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Boyuan Holdings Limited
Appendix 4E
31 December 2020

1 Company details

Name of entity:	Boyuan Holdings Limited
ABN:	92 608 897 963
Reporting period:	For the year ended 31 December 2020
Previous period:	For the year ended 31 December 2019

2 Results for announcement to the market

				$'000
Revenue for ordinary activities	Down	.1%	to	21,454
Revenue from continuing activities	Up	1.2%	to	14,690
(Loss) from ordinary activities after tax attributable to the owners of Boyuan Holdings Limited	Down	591.7%	to	(8,428)
(Loss) for the year attributable to the owners of Boyuan Holdings Limited	Down	591.7%	to	(8,428)

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

Comments
The loss for the Group after providing for income tax and non-controlling interest amounted to $8,428,000 (31 December 2019: profit of $1,715,000).

3 Net tangible assets

	Reporting period Cents	**Previous period Cents**
Net tangible assets per ordinary security	14.09	15.75

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.

9 Foreign entities

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

Not applicable.

10 Audit qualification or review

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

The financial statements are in the process of being audited.

11 Attachments

Details of attachments (if any):

The Preliminary Financial Report of Boyuan Holdings Limited for the year ended 31 December 2020 is attached.

12 Signed

Dr. Saliba Sassine
Director
Sydney

Yading Wan
Director
Sydney

26 February 2021

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Boyuan Holdings Limited

ABN 92 608 897 963

Preliminary Financial Report for the year ended 31 December 2020

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Boyuan Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	Consolidated 2020 $'000	Consolidated (Restated) 2019 $'000
Continuing operations			
Revenue from customers	4	14,690	14,517
Other income, gains and (losses)	5	2,009	(145)
Direct cost of property development sold		(256)	(1,325)
Depreciation and amortisation expenses		(80)	(58)
Operating expenses		(1,388)	(1,466)
Employee benefit expenses	6	(11,134)	(7,484)
Professional fee expenses		(984)	(760)
Finance costs		(88)	(692)
Other expenses		(25)	(80)
Profit before income tax expense from continuing operations		2,744	2,507
Income tax expense		(810)	(776)
Profit after income tax expense from continuing operations		1,934	1,731
Loss after income tax from discontinued operation	7	(10,468)	(43)
(Loss)/Profit after income tax expense for the year		(8,534)	1,688
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
(Loss)/ Gain on revaluation of land and buildings, net of tax		(266)	734
Items that may be reclassified subsequently to profit or loss			
Other comprehensive (loss)/ income for the year, net of tax		(266)	734
Total comprehensive (loss)/ income for the year		(8,800)	2,422
(Loss)/Profit is attributable to:			
Non-controlling interests		(106)	(27)
Owners of Boyuan Holdings Limited		(8,428)	1,715
		(8,534)	1,688
Total comprehensive (loss)/ income for the year is attributable to:			
Continuing operations		(106)	(27)
Discontinued operations		-	-
Non-controlling interest		(106)	(27)
Continuing operations		2,040	1,758
Discontinued operations		(10,734)	691
Owners of Boyuan Holdings Limited		(8,694)	2,449

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 year ended 31 December 2020
(continued)

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Boyuan Holdings Limited:			
Basic earnings per share	31	0.59	0.51
Diluted earnings per share	31	0.59	0.51
Earnings per share for (loss)/ profit from discontinued operations attributable to the owners of Boyuan Holdings Limited:			
Basic earnings per share	31	(3.05)	(0.01)
Diluted earnings per share	31	(3.05)	(0.01)
Earnings per share for (loss)/ profit attributable to the owners of Boyuan Holdings Limited:			
Basic earnings per share	31	(2.46)	0.50
Diluted earnings per share	31	(2.46)	0.50

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.

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Boyuan Holdings Limited
Consolidated statement of financial position
As at 31 December 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents		242	1,519
Trade and other receivables	8	12,207	2,672
Inventories	9	2,834	5,481
Short term investments	10	8,950	-
Other		301	354
Total current assets		24,534	10,026
Non-current assets			
Property, plant and equipment	11	183	8,783
Investment properties	12	6,045	61,282
Intangible assets	13	520	4,261
Deferred tax assets		1,731	1,097
Inventories	14	1,453	1,447
Other non-current assets	15	25,595	19,205
Total non-current assets		35,527	96,075
Total assets		60,061	106,101
LIABILITIES			
Current liabilities			
Trade and other payables	16	7,879	5,568
Borrowings	17	-	3,711
Provision for income tax		(209)	363
Employee benefits		1,487	623
Provisions		-	115
Financial liabilities	18	310	439
Total current liabilities		9,467	10,819
Non-current liabilities			
Borrowings	19	-	35,888
Total non-current liabilities		-	35,888
Total liabilities		9,467	46,707
Net assets		50,594	59,394
EQUITY			
Share capital	20(a)	17,613	17,613
Reserves	20(b)	25,830	26,656
Retained earnings		6,816	14,684
Capital and reserves attributable to owners of Boyuan Holdings Limited		50,259	58,953
Non-controlling interests		335	441
Total equity		50,594	59,394

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

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Boyuan Holdings Limited
Consolidated statement of changes in equity
For the year ended 31 December 2020

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/(loss) for the year	-	-	1,715	(27)	1,688
Other comprehensive (loss)/income for the year, net of tax	-	734	-	-	734
Total comprehensive income for the year	-	734	1,715	(27)	2,422
Balance at 31 December 2019	17,613	26,656	14,684	441	59,394

Consolidated	Contributed capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2020	17,613	26,656	14,684	441	59,394
Loss for the period	-	-	(8,428)	(106)	(8,534)
Other comprehensive (loss)/income for the year, net of tax	-	(266)	-	-	(266)
Total comprehensive (loss)/income for the year	-	(266)	(8,428)	(106)	(8,800)
Recycle revaluation reserve to retained earnings on disposal of property, plant and equipment	-	(560)	560	-	-
Balance at 31 December 2020	17,613	25,830	6,816	335	50,594

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 year ended 31 December 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash flows from operating activities			
(Loss)/Profit before tax for the period		(9,057)	2,464
Adjustments for:			
Depreciation and amortisation		417	617
Unrealised loss on foreign exchange		-	92
Net fair value gain on derivative assets		-	(79)
Net fair value (gain)/ loss on investment properties		(2,236)	(573)
Loss on disposal of Lifestyle Living assets		8,906	-
Put option revaluation		(129)	(216)
Impairment of goodwill		-	52
Impairment of AFSL license		-	148
Inventory write-off		150	-
		(1,949)	2,505
Change in operating assets and liabilities:			
Decrease/(Increase) in trade and other receivables		(9,987)	16,403
Decrease/(Increase) in inventories		79	1,084
Decrease/(Increase) in deferred tax assets		(521)	239
Decrease/(Increase) in prepayments		99	254
(Decrease)/Increase in trade and other payables		2,767	(1,948)
(Decrease)/Increase in provision for income tax		(572)	(2,037)
Increase in employee benefits		864	48
Increase in other provisions		(115)	57
Increase in other assets		(6,389)	(1,051)
		(15,724)	15,554
Income tax expense		521	(776)
Net cash inflow/(outflow) from operating activities		(15,203)	14,778
Cash flows from investing activities			
Payments for capital improvements	12	(1,453)	(2,992)
Payment of software costs		(15)	(44)
Proceeds from disposal of Lifestye Living assets		64,041	-
Purchase of property, plant and equipment		(48)	(141)
Investment in Waratah Funds		(10,000)	-
Redemption from Waratah Funds		1,000	-
Net cash inflow/(outflow) from investing activities		53,525	(3,177)
Cash flows from financing activities			
Proceeds from borrowings	24	47,287	5,858
Repayment of borrowings	24	(86,886)	(19,290)
Repayments of loans to related parties		-	(26)
Net cash (outflow)/inflow from financing activities		(39,599)	(13,458)
Net increase/(decrease) in cash and cash equivalents		(1,277)	(1,857)
Cash and cash equivalents at the beginning of the financial year		1,519	3,376
Cash and cash equivalents at end of year		242	1,519

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

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1 General information

The financial statements cover Boyuan Holdings Limited as a Group consisting of Boyuan Holdings Limited ('Company' or 'parent entity') 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

2 Significant accounting policies

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

(a) New or amended Accounting Standards and Interpretations adopted

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

- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business (effective from 1 January 2020)

  This amends AASB 3 - Business Combinations to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisitions. This adoption of this amendment does not have a significant impact on the financial statements.

- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (effective from 1 January 2020)

  This amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. This adoption of this amendment does not have a significant impact on the financial statements.

- AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (effective from 1 January 2020)

  Makes amendments to various Accounting Standards and other pronouncements to support the issue of the revised Conceptual Framework for Financial Reporting.

  Some Accounting Standards and other pronouncements contain references to, or quotations from, the previous versions of the Conceptual Framework. This Standard updates some of these references and quotations so they refer to the Conceptual Framework issued by the AASB in June 2019, and also makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents. The adoption of this amendment does not have a significant impact on the financial statements.

2 Significant accounting policies (continued)

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

- AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia (effective from 1 January 2020)

  Amends AASB 1054 Australian Additional Disclosures to add a requirement for entities that intend to be compliant with IFRS standards to disclose the information required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (specifically paragraphs 30 and 31) for the potential effect of each IFRS pronouncement that has not been issued by the AASB.

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

(b) Revenue recognition

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

(i) Classification and measurement of revenue

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

Where the above criteria is not met, revenue is recognised at a point in time. The following table summarises the revenue recognition policies under AASB 15.

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2 Significant accounting policies (continued)

(b) Revenue recognition (continued)

(i) Classification and measurement of revenue (continued)

Segment	Type of revenue	Description	Revenue recognition policy
Property Investment & Management	Recharge revenue	Austral (BHL) Development Pty Limited recovers project fees for the services provided under the development management services agreement. Revenue from recharges is recognised as the services are provided. The developer is invoiced when applicable and the invoice is due within 30 days of the invoice date.	Over time (based on development costs incurred)
Funds Management	Establishment fees and roll over fees	Integer Securities Limited charges establishment and roll over fees to a related party. The fees are charged in accordance with the loan agreement. Establishment fees is charged at the time of the first drawing and roll over fees are charged on the first day of each rollover period.	Point in time
Property Investment & Management	Development management fees	BHL Development Pty Limited provides development management services to the owners of property assets in accordance with development management agreements. Revenue is calculated and recognised in accordance with the specific agreement. These fees are invoiced on a monthly basis, in arrears, and consideration is due 30 days from invoice date.	Over time (based on the output value to the customer of the service transferred)
Lifestyle Living (discontinued operations)	Rental income - Armidale Tourist Park	BHL Lifestyle Living (Armidale) Pty Ltd derive rental income by providing accommodation services to tourists. The revenue is recognised when the services are delivered.	Over time (for the duration of the stay)

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2 Significant accounting policies (continued)

(b) Revenue recognition (continued)

(i) Classification and measurement of revenue (continued)

Segment	Type of revenue	Description	Revenue recognition policy
Lifestyle Living (discontinued operations)	Rental income - Lifestyle Living	BHL Lifestyle Living Pty Ltd* provides rental services to the owners of property assets in accordance with property services agreements. The services are utilised on an ongoing basis and revenue is calculated and recognised in accordance with the specific agreement. The fees are invoiced fortnightly with variable payment terms depending on the individual agreements.	Over time (for the duration of the stay)
Property Investment & Management; Lifestyle Living (discontinued operations)	Sale of inventory	Proceeds from the sale of inventory are recognised by the Group in accordance with a specific contract entered into with another party for delivery of inventory. Revenue is calculated in accordance with the contract. Consideration is payable in accordance with the contract. Revenue is recognised when control has been transferred to the buyer.	Point in time
Property Investment & Management	Debt raising fees	BHL Group Services Pty Limited recognises debt raising fees income based on the total value of debt funding raised for its related parties. The fee is charged at the time of acceptance of the term sheet from the financier by its related party clients.	Point in time
Property Investment & Management	Sales and marketing fees	Boyuan Holdings Limited derive sales and marketing fees income by providing sales services to related parties. The revenue is recognised when the services are provided.	Over time (based on the output value to the customer of the service transferred)

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2 Significant accounting policies (continued)

(b) Revenue recognition (continued)

(i) Classification and measurement of revenue (continued)

Corporate	Service fees	BHL Group Services Pty Limited derive service fee income by providing support services around accounting, legal, payroll, human resources to related parties. The revenue is recognised when the services are provided.	Over time (over the period to which service is performed)
Property Investment & Management	Conveyancing fees	BHL Group Services Pty Limited derive conveyancing fees income by providing conveyancing services to related parties. The revenue is recognised based on each lot that is exchanged and settled.	Point in time

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

(c) Going concern

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. In reaching this position, the following factors have been considered:

- The Group has no external debt after the sale of the Lifestyle Living assets;
- The Group has net equity of $48,767,000 as at balance sheet date; and
- The Group has net current assets of $15,067,000 as at balance sheet date.

In addition to the aforementioned, the Directors have received a letter from Jia Yuan Chuangsheng Holding Group Co., Ltd, a related party of the Group controlled by the majority shareholder, confirming their intentions to provide sufficient cash to the Group to settle all its financial obligations and unrecognised commitments on the Bringelly project as disclosed in Note 15 and 30.

Jia Yuan Chuangsheng Holding Group Co., Ltd has also confirmed in the letter of financial support that they will provide sufficient cash or acceptable assets to ensure that Cyan Stone Pty Limited and its controlled entities, all related parties of the Group to settle net amount of $6,586,093 owing to the Group as and when these amounts fall due. The amount is intended to be settled within 12 months from the signing of the financial statements of Boyuan Holdings Limited for the year ended 31 December 2020.

On the basis of the above, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

(d) Basis of preparation

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

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2 Significant accounting policies (continued)

(d) Basis of preparation (continued)

(i) Historical cost convention

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

(ii) Critical accounting estimates

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

(e) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Boyuan Holdings Limited as at 31 December 2020 and the results of all subsidiaries for the year then ended.

(i) Subsidiaries

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

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

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

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

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

(ii) Changes in ownership interests

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

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2 Significant accounting policies (continued)

(f) Segment reporting

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

(g) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

(iii) Foreign operations

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

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

(h) 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.

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2 Significant accounting policies (continued)

(h) Income tax (continued)

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.

The company and its wholly-owned Australian resident entities are members of a tax-consolidated group under Australian tax law. The company is the head entity within the tax-consolidated group. In addition to its own current and deferred tax amounts, the company also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the company and the entities in the tax consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred, and does not tax effect transactions that have no tax consequences to the group. The same basis is used for tax allocation within the tax-consolidated group.

(i) Discontinued operations

The Group classifies assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sales in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised while they are classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A discontinued operation is a component of the entity 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 in the consolidated statement of profit or loss and other comprehensive income.

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

As at 30 June 2020, the Lifestyle Living assets portfolio was classified as a disposal group held for sale and as a discontinued operation and the transaction was subsequently settled on 11 September 2020. As a result, the Lifestyle Living segment is no longer presented in the segment note.

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2 Significant accounting policies (continued)

(j) Current and non-current classification

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

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

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

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

(k) 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.

(l) 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.

(m) Derivative financial instruments

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

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

(n) Put/call options over non-controlling interest

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

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2 Significant accounting policies (continued)

(o) Investments and other financial assets

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

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

(i) Loans and receivables

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

(ii) Impairment of financial assets

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(p) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under AASB 9 *Financial Instruments* and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of AASB 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(q) 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.

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2 Significant accounting policies (continued)

(r) Property, plant and equipment

Land and buildings and certain items of plant and equipment within 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. As at 31 December 2020, Lifestyle Living assets portfolio was disposed and classified as discontinued operation.

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
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.

(s) Leases

(i) Group as a lessee

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

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

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

(ii) Group as a lessor

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

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2 Significant accounting policies (continued)

(t) Intangible assets

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

(i) Goodwill

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

(ii) AFSL Licence

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

(u) 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.

(v) Trade and other payables

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

(w) 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.

(x) 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.

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2 Significant accounting policies (continued)

(y) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Retirement benefit obligations

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

(z) 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.

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2 Significant accounting policies (continued)

(aa) Contributed equity

Ordinary shares are classified as equity.

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

(ab) Business combinations

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

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

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

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

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

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

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

(ac) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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2 Significant accounting policies (continued)

(ad) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(ae) Rounding of amounts

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

(af) 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 2020. 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 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards - Insurance Contracts (effective from 1 January 2023)

  AASB 17 measures insurance contracts either under the general model or a simplified version of this called the ‘premium allocation approach’. The general model is defined such that at initial recognition an entity measures a group of contracts at the total of (a) the amount of fulfilment cash flows, which comprise probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks associated with those future cash flows and a risk adjustment for non-financial risk; and (b) the contractual service margin.

  On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin of the group at that date. The liability for incurred claims is measured as the fulfilment cash flows related to past services allocated to the group at that date.

  An entity may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the premium allocation approach on the condition that, at initial recognition, the entity reasonably expects that doing so would produce a reasonable approximation of the general model, or the coverage period of each contract in the group is one year or less.

  AASB 2020-5 reduce the costs of applying AASB 17 by simplifying some requirements, make an entity’s financial performance relating to insurance contracts earlier to explain and eases the transition to AASB 17. It also includes amendments to AASB 4 Insurance Contracts to permit eligible insurers to continue to apply AASB 139 Financial Instruments: Recognition and Measurement until they are required to apply AASB 9 Financial Instruments alongside AASB 17.

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2 Significant accounting policies (continued)

(af) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (effective from 1 January 2022)

  Addresses a conflict between the requirements of AASB 128 Investments in Associates and Joint Ventures and AASB 10 Consolidated Financial Statements and clarifies that in a transaction involving an associate or joint venture, the extent of gain or loss recognised depends on whether the assets sold or contributed constitute a business.

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (effective from 1 January 2023)

  Amends AASB 101 Presentation of Financial Statements to:
  • Clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period
  • Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
  • Explains that rights are in existence if covenants are complied with at the end of the reporting period
  • Introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2 (effective from 1 January 2021)

  Amends AASB 9 Financial Instruments, AASB 139 Financial Instruments: Recognition and Measurement, AASB 7 Financial Instruments: Disclosures and AASB 16 Leases to address issues that may affect financial reporting during interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of an interest rate benchmark with an alternative benchmark rate.

3 Critical estimates, judgements and errors

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

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3 Critical estimates, judgements and errors (continued)

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

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

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Investment properties within Lifestyle Living segment are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuation methodology requires certain estimates. In relying on the valuation report, management has exercised their judgement and is satisfied that the assumptions used in the valuations have reflected the current market conditions. On 11 September 2020, the Lifestyle Living assets portfolio was disposed and classified as discontinued operations.

(b) Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amount of the Lifestyle Living cash-generating unit is determined using fair value less costs of disposal (FVLCD) based on discounted cash flows and the Funds Management cash-generating unit is determined using FVLCD based on discounted cash flows and expected replacement cost. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(c) Recovery of deferred tax assets

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

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

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

The 'Expected Gross Obligation' recorded on consolidation is based on the present value of expected settlement of these.

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3 Critical estimates, judgements and errors (continued)

(e) Recoverability of other non-current asset (Bringelly development deposit)

The recoverability of the Bringelly development deposit is subject to successful rezoning of the land. The rezoning and approval of development application (DA) is subject to receipt of approvals from various authorities, including local councils.

(f) Recoverability of related party receivables

Recoverability of related party receivables is assessed by the Group on an ongoing basis. The Group uses judgement in making assumptions about risk of default, existing market conditions and future looking estimates at the end of each reporting period.

4 Segment information

(a) Identification of reportable operating segments

The Group is organised into three operating segments: Property Investment and Management, Funds Management 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 Lifestyle Living segment was disposed on 11 September 2020 (refer to note 7).

The CODM reviews profit before tax at group level and revenue at segment level. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

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

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

(b) Intersegment transactions

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

(c) Intersegment receivables, payables and loans

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

(d) Major customers

Cyan Stone Pty Limited and its controlled entities and Citron Investment Pty Ltd ATF Wan Family Trust and its controlled entities being the two major customers have contributed about 97.6% of the total revenue from continuing operations for the year ended 31 December 2020.

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4 Segment information (continued)

(e) Operating segment information - continuing operations

Consolidated - 2020	Property Investment & Management $'000	Funds Management $'000	Corporate $'000	Total $'000
Development management fees	6,687	-	-	6,687
Debt raising fees	3,150	-	-	3,150
Sales and marketing fees	3,664	-	-	3,664
Sales of inventory	388	-	-	388
Conveyancing fees	266	-	-	266
Recharge revenue	22	-	-	22
Service fees	-	11	502	513
Rollover fees	-	-	-	-
Total Revenue	14,177	11	502	14,690
Other income, gains and losses				2,009
Direct cost of property development sold				(256)
Depreciation and amortisation expenses				(80)
Operating expenses				(1,388)
Employee benefit expenses				(11,134)
Professional fee expenses				(984)
Finance costs				(88)
Other expenses				(25)
Profit before income tax expense				2,744
Income tax expense				(810)
Profit after income tax expense				1,934

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4 Segment information (continued)

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

Consolidated - Restated 2019	Property Investment & Management $'000	Funds Management $'000	Corporate $'000	Total $'000
Development management fees	8,499	-	-	8,499
Debt raising fees	2,203	-	-	2,203
Sales and marketing fees	671	-	-	671
Sales of inventory	2,112	-	-	2,112
Recharge revenue	60	-	-	60
Service fees	-	-	502	502
Rollover fees	-	470	-	470
Total Revenue	13,545	470	502	14,517
Direct cost of property development sold				(1,325)
Other income, gains and losses				(145)
Depreciation and amortisation expenses				(58)
Operating expenses				(1,466)
Employee benefit expenses				(7,484)
Professional fee expenses				(760)
Finance costs				(692)
Other expenses				(80)
Profit before income tax expense				2,507
Income tax expense				(776)
Profit after income tax expense				1,731

	Sales to customers from continuing operations		Geographical non-current asset	
Consolidated entity	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
Australia	14,690	14,517	33,811	94,978

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

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5 Other income, gains and losses

	Consolidated	
	2020 $'000	**2019 $'000**
Fair value gain/(loss) on investment properties	(271)	(213)
Net foreign exchange loss	-	(92)
Impairment to AFSL license	-	(148)
Inventory write off	(150)	-
Government grants	1,009	-
Fair value adjustment to put option financial liability	129	216
Other income	1,292	65
Derivative assets revaluation gain	-	79
Goodwill Impairment	-	(52)
	2,009	(145)

Government grants relate to Cashflow boost and JobKeeper payments that is being received by BHL Group Services Pty Ltd and Integer Securities Limited (subsidiaries of the Group). These measures were announced as part of the Australian Government's economic stimulus package in March 2020. Approximately 24% of the Group's total workforce had their work hours reduced. The Group did not apply for any JobKeeper extension and had a full workforce returning to work effective 28 September 2020.

The increase in other income is due to termination fees income derived from related parties for early termination of development management fees contract. Refer to note 25 Related Party Disclosure for further details.

6 Employee benefit expenses

	Consolidated	
	2020 $'000	**2019 $'000**
Wages and salaries	(9,679)	(6,325)
Bonus	(1,118)	(581)
Others	(337)	(578)
	(11,134)	(7,484)

Increase in wages and salaries is due to an expansion of head count within the project development team which is in line with the Group's vision for financial year 2021.

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7 Discontinued operation

(a) Lifestyle Living Operations

On 14 August 2020, the Group exchanged sales contract with real estate fund manager, Lincoln Place to sell its Lifestyle Living assets portfolio for $64,041,200. The transaction settled on 11 September 2020 and is reported in the current period as discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(i) Financial performance and cash flow information

	Consolidated	
	2020 $'000	**2019 $'000**
Revenue	6,764	6,963
Net fair value gain on investment properties	2,507	786
Government grants	367	-
Total other income	9,638	7,749
Direct cost of property development sold	(2,243)	(1,430)
Depreciation expenses	(336)	(562)
Operating expenses	(1,021)	(1,507)
Employee benefit expenses	(1,345)	(1,560)
Professional fee expenses	(305)	(169)
Finance costs*	(6,275)	(2,560)
Other expenses	(2)	(4)
Total expenses	(11,527)	(7,792)
Loss before income tax benefit	(1,889)	(43)
Income tax (expense)/benefit	567	-
Loss after income tax benefit	(1,322)	(43)
Loss on disposal before income tax	(9,910)	-
Income tax benefit	764	-
Loss on disposal after income tax benefit	(9,146)	-
Loss after income tax expense from discontinued operations	(10,468)	(43)

* Increase in finance costs is a result of the bridging loan that was obtained from Filetron Pty Ltd on 3 July 2020 to repay Bremon Group Pty Ltd loan prior to the settlement of Lifestyle Living assets. The transaction costs for the Filetron Pty Ltd loan amounts to $4,400,000 hence the increase in the finance costs for the year ended 31 December 2020.

7 Discontinued operation (continued)

(a) Lifestyle Living Operations (continued)

(ii) Cash flow information

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Net cash from/(used in) operating activities	(23,684)	(538)
Net cash from/(used in) investing activities	62,933	(143)
Net cash from/(used in) financing activities	(39,599)	(10)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	(350)	(691)

(iii) Carrying amount of assets and liabilities disposed

	Consolidated
	2020
	$'000
Inventories	2,411
Property, plant and equipment	7,871
Intangibles	3,739
Investment properties	58,926
Prepayments	50
Total assets	72,997
Unearned revenue	121
Provisions and other liabilities	411
Total liabilities	532
Net assets	72,465

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

	Consolidated
	2020
	$'000
Total sales consideration per agreement	64,041
Additional settlement adjustment	(482)
Carrying amount of net assets disposed	(72,465)
Selling costs	(1,004)
Loss on disposal before income tax	(9,910)

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8 Current assets - Trade and other receivables

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Trade and other receivables - external	467	191
Amount due from related parties	11,740	2,481
	12,207	2,672

Amount due from related parties refer to note 25 Related Party Disclosure.

9 Current assets - Inventories

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Properties under development	230	1,790
Properties held for sale	2,604	3,691
	2,834	5,481

The Group's inventories of properties above are expected to be realised within twelve months from the end of the reporting date and are situated in the New South Wales, Australia. Properties held for sale relate to land at Pokolbin which is being held at net realisable value and impairment of $150,423 was recognised during the year.

10 Short term investments

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Short term investments	8,950	-

Short term investments relate to $9,950,000 investments made by the Group into Australia Waratah Funds on 15 September 2020 using proceeds from the settlement of Lifestyle Living assets. The transaction costs associated with this investment amounts to $50,000. Australia Waratah Fund offers a target return of 5% each year on the capital invested with a minimum term of 6 months. The investment can be redeemed any time with a 7 days notice. The redemption amount is limited to less than $2,000,001 each time and only one redemption can be made every month. As at 31 December 2020, $1,000,000 has been redeemed for working capital purposes.

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11 Property, plant and equipment

Consolidated entity Non-current	Land $'000	Buildings $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Tourist park cabins $'000	Total $'000
Year ended 31 December 2019							
Opening net book amount	346	3,095	1,534	197	54	2,970	8,196
Additions	-	-	77	64	-	-	141
Depreciation charge	-	(80)	(389)	(46)	(7)	(80)	(602)
Revaluation increments/(decrements)	59	505	-	-	-	484	1,048
Closing net book amount	405	3,520	1,222	215	47	3,374	8,783
At 31 December 2019							
Cost or fair value	405	3,697	2,033	298	54	3,564	10,051
Accumulated depreciation	-	(177)	(811)	(83)	(7)	(190)	(1,268)
Net book amount	405	3,520	1,222	215	47	3,374	8,783
Year ended 31 December 2020							
Opening net book amount	405	3,520	1,222	215	47	3,374	8,783
Additions	-	-	14	33	-	-	47
Depreciation charge	-	(45)	(197)	(64)	(3)	(88)	(397)
Disposals	(383)	(3,288)	(1,036)	(4)	(44)	(3,116)	(7,871)
Revaluation increments/(decrements)	(22)	(187)	-	-	-	(170)	(379)
Closing net book amount	-	-	3	180	-	-	183
At 31 December 2020							
Cost or fair value	-	-	3	327	-	-	330
Accumulated depreciation	-	-	-	(147)	-	-	(147)
Net book amount	-	-	3	180	-	-	183

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12 Non-current assets - Investment properties

	Consolidated 2020 $'000	Consolidated 2019 $'000
Investment property - retirement villages - at fair value	-	55,325
Investment property - heritage building - at fair value	6,045	5,957
	6,045	61,282

(a) Reconciliation

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets - at fair value		
Opening balance	61,282	57,717
Additions through capital expenditures	1,453	2,992
Revaluation (decrements)/increments	2,236	573
Disposals	(58,926)	-
Closing balance	6,045	61,282

(b) Location of investment properties

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

The reduction in investment properties to $6,045,000 is due to the disposal of retirement villages during the year, refer to note 7 for details. The remaining balance relates to heritage building at Marsden Park.

Refer to note 26 for further information on fair value measurement.

13 Intangible assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Goodwill	-	3,737
AFSL License	452	452
Software	68	72
	520	4,261

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13 Intangible assets (continued)

(a) Reconciliations

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

Consolidated entity Non-Current assets	Goodwill $'000	AFSL License $'000	Software $'000	Total $'000
Balance at 1 January 2019				
Cost	3,789	600	-	4,389
Additions	-	-	87	87
Amortisation charge	-	-	(15)	(15)
Impairment	(52)	(148)	-	(200)
Closing net book amount	(52)	(148)	72	(128)
Balance at 31 December 2019	3,737	452	72	4,261
Impairment	(3,737)	-	-	(3,737)
Additions	-	-	15	15
Amortisation charge	-	-	(19)	(19)
Balance at 31 December 2020	-	452	68	520

(b) Impairment testing

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

	Consolidated 2020 $'000	2019 $'000
Funds management	452	452
Lifestyle living	-	3,737
	452	4,189

(i) Lifestyle living CGU impairment testing

Goodwill associated to the Lifestyle Living CGU has been impaired following the sale of the Lifestyle Living assets during the year. Refer to note 7 Discontinued Operations for details.

(ii) Funds management CGU impairment testing

The recoverable amount of the CGU has been determined using the expected replacement cost method. Based on this methodology, no impairment is required on the AFSL license.

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14 Non-current assets - Inventories

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Properties under development	1,453	1,447

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

15 Other non-current assets

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Bringelly development deposit	25,595	19,205

The asset is represented by a deposit, consulting and legal costs from the acquisition of land in Bringelly, New South Wales, Australia. While it is noted as non-refundable deposit this would depend on the circumstances of any subsequent termination or rescission. The Group is committed to make 8 further quarterly payments of $1,486,782 each and a final payment of $55,499,100 on 18 November 2022 to complete the land acquisition. The Group also has an option to extend settlement by an additional 6 months.

During the year ended 31 December 2020, the Group made 3 quarterly payments in February 2020, May 2020, and August 2020, but did not make the 4th payment due in November 2020 due to a negotiation with the vendor which eventually did not materialise. This amount is recognised by the Group as a payable at year end.

The Group received a "Notice of Termination of Contract" on 3 February 2021, which was subsequently withdrawn on 5 February 2021 under the Conditions Precedent that:

(1) All payments due under the contract, including the $1,486,782 payment not made in November 2020 and any related legal costs, was fully paid on or before 5 February 2021; and
(2) An amount of $1,486,782 is paid on or before 23 February 2021 in relation to the next payment due for the quarter ending February 2021 under the contract.

Both payments have been made in full in accordance with the above dates.

Jia Yuan Chuangsheng Holding Group Co., Ltd a related party of the ultimate parent entity of Boyuan Holdings Limited has undertaken to provide sufficient cash to the Group to settle the $66,698,448 commitments at 31 December 2020 as and when they fall due. The total purchase price of the land is anticipated to be $87,841,385.

The Group is in the process of applying for this land to be rezoned to permit residential developments. We have performed a feasibility analysis and subject to successful rezoning, expect to generate a net development profit over the life of the Bringelly project. We note that rezoning and approval of development application (DA) is subject to receipt of approvals from various authorities, including local councils. The outcome of the Group's applications are outside of management's control hence there remains a risk that the rezoning will not be completed. If the rezoning does not complete prior to settlement of November 2022, the forecast net development profit/(loss) of the project may be significantly impacted. As at 30 June 2020, the "as is" market value of the land prior to rezoning was $23,650,000 per the external valuation report obtained by management. Based on management's experience with similar developments, all relevant approvals are expected to be obtained prior to November 2022.

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16 Current liabilities - Trade and other payables

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current liabilities		
Trade payables	1,041	1,426
Amounts due to related parties	235	1,144
Refundable deposits related to sales of properties	-	790
PAYG withholding payable	2,465	229
GST payable	849	200
Other payables	3,289	1,779
	7,879	5,568

Increase in GST payable and PAYG Withholding payable are mainly due payment deferrals granted by the Australian Taxation Office due to the impact that is being experienced by the Group from the COVID-19 pandemic.

Included in other payables is the Bringelly payment of $1,486,782 that was due in November 2020 and December 2020 accrual for the next quarterly payment that is due in February 2021. Refer to note 15 Other Non-current Assets for details.

Amount due from related parties refer to note 25 Related Party Disclosure.

17 Current liabilities - Borrowings

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Bank loan	-	3,700
Other loan	-	11
	-	3,711

Refer to note 21 for further information on financial instruments.

Bank loan
On 11 September 2020, loan of $3,759,000 from Bank of Queensland was repaid using the proceeds from the sale of Armidale Tourist Park. Prior to the repayment, the loan was varied and monthly interest payments were deferred for 6 months and the facility which initially expired on 4 October 2020 was extended by 6 months to 4 April 2021. Effective interest rate for the loan was 3.33%. Accrued interests during the deferment have been capitalised and all financial covenants attached to the loan have been waived. The variation occurred as a result of Armidale Tourist Park's business being affected by COVID-19.

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18 Current liabilities - financial liability

	Consolidated 2020 $'000	Consolidated 2019 $'000
Put option over non-controlling interest	310	439

Refer to note 21 for further information on financial instruments.

Refer to note 26 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	None
Option 3	150	Fair value at time of exercise	Any time	None

19 Non-current liabilities - Borrowings

	Consolidated 2020 $'000	Consolidated 2019 $'000
Other loan	-	30
Loan - Bremon Group Pty Ltd	-	35,858
	-	35,888

Refer to note 21 for further information on financial instruments.

Loan - Bremon Group Pty Ltd
On 3 July 2020, $37,214,012 loan from Bremon Group Pty Ltd was repaid using proceeds from a new facility agreement of $46,300,000 that was entered into with Filetron Pty Limited, financier for Lincoln Place. The effective interest rate for the Bremon loan was 10.29%. Filetron Pty Limited was subsequently repaid on 11 September 2020 using the proceeds from the sale of Lifestyle Living assets to Lincoln Place which was sold for $64,041,200. Refer to note 7 discontinued operations for details.

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20 Equity

(a) Equity - contributed capital

	Note	2020 Shares	2019 Shares	2020 $'000	2019 $'000
Ordinary shares - fully paid		343,130,100	343,130,100	17,613	17,613
	20(a)(i)	343,130,100	343,130,100	17,613	17,613

(i) Movements in ordinary shares:

Details	Notes	Number of shares (thousands)	Total $'000
Opening balance 1 January 2019		343,130	17,613
Balance 31 December 2019		343,130	17,613
Opening balance 1 January 2019		343,130	17,613
Balance 31 December 2020		343,130	17,613

(ii) Ordinary shares

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

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(iii) Share buy-back

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

(iv) Capital risk management

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

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

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

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

The capital risk management policy remains unchanged from the 31 December 2019 Annual Report.

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20 Equity (continued)

(b) Other reserves

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Revaluation surplus - property, plant and equipment	-	826
General reserve	2,096	2,096
Foreign currency translation	(1,681)	(1,681)
Put options reserve	(562)	(562)
Group reorganisation reserve	25,977	25,977
	25,830	26,656

(i) Revaluation surplus reserve

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

(ii) General reserve

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

(iii) Foreign currency translation reserve

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

(iv) Put option reserve

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

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

(v) Group reorganisation reserve

The reserve represents the capital reconstruction and group reorganisation when Boyuan Holdings Limited acquired the Chinese Operations in 2016, which was subsequently disposed in 2017.

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20 Equity (continued)

(b) Other reserves (continued)

(vi) Movements in reserves

Consolidated entity	Revaluation surplus $'000	General $'000	Foreign currency $'000	Put options $'000	Group reorganisation $'000	Total $'000
Balance at 1 January 2019	92	2,096	(1,681)	(562)	25,977	25,922
Revaluation	734	-	-	-	-	734
Balance at 31 December 2019	826	2,096	(1,681)	(562)	25,977	26,656
Revaluation	(266)	-	-	-	-	(266)
Recycle to retained earnings on disposal of property, plant and equipment	(560)	-	-	-	-	(560)
	(826)	-	-	-	-	(826)
Balance at 31 December 2020	-	2,096	(1,681)	(562)	25,977	25,830

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20 Equity (continued)

(c) Equity - dividends

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

21 Financial instruments

(a) Financial risk management objectives

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

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

(b) Market risk

(i) Foreign exchange risk

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

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

No sensitivity analysis has been performed as there are no future transactions denominated in foreign currency as at 31 December 2020.

(ii) Price risk

The Group is not exposed to any significant price risk.

(iii) Cash flow and fair value interest rate risk

The Group is not exposed to any interest rate risk as there are no borrowings as at 31 December 2020.

	2020		2019	
Consolidated entity	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank loan	-%	-	4.39%	3,700
		-		3,700

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21 Financial instruments (continued)

(c) Credit risk

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

As at 31 December 2020 the amount due from related parties mainly represented the amounts due from two related parties. Management considers that the credit risk on these balances is not significant.

As at 31 December 2020 there is no concentration of credit risk on non-related party receivables of $467,000 as it relates to various external parties.

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

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

(d) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves, short term investments and available borrowing facilities (none at 31 December 2020) by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Maturities of financial liabilities

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

Consolidated **At 31 December 2020**	**Weighted average interest rate %**	**On demand $'000**	**1-3 months $'000**	**4 months to 1 year $'000**	**1 - 5 years $'000**	**Remaining contractual maturities $'000**
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,041	-	-	-	1,041
Amount due to related party	-	235	-	-	-	235
Other payables	-	6,543	-	-	-	6,543
Interest-bearing						
Bank loan	-%	-	-	-	-	-
Loan - Bremon Group Pty Ltd ($35,000,000)	-%	-	-	-	-	-
Total non-derivatives		7,819	-	-	-	7,819

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21 Financial instruments (continued)

(d) Liquidity risk (continued)

(i) Maturities of financial liabilities (continued)

Consolidated At 31 December 2019	Weighted average interest rate %	On demand $'000	1-3 months $'000	4 months to 1 year $'000	1-5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,426	-	-	-	1,426
Amount due to related party	-	1,144	-	-	-	1,144
Refundable deposits related to sales of properties	-	790	-	-	-	790
Other payables	-	2,208	-	-	-	2,208
Interest-bearing variable						
Bank loan	4.39%	-	40	3,783	-	3,823
Loan - Bremon Group Pty Ltd ($35,000,000)	8.50%	-	740	2,235	40,013	42,988
Loan - Bremon Group Pty Ltd ($5,000,000)	17.50%	-	37	113	1,111	1,261
Other loan	5.00%	-	3	9	32	44
Total - non derivatives		5,568	820	6,140	41,156	53,684

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

(e) Fair value of financial instruments

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

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22 Interests in subsidiaries

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

Name of entity	Place of business/ country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Hong Kong Boyuan Investment Holding Limited	Hong Kong	100	100
Boyuan Investment Holding Pty Ltd	Australia	100	100
Boyuan Real Estate Holding Pty Ltd	Australia	100	100
Cyan Stone Clydesdale Pty Ltd*	Australia	100	100
BHL Developments Pty Ltd	Australia	100	100
BHL Hotels Pty Ltd**	Australia	100	100
BHL Lifestyle Living Pty Ltd***	Australia	100	100
Boyuan Bringelly Pty Ltd	Australia	100	100
BHL Group Services Pty Ltd	Australia	100	100
BHL Finance Pty Ltd	Australia	100	100
BHL Foundation Ltd	Australia	100	100
Northern Gateway Development Pty Ltd	Australia	100	100

* including Cyan Stone Clydesdale Trust

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

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

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

Name of entity	Place of business/ country of incorporation	Ownership interest held by the parent 2020 %	Ownership interest held by the parent 2019 %	Ownership interest held by non-controlling interest 2020 %	Ownership interest held by non-controlling interest 2019 %	Principal activities
Integer Holdings Pty Limited	Australia	65	65	35	35	Regulated management fund provider
Integer Securities Limited	Australia	65	65	35	35	Regulated management fund provider

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23 Non-cash investing and financing activities

There are no non-cash investing and financing activities during the year.

24 Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Related party loan - Cyan Stone Pty Limited $'000	Loan - Bremon Group Pty Ltd $'000	Loan - China Harmonica Capital Company $'000	Total $'000
Balance at 1 January 2019	3,751	26	35,000	14,188	52,965
Net cash from/(used in) financing activities	(10)	(26)	858	(14,280)	(13,458)
Other changes	-	-	-	92	92
Balance at 31 December 2019	3,741	-	35,858	-	39,599
Net cash from/(used in) financing activities	(3,741)	-	(35,858)	-	(39,599)
Balance at 31 December 2020	-	-	-	-	-

During the year, BHL Finance Pty Ltd, a wholly owned subsidiary of Boyuan Holdings Limited entered into a loan agreement with Filetron Pty Limited for $46,300,000. The loan has been fully repaid during the year as reflected in the consolidated statement of cash flows.

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25 Related party transactions

(a) Parent entity

Boyuan Holdings Limited is the parent entity.

(b) Ultimate parent entity

Hong Kong Jianyuan Investment Limited is the ultimate parent entity.

(c) Subsidiaries

Interests in subsidiaries are set out in note 22.

(d) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated	
	2020	2019
Revenue from services provided:	**$**	**$**
Revenue from services with Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder		
Project development management fee	1,615,000	3,136,286
Sales and marketing service fee	1,639,051	-
Group service fee revenue	480,000	480,000
Debt raising fees	1,833,615	1,085,000
Conveyancing fees	91,500	-
Revenue from services with Blue Cedar Development Pty Ltd and its controlled entities - entities controlled by a director of subsidiaries of the Group		
Debt rollover fee	-	470,000
Revenue from services with 621B Northern Road Pty Limited and 621Z Northern Road Pty Ltd - entities controlled by a director		
Project development management fee	600,000	840,000
Sales and marketing service fee	744,498	-
Conveyancing fees	54,000	-
Debt raising fees	150,000	-
Revenue from services with HV Parent Pty Limited and its controlled entities - entities controlled by a director		
Project development management fee	600,000	1,390,000
Revenue from services with Cobbitty Parent Pty Ltd and its controlled entities - entities controlled by a director		
Project development management fee	2,195,000	1,380,000
Sales and marketing service fee	1,277,287	671,315
Debt raising fees	826,764	1,118,000
Conveyancing fees	120,000	-

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25 Related party transactions (continued)

(d) Transactions with other related parties (continued)

	Consolidated	
	2020	2019
Revenue from services provided:	**$**	**$**
Revenue from services with TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group		
Austral (BHL) Development Pty Ltd cost recharge	21,997	59,591
Project development management fee	825	21,417
Sales and marketing service fee	3,500	-
Revenue from services with Cyan Stone Badgerys Creek (Aus) Pty Ltd - entity controlled by a common director		
Project development management fee	1,320,000	630,000
Revenue from services with Cyan Stone North Bringelly Pty Ltd - entity controlled by a common director		
Project development management fee	420,000	540,000
Debt raising fees	240,000	-
Revenue from services with Avoca Silverdale Pty Ltd - entity controlled by a common director		
Project development management fee	135,000	540,000
Revenue from services with Open Agency Pty Ltd - entity controlled by a director of subsidiaries of the Group		
Shared service fee	24,000	24,000
Revenue from services with Marsden Finance Pty Ltd - entity controlled by a director of subsidiaries of the Group		
Debt raising fees	99,500	-
Revenue from services with Integer Australian Opportunities Fund - entity controlled by a director of subsidiaries of the Group		
Management fees	10,575	-
	14,502,112	12,385,609
Other income:		
Other income from Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder		
Project termination fees	135,000	-
Other income from HV Parent Pty Limited and its controlled entities - entities controlled by a director		
Project termination fees	600,000	-
Other income from Cyan Stone Badgerys Creek (Aus) Pty Ltd - entity controlled by a common director		
Project termination fees	300,000	-

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25 Related party transactions (continued)

(d) Transactions with other related parties (continued)

	Consolidated	
	2020	2019
Revenue from services provided:	**$**	**$**
Other income from Cyan Stone North Bringelly Pty Ltd - entity controlled by a common director		
Project termination fees	75,000	-
	1,110,000	-
Expenses for goods and services received:		
Payment for good and services		
Rental expense to Cyan Stone Pty Limited - entity controlled by a common shareholder	24,000	48,000
Director fee paid to key management personnel of a commonly controlled entity	30,000	30,000
TCAP Kelly St Pty Ltd recharge of development cost to Boyuan Development Pty Ltd	54,479	36,124
Related parties of key management personnel recharge of project development management fees to BHL Development Pty Limited	120,000	-
	228,479	114,124

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25 Related party transactions (continued)

(d) Transactions with other related parties (continued)

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

	Consolidated 2020 $	Consolidated 2019 $
Current receivables:		
Receivable from Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	6,586,093	1,891,161
Receivable from Blue Cedar Development Pty Ltd and its controlled entities - entities controlled by a director of subsidiaries of the Group	69,685	453,500
Receivable from related parties of key management personnel	-	132,000
Receivables from Citron Investment Pty Ltd ATF Wan Family Trust and its controlled entities - entities controlled by a common director	5,063,210	-
Receivables from TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group	3,500	-
Receivables from Open Agency Pty Ltd - entity controlled by a director of subsidiaries of the Group	4,400	4,400
Receivables from Integer Australian Opportunities Fund - entity controlled by a director of subsidiaries of the Group	13,075	-
	11,739,963	2,481,061
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
Payables to related parties of key management personnel	90,000	60,000
Amount due to TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group	-	938,252
	235,520	1,143,772

During the year, some entities within the Group entered into a number of arrangements as guarantor for its related parties. Refer to note 29 for further information on these contingent liabilities.

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26 Recognised fair value measurements

(a) Fair value hierarchy

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

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

Consolidated entity - At 31 December 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Investment properties - heritage building, Marsden Park	-	-	6,045	6,045
Total financial assets	-	-	6,045	6,045
Financial Liabilities				
Put option	-	-	310	310
Total financial liabilities	-	-	310	310

Consolidated entity - At 31 December 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Investment properties - retirement village - held for sale	-	-	55,325	55,325
Investment properties - heritage building, Marsden Park	-	-	5,957	5,957
Property, plant and equipment - mainly Armidale Tourist Park	-	-	7,700	7,700
Total financial assets	-	-	68,982	68,982
Financial Liabilities				
Put option	-	-	439	439
Total financial liabilities	-	-	439	439

There were no transfers between levels during the financial year.

Movements in level 3 - investment properties is disclosed in note 12.

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

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

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26 Recognised fair value measurements (continued)

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

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

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

(c) Valuations of put options

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

(d) Level 3 assets and liabilities

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

Consolidated entity	Put/call options $'000	Total $'000
Balance at 1 January 2019	655	655
Profit recognised in profit or loss	(216)	(216)
Balance at 31 December 2019	439	439
Profit recognised in profit or loss	(129)	(129)
Balance at 31 December 2020	310	310

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26 Recognised fair value measurements (continued)

(d) Level 3 assets and liabilities (continued)

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

Description	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s)
Completed investment properties and retirement villages (discontinued operations)	Comparison and income approach The key inputs are: (1) Monthly market rent and expense; (2) Capitalisation rate; or (1) Comparable unit sales rate of site	Capitalisation rate, taking into account yield generated from comparable properties of 5.75% - 6.25%. Comparable unit sales rate of site, using market direct comparables and taking into account location and other individual factors.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa. A slight increase in the market site sales rate would result in a significant increase in fair value and vice versa.
Properties under construction	Comparison approach The key inputs are: (1) Comparable unit sales rate of land; (2) Construction cost and professional fees	Comparable unit sales rate of land, using market direct comparables and taking into account location and other individual factors.	A slight increase in the market unit sales rate would result in a significant increase in fair value and vice versa.
Property, plant and equipment (discontinued operations)	Income approach The key inputs are: (1) Future maintainable earning; (2) Capitalisation rate	Capitalisation rate, taking into account from comparable properties of 8.5% - 8.75%.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

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

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

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27 Key management personnel compensation

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

	Consolidated 2020 $	Consolidated 2019 $
Short-term employee benefits	1,547,996	1,798,794
Post-employment benefits	88,645	81,478
	1,636,641	1,880,272

28 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 2020 $	Consolidated 2019 $
Audit services - Deloitte Touche Tohmatsu		
Audit and review of financial statements	397,000	267,200
Audit of compliance plan and AFSL	40,450	39,000
Other services - Deloitte Touche Tohmatsu		
Taxation services	131,500	172,500
	568,950	478,700

29 Contingent liabilities and contingent assets

On 16 August 2019, Cyan Stone Clydesdale Pty Ltd, a wholly owned subsidiary of Boyuan Holdings Limited, has acted as a guarantor on the debt facilities of US$32,000,000 provided to Hong Kong Jianyuan Investment Limited, a company controlled by the ultimate shareholder of the Group, by Zhongrong Pt Finance Limited. Zhongrong Pt Finance Limited has confirmed that they do not foresee any circumstance arising where there would be a need to call upon the guarantee from Cyan Stone Clydesdale Pty Ltd.

On 30 January 2020, Cyan Stone Clydesdale Pty Ltd, a wholly owned subsidiary of Boyuan Holdings Limited, has acted as a guarantor on the debt facilities of $36,000,000 provided to Cyan Stone Clydesdale Estate 3 Pty Ltd, a related party, by CVS Lane Funding 84 Pty Ltd. CVS Lane Funding 84 Pty Ltd has confirmed that they do not foresee any circumstance arising where there would be a need to call upon the guarantee from Cyan Stone Clydesdale Pty Ltd.

On 8 May 2020, Cyan Stone Clydesdale Pty Ltd, a wholly owned subsidiary of Boyuan Holdings Limited, acted as a guarantor on the debt facilities of $36,861,460 provided to Cyan Stone Finance Pty Ltd, a related party, by Clydesdale P1 Menzzanine Pty Ltd and Lane Fast Strategic Limited. Clydesdale P1 Menzzanine Pty Ltd and Lane Fast Strategic Limited have confirmed that they do not foresee any circumstance arising where there would be a need to call upon the guarantee from Cyan Stone Clydesdale Pty Ltd.

29 Contingent liabilities and contingent assets (continued)

On 11 August 2020, Cyan Stone Clydesdale Pty Ltd, a wholly owned subsidiary of Boyuan Holdings Limited, acted as a guarantor on the debt facilities of $5,000,000 provided to Cyan Stone Pty Ltd, a related party, by Jarrah Capital Clydesdale Pty Ltd. The facility which expired on 11 November 2020 was not repaid and as a result a default notice was issued to Cyan Stone Pty Ltd. As at 31 December 2020, $2,000,000 was repaid and a new term was negotiated to have the remaining $3,000,000 paid by March 2021. A security interest has been placed by Jarrah Capital Clydesdale Pty Ltd on the property acquired by Cyan Stone Pty Ltd and its controlled entities with the value of the property being greater than $3,000,000. As a result, management do not foresee any circumstances arising where Jarrah Capital Clydesdale Pty Ltd would need to call upon the guarantee from Cyan Stone Clydesdale Pty Ltd.

We have assessed that the fair value of these financial guarantees are not material.

30 Commitments

(a) Capital commitments

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

	Consolidated	
	2020 $'000	**2019 $'000**
Within one year	5,947	5,947
Later than one year but not later than five years	60,751	66,698

Capital commitment relates to the acquisition of land in Bringelly, New South Wales, Australia. The amounts represent 8 further quarterly payments of $1,486,782 each and a final payment of $55,499,100 in November 2022. $1,486,782 that was due in November 2020 was recognised as payable at year end and an accrual of $694,909 was made. The accrued amount represents the amount owing as at year end for the February 2021 quarterly payment. Refer to note 15 for details.

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31 Earnings per share

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
Profit/(loss) after income tax attributable to the owners of Boyuan Holdings Limited	2,040	1,758

	Consolidated 2020 Number	Consolidated 2019 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100

	Consolidated 2020 Cents	Consolidated 2019 Cents
Basic earnings per share	0.59	0.51
Diluted earnings per share	0.59	0.51

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
(Loss)/profit after income tax attributable to the owners of Boyuan Holdings Limited	(10,468)	(43)

	Consolidated 2020 Number	Consolidated 2019 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100

	Consolidated 2020 Cents	Consolidated 2019 Cents
Basic earnings per share	(3.05)	(0.01)
Diluted earnings per share	(3.05)	(0.01)

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31 Earnings per share (continued)

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

	Consolidated 2020 $'000	Consolidated 2019 $'000
(Loss)/profit after income tax	(8,534)	1,688
Non-controlling interest	106	27
(Loss)/profit after income tax attributable to the owners of Boyuan Holdings Limited	(8,428)	1,715

	Consolidated 2020 Number	Consolidated 2019 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100

	Consolidated 2020 Cents	Consolidated 2019 Cents
Basic earnings per share	(2.46)	0.50
Diluted earnings per share	(2.46)	0.50

32 Events occurring after the reporting period

On 6 January 2021, the Group redeemed a further $3,000,000 from the remaining $8,950,000 investment in Australia Waratah Fund.

On 3 February 2021, Boyuan Bringelly Pty Limited, a wholly owned subsidiary of Boyuan Holdings Limited was issued a notice of termination of contract for failing to make the quarterly payment of $1,486,782 that was due in November 2020 for the acquisition of land in Bringelly, New South Wales, Payment in November 2020 was put on hold due to a negotiation with the vendor which eventually did not materialise. However, on 5 February 2020 the $1,486,782 that was due in November 2020 was paid and a deed of variation was entered into. The deed of variation states that the termination of notice was withdrawn on condition that the November 2020 payment was made by 5 February 2021 and the February 2021 quarterly instalment was paid by 23 February 2021 both of which was met. As such the vendor has agreed to keep the contract on foot.

On 19 February 2021, the Group entered into a contract of sale to sell Clydesdale Precinct 4 at Marsden Park for $6,250,000. Clydesdale Precinct 4 comprise of heritage building which is owned by Cyan Stone Clydesdale Trust, a wholly owned subsidiary of Boyuan Holdings Limited and residual land which is owned by Cyan Stone Clydesdale Development Trust, a related party of the Group controlled by a common shareholder. Management is in the process of determining the sale price allocation on the assets.

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32 Events occurring after the reporting period (continued)

There remains a high level of uncertainty surrounding the scale and duration of COVID-19 and the potential impact this has to the Group, however, the Group's response will continue to focus on:

- prioritising the health, safety and wellbeing of our people along with the customers, suppliers and communities
- prudent cost management
- regular communication with our capital partners to ensure any tightening of credit markets can be managed in an orderly manner
- operating the Group as close as possible to business as usual

Other than as disclosed in this report and to the knowledge of the Directors, no matter or circumstance has arisen since 31 December 2020 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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