,440
Trade and other payables	135
Employee benefits	4
Total liabilities	<u>1,579</u>
Net assets	<u>15,586</u>

Details of the disposal

	Consolidated 30 June 2018 \$'000
Total sales consideration per agreement	16,500
Additional settlement adjustment	59
Carrying amount of net assets disposed	(15,586)
Selling costs	(215)
Gain on disposal before income tax	<u>758</u>

Note 6. Current assets - Trade and other receivables

	Consolidated	
	30 June 2019 \$'000	31 December 2018 \$'000
Trade and other receivables - external	114	105
Amount due from related parties	2,104	19,831
Term Deposits	617	610
	<u>2,835</u>	<u>20,546</u>

Amount due from related parties refer to note 18 Related Party disclosure.

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Note 7. Current assets - Inventories

	Consolidated	
	30 June	31 December
	2019	2018
	\$'000	\$'000
Properties held for sale	4,941	3,849
Properties under development	398	2,773
	<u>5,339</u>	<u>6,622</u>

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

Note 8. Non-current assets - Other

	Consolidated	
	30 June	31 December
	2019	2018
	\$'000	\$'000
Bringelly development deposit	<u>18,466</u>	<u>18,154</u>

The Group is in the final stages of negotiating an extension of the original completion date (June 2019) to September 2022 with a further option to extend by 6 months. The payment of \$55,499,100 which was due in June 2019 is likely to increase as a result of the extension and the Group will incur additional costs as a consequence of the extension. The quantum of both these costs is subject to final negotiations.

Note 9. Non-current assets - Investment properties

	Consolidated	
	30 June	31 December
	2019	2018
	\$'000	\$'000
Investment property - retirement villages - at fair value	54,488	54,479
Investment properties under construction - at fair value	3,758	3,238
	<u>58,246</u>	<u>57,717</u>

Reconciliation

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

	Consolidated	
	30 June	31 December
	2019	2018
	\$'000	\$'000
Opening fair value	57,717	61,136
Additions through capital expenditures	529	472
Revaluation (decrements)/increments	-	(3,891)
Closing fair value	<u>58,246</u>	<u>57,717</u>

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Note 9. Non-current assets - Investment properties (continued)

Location of investment properties

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

Refer to note 17 for further information on fair value measurement.

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Note 10. Property, plant and equipment

Consolidated	Land \$'000	Buildings \$'000	Tourist park cabins \$'000	Plant and equipment \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
Year ended 31 December 2018							
Opening net book amount	5,374	7,387	3,039	3,318	80	-	19,198
Additions	-	-	-	64	161	54	279
Depreciation expense	-	(129)	(73)	(509)	(37)	-	(748)
Disposals	(5,028)	(4,238)	-	(1,441)	(7)	-	(10,714)
Revaluation increments/(decrements)	-	75	4	102	-	-	181
Closing net book amount	346	3,095	2,970	1,534	197	54	8,196
At 31 December 2018							
Cost or fair value	346	3,192	3,080	1,956	234	54	8,862
Accumulated depreciation and impairment	-	(97)	(110)	(422)	(37)	-	(666)
Net book amount	346	3,095	2,970	1,534	197	54	8,196
Period ended 30 June 2019							
Opening net book amount	346	3,095	2,970	1,534	197	54	8,196
Additions	-	-	-	28	17	-	45
Depreciation expense	-	(41)	(38)	(194)	(21)	(3)	(297)
Closing net book amount	346	3,054	2,932	1,368	193	51	7,944
At 30 June 2019							
Cost or fair value	346	3,192	3,080	1,984	251	54	8,907
Accumulated depreciation and impairment	-	(138)	(148)	(616)	(58)	(3)	(963)
Net book amount	346	3,054	2,932	1,368	193	51	7,944

Note 11. Non-current assets - intangibles

	Consolidated	
	30 June 2019 \$'000	31 December 2018 \$'000
Goodwill (at cost)	3,789	3,789
AFSL License (at cost)	600	600
	<u>4,389</u>	<u>4,389</u>
Software (at cost)	87	-
Accumulated amortisation	(6)	-
Software (written down value)	<u>81</u>	<u>-</u>
	<u>4,470</u>	<u>4,389</u>

Note 12. Current liabilities - Trade and other payables

	Consolidated	
	30 June 2019 \$'000	31 December 2018 \$'000
Trade payables	344	1,600
Amounts due to related parties	1,313	5,334
Refundable deposits related to sales of properties	139	626
Other payables	1,938	2,751
	<u>3,734</u>	<u>10,311</u>

Amount due to related parties refer to note 18 Related Party disclosure.

Note 13. Current liabilities - Borrowings

	Consolidated	
	30 June 2019 \$'000	31 December 2018 \$'000
Loan - China Harmonica Capital Company	-	14,188
Related party loan - Cyan Stone Pty Limited	-	26
Other loans	10	51
Loan - Bremon Group Pty Ltd	5,000	5,000
	<u>5,010</u>	<u>19,265</u>

Loan - China Harmonica Capital Company

During the period ended 30 June 2019, the US\$10,000,000 loan facility agreement with global investment bank and asset management firm, China Harmonica Capital Company was fully repaid.

Loan - Bremon Group Pty Ltd

Refer to note 14 for details of the loan from Bremon Group Pty Ltd.

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Note 14. Non-current liabilities - Borrowings

	Consolidated	
	30 June 2019 \$'000	31 December 2018 \$'000
Bank loans	3,735	3,700
Loan - Bremon Group Pty Ltd	30,000	30,000
	<u>33,735</u>	<u>33,700</u>

Bank loans

As at 30 June 2019 bank loans consisted of \$3,700,000 borrowing facility from Bank of Queensland that was entered in 2017. BHL Lifestyle Living (Armidale) Pty Ltd borrowed \$1,850,000 from Bank of Queensland. Integer Securities Limited as trustee for Integer Lifestyle Living Sub Trust No. 5 borrowed \$1,850,000 from Bank of Queensland. Interest rates are variable and have decreased from 4.53% at 31 December 2018 to 4.03% at 30 June 2019. The facility expires on 4 October 2020.

Loan - Bremon Group Pty Ltd

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

Note 15. Equity - Contributed capital

	Consolidated			
	30 June 2019 Shares	31 December 2018 Shares	30 June 2019 \$'000	31 December 2018 \$'000
Ordinary shares - fully paid	343,130,100	343,130,100	17,613	17,613
	<u>343,130,100</u>	<u>343,130,100</u>	<u>17,613</u>	<u>17,613</u>

Note 16. Equity - dividends

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

Note 17. Fair value measurements

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Note 17. Fair value measurements (continued)

Consolidated 30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets				
Investment properties - under construction	-	-	3,758	3,758
Investment properties - retirement village	-	-	54,488	54,488
Property, plant and equipment - mainly Armidale Tourist Park	-	-	6,905	6,905
Total financial assets	-	-	65,151	65,151
Financial Liabilities				
Put option	-	-	(741)	(741)
Total financial liabilities	-	-	(741)	(741)
Consolidated 31 December 2018				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets				
Investment properties - retirement village	-	-	54,479	54,479
Investment properties - under construction	-	-	3,238	3,238
Property, plant and equipment - mainly Armidale Tourist Park	-	-	7,075	7,075
Total financial assets	-	-	64,792	64,792
Financial Liabilities				
Put option	-	-	(655)	(655)
Total financial liabilities	-	-	(655)	(655)

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 18. Related party transactions

Parent entity

Boyuan Holdings Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	6 months ended 30 June 2019 \$	6 months ended 30 June 2018 \$
Revenue from services provided and other income:		
<i>Revenue from services with Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder</i>		
Group service fee revenue	240,000	240,000
Project development management fee ⁽¹⁾	2,051,456	1,050,000
Sales and marketing service fee ⁽²⁾	-	1,967,476

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Note 18. Related party transactions (continued)

Transactions with related parties (continued)

	Consolidated	
	6 months ended 30 June 2019 \$	6 months ended 30 June 2018 \$
<i>Revenue from services with 621B Northern Road Pty Limited and 621Z Northern Road Pty Limited - entities controlled by a director</i>		
Project development management fee ⁽³⁾	390,000	250,000
<i>Revenue from services with HV Parent Pty Limited and its controlled entities - entities controlled by a director</i>		
Project development management fee ⁽⁴⁾	690,000	1,155,000
<i>Revenue from services with Cobbitty Parent Pty Ltd and its controlled entities - entities controlled by a director</i>		
Project development management fee ⁽⁵⁾	895,000	198,000
Sales and marketing service fee ⁽⁶⁾	300,000	-
<i>Revenue from services with Blue Cedar Development and its controlled entities - entities controlled by a director of subsidiaries of the Group</i>		
Debt establishment fee	-	180,000
Debt rollover fee	470,000	85,000
<i>Revenue from services with TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group</i>		
Austral (BHL) Development Pty Ltd cost recharge	46,861	-
Project development management fee	20,940	-
<i>Payment for goods and services:</i>		
Rental expense to Cyan Stone Pty Limited - entity controlled by a common shareholder	24,000	24,000
Service fee expense to Cyan Stone Pty Limited - entity controlled by a common shareholder	-	18,542
Director fee paid to key management personnel of a commonly controlled entity	15,000	15,000
Equipment rental expense to Blue Cedar Group Pty Limited - entity controlled by a director of subsidiaries of the group	3,300	-
TCAP Kelly St Pty Ltd recharge of commissions and marketing costs to BHL Developments Pty Limited	35,822	-

- (1) The Group charged project development management fee for the projects that are owned by Cyan Stone Pty Limited and its controlled entities
- (2) The Group charged 3% sales and marketing service fee for the Cyan Stone Clydesdale Estate 1 Pty Ltd project, a subsidiary of Cyan Stone Pty Limited
- (3) The Group charged project development management fee for the projects that are owned by 621B Northern Road Pty Limited and 621Z Northern Road Pty Limited
- (4) The Group charged project development management fee for the projects that are owned by HV Parent Pty Limited and its controlled entities
- (5) The Group charged project development management fee for the projects that are owned by Cobbitty Parent Pty Ltd and its controlled entities
- (6) The Group charged sales and marketing service fee for the projects that are owned by Cobbitty Parent Pty Ltd and its controlled entities

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Note 18. 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	Consolidated
	30 June	31 December
	2019	2018
	\$	\$
Current receivables:		
Receivable from Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	459,996	3,799,680
Receivable from Blue Cedar Development Pty Limited and its controlled entities - entities controlled by a director of subsidiaries of the Group	1,055,000	585,000
Receivable from 621B Northern Road Pty Limited and 621Z Northern Road Pty Limited - entities controlled by a common director	-	240,000
Receivable from HV Parent Pty Limited and its controlled entities - entities controlled by a common director	-	1,470,000
Receivable from Cobbitty Parent Pty Ltd and its controlled entities - entities controlled by a common director	300,000	315,000
Receivable from related parties of key management personnel	120,000	120,000
Receivable from TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group	67,801	12,821,794
Current payables:		
Amount due to related parties controlled by close family members of the ultimate controlling shareholder of Boyuan Holdings Limited	145,520	145,520
Amount due to Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	91,554	67,554
Payables to related parties of key management personnel	45,000	30,000
Amount due to TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group	933,662	5,001,537
Amount due to Blue Cedar Group Pty Limited - entity controlled by a director of subsidiaries of the Group	1,650	-

Loans to/from related parties

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

	Consolidated	Consolidated
	30 June	31 December
	2019	2018
	\$	\$
Loan to Cyan Stone Pty Limited - entities controlled by a common shareholder	-	25,845

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Note 19. Earnings per share

	Consolidated	
	6 months ended 30 June 2019 \$'000	6 months ended 30 June 2018 \$'000
Earnings per share for profit/(loss) from continuing operations		
Profit after income tax attributable to the owners of Boyuan Holdings Limited	354	549
	2019 Number	2018 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100
	Cents	Cents
Basic earnings per share	0.10	0.16
Diluted earnings per share	0.10	0.16
Earnings per share for profit/(loss) from discontinued operations		
Profit after income tax attributable to the owners of Boyuan Holdings Limited	-	155
	2019 Number	2018 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100
	Cents	Cents
Basic earnings per share	-	0.05
Diluted earnings per share	-	0.05

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Note 19. Earnings per share (continued)

	Consolidated	
	6 months ended 30 June 2019 \$'000	6 months ended 30 June 2018 \$'000
Earnings per share for profit/(loss)		
Profit/(loss) after income tax	440	739
Non-controlling interest	(86)	(35)
Profit after income tax attributable to the owners of Boyuan Holdings Limited	<u>354</u>	<u>704</u>
	2019 Number	2018 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>343,130,100</u>	<u>343,130,100</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>343,130,100</u>	<u>343,130,100</u>
	Cents	Cents
Basic earnings per share	0.10	0.21
Diluted earnings per share	0.10	0.21

Note 20. Events occurring after the reporting period

On 1 August 2019, Mr Euh (David) Hwang was appointed as Joint Company Secretary of the Group.

Other than as disclosed in this report and to the knowledge of the Directors, no matter or circumstance has arisen since 30 June 2019 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.

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Boyuan Holdings Limited
Directors' declaration
30 June 2019

In the directors' opinion:

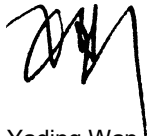
- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



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



Yading Wan
Chief Executive Officer, Executive Director
Sydney

29 August 2019

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Boyuan Holdings Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled (the "Group") at the end of the half-year or from time to time during the half-year as set out on pages 5 to 25.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Boyuan Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

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Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 29 August 2019

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