BHL

ANNUAL REPORT 2019

Beautiful communities where Australians live and work

Boyuan Holdings Limited (BHL) is a proud Australian property company, bringing a truly unique perspective and capability to the market. Listed on the Australian Securities Exchange (ASX: BHL), we're delivering market-leading, quality residential and commercial communities where Australians live and work. BHL creates value right along the property spectrum: from selective site acquisition through to repositioning, rezoning and development, we are uniquely placed to bring our regional expertise to the local Australian market.

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CHAIRMAN'S LETTER

Dr Saliba Sassine
Chairman

Dear Shareholder,

I am pleased to present the Boyuan Holdings Limited (BHL) Annual Report for 2019.

In a challenging year for the Australian residential property market, I can report the Company delivered a solid result whilst continuing the implemention of our strategy to create a strong platform for future growth.

For the year-ended 31 December 2019, the Group reported a profit after tax attributable to the owners of $1.72 million, compared to a profit after tax of $3.36 million for the prior year.

The decline in profitability reflects lower revenue and also an increase in employee expenses as the Group continued to invest in developing a strong and experienced management team.

Revenue for ordinary activities declined by 56 per cent on the prior year to $21.5 million. The major factor for the decline reflects project timing, including the absence of a significant revenue-generating project such as our proposed Austral development and lower income from the lifestyle living segment compared to the prior year.

BHL's financial position remains strong with net assets of $59.4 million compared to $57.0 million for the prior year, equating to net tangible assets per security of 15.8 cents (2018: 14.4 cents).

The Board believes this is a solid result, given the many challenges the Company faced during 2019, notably the downturn the Australian property market amidst a backdrop of an unstable global economy.

Notwithstanding these challenges, BHL continued our core strategy of providing development management services to our related parties' significant portfolio of strategic land assets across NSW and progressing to the next stage of our own major development projects.

That strategy includes the strong property development pipeline across NSW which continues to provide BHL with strong growth opportunities, together with our lifestyle living portfolio which further diversifies our asset portfolio.

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

Board Renewal and Management Changes

The Company made changes to our Board and management during the year.

Non-Executive Director David Batten stepped-down from the Board and I would like to thank David for his contribution to the Company since our listing on the Australian Securities Exchange (ASX) and wish him well for the future.

We also made several key executive appointments during the year to strengthen our management team.

Adam Pearce joined BHL in the new position of Deputy Chief Executive Officer in April 2019.

Adam also joined the Board as an Executive Director and a recuitment process is underway to identify another suitable candidate as part of our Board renewal.

Our management appointments are outlined further in the CEO's Review of Operations.

The appointments, in key areas of the business, are part of BHL's continued investment in strengthening our operational platform.

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

Looking ahead, a resurgence in the Australian property markets provides strong demand for much-needed housing stock in high-growth corridors, and positions BHL for sustainable future growth.

In the short term, we also recognise the worldwide impact of the Coronavirus and we have moved quickly to safeguard our valued BHL workforce, whose health and safety remain our number one priority.

Your Board remains confident that the strategic platform that we have established will continue to drive our major developments and create market-leading, masterplanned communities in key locations across NSW, providing our shareholders with reliable and increasing returns over the medium to longer term.

On behalf the Board, I would like to acknowledge the dedication and commitment of our executive team and all of our BHL staff for their contribution over the past year and I thank our shareholders for your ongoing support of the Company.

Dr Saliba Sassine
Chairman

CEO'S REVIEW OF OPERATIONS

Caden (Yading) Wan
CEO

The Company delivered a solid financial result with profit after tax attributable to the owners of $1.72 million, compared to a profit after tax of $3.36 million for the prior year. This result was achieved despite a challenging environment throughout much of the year.

During 2019, the Group continued to make good progress on our core property development pipeline which is focused on the south west and north west growth corridors of Sydney and also in the Hunter Valley.

Clydesdale Estate

Civil works commenced in Precinct 1 of our heritage-inspired Clydesdale Estate in Marsden Park, in fast-growing north-western Sydney.

This joint project now commenced construction of the 285 lots in Precinct 1 and also received DA approval for 154 lots in Precinct 3 and DA approval for advertising signage and the sales office.

We have lodged an application for DA approval for nine Builder – 22 home Display Village and also lodged DAs for the 13 super lots and first 202 apartments in Precinct 2.

Oxley Ridge

Preparatory works have commenced for the BHL managed masterplanned Oxley Ridge residential community at Cobbitty, which lies within the south-west growth precinct.

We achieved DA approval for 324 lots in Tranche 1, Stages 1 through to 6 and also DA approval for 111 lots in Tranche 2.

We also lodged a DA package for 123 lots in Tranche 1 Stages 7, 8 & 9.

Bringelly Option

We advanced our own key property developments in this south-west Sydney, including the 40.5 hectare development at Bringelly.

We have successfully negotiated an extension of the completion date to November 2022, (with an option of a further 6 months extension) in relation to the Bringelly acquisition.

The extension provides the Company with greater planning certainty prior to completion of the acquisition and will take advantage of the growth precinct around the Aerotropolis core.

Northern Gateway

As project management lead, BHL advanced strategic planning and the start of preparatory works for the Northern Gateway; what will be a globally-recognised 'future city' at Badgerys Creek, adjacent to the $5.3 billion Western Sydney International (Nancy-Bird Walton) Airport.

The Masterplan for the prime 344-hectare site is centred on a major employment hub which includes logistics, hi-tech manufacturing, commercial, retail and education and BHL has commenced master planning and DA preparation for Stage 1 of this exciting project.

Meanwhile, the Company continues to generate revenue from our lifestyle living portfolio, delivering high quality, affordable housing and community lifestyle and leisure facilities for a growing number of NSW retirees.

While property sales in this division was lower than the prior year, we continue to generate long-term income streams for BHL investors.

Investment in strengthened management team

As the Company grew over the past 12 months, we established an new executive team, with several hi-calibre appointments across the business.

This investment in our workforce has been a key priority of the Board as we take the Company to the next level in its journey to deliver our strategic plan.

Adam Pearce was appointed Deputy Chief Executive Officer and with 20-years' experience in the finance, construction, property and real estate sectors, his primary responsibilities are to drive and manage the Company's capital transactions and day-to-day corporate activities, whilst assisting the Board in developing future growth strategies.

Paul Hourigan joined BHL in the newly-created role of Head of Development. With over 30 years' experience in the property and development industry, Paul manages re-zonings, development approvals, design, construction and delivery of our pipeline of major residential and commercial projects.

Oxley Ridge

Interspersed with attractive open space including ridge top parks, pocket parks and landscaped riparian corridors and active interconnecting recreational zones

Michael Rabey was appointed General Manager of our BHL's Retirement and Lifestyle Living Division. Michael has 25 years' experience in property development, with a focus on residential and seniors living. He is the Chair of Retirement Living Committee for the Property Council of Australia and is a member of the Property Council's NSW Division Council.

Zena Nasser was appointed as the Company's General Counsel. With over 17 years' experience working in-house and in private practice for large development companies and government agencies, Zena's wealth of legal and commercial experience, particularly in the property sector, has been a valuable asset to the Company.

Phil Leahy joined BHL as Head of Sales and Marketing. Phil has over than 20 years' experience in the property sector, working for a number of major Australian development firms and he is providing additional capacity in market analysis, CRM (Customer Relationship Management) and sales and marketing.

Positioned for the future

The final quarter of 2019 saw renewed confidence in the Sydney residential property market, recording the strongest quarterly gains in housing prices in almost three years. This has been reflected in strong sales momentum at our masterplanned Clydesdale and Oxley Ridge communities.

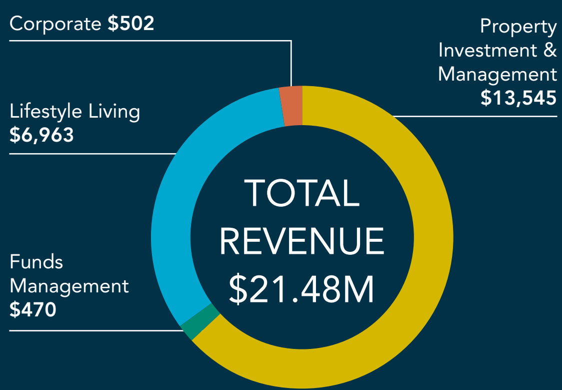
BHL's sustainable growth and development achievements this year would not have been possible without the contributions from our talented team and I want to acknowledge all of our staff for their dedication, commitment and hard-work during the year.

2020 promises to be exciting year ahead for BHL, as we move to the next stage in delivering our key developments, particularly the Clydesdale Estate, Oxley Ridge and the Northern Gateway.

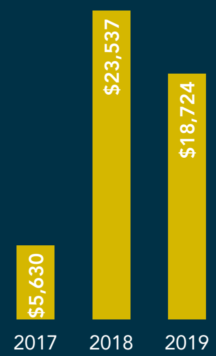
I look forward to providing further updates to our shareholders about our strategy and in the meantime, I thank you for your continued support of BHL.

Caden (Yading) Wan
CEO

Revenue by division
$'000



Gross profit from continuing operations $'000



Profit after income tax for the year $'000

PROPERTY INVESTMENT AND MANAGEMENT

Adam Pearce
Deputy Chief Executive Officer

Over the course of 2019 BHL continued to provide market leading property development management services to our project partners.

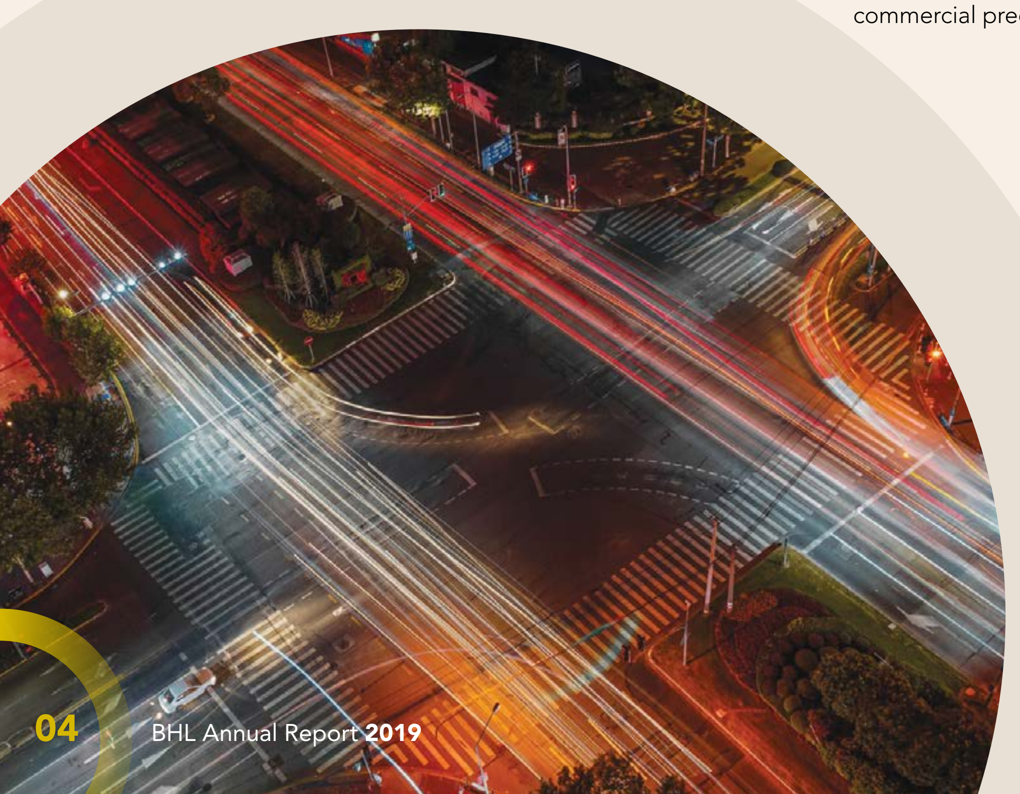
BHL, as a service provider, continue to manage projects through their life cycle, from initial acquisition, re-zoning and development approvals, and through the delivery phase, including civil and built form design and construction.

The BHL service offering moving forward will also extend to capital management including raising third party debt and equity, sales and marketing, and important back of house services including accounting, tax, and legal. This means our project partners can now rely on BHL Group as their total solution provider when it comes to ongoing management and delivery of their development land holdings.

The services provided by BHL continue to be by way of strategic services agreements with Cyan Stone and Citron.

The development landbank being managed by the team at BHL is strategically located in Western Sydney, an area that is benefitting from substantial government spending on infrastructure, including around the new Aerotropolis at Badgerys Creek. In anticipation of strong market conditions that should allow for an acceleration of the development landbank, BHL has continued to increase its delivery team over the course of 2019. We now believe we have one of the best resourced development businesses in the country, one that is well placed to ensure the best possible outcomes for our project partners as the land bank is built out in the coming years.

BHL is committed to ensuring we achieve the right blend of financial return for our project partners, whilst at the same time delivering world class development projects that span from high quality residential communities to substantial mixed-use commercial precincts.



BHL MANAGED PROJECT: RADFORD PARK

Lot yield
240

Pyrus Avenue, Branxton

Radford Park is located within the main wine and tourism region in the Hunter Valley.

Radford Park is a meticulously planned residential community, with thoughtful master planning, intensive tree planting, and landscaping creating pleasant, inviting and attractive streetscapes.

Offering fantastic connectivity to main transport infrastructure including the Hunter Rail Line and the Hunter Expressway. It has made this popular tourist region even more accessible, shortening the trip to Newcastle and opening up the area to residents from Sydney to the Central Coast.

With NorthConnex due to open in 2020, the travel time between Sydney and Radford Park will be further reduced with seamless highway connection between the two destinations.

Key Project Facts

- Beautiful scenery with mountain views
- Lot sizes from 2,000m^2 – 4,000m^2
- Minutes' drive from historic Branxton town centre, with farmers' markets, restaurants, galleries – the perfect Hunter Valley lifestyle
- Close to Hunter Expressway, and Hunter Rail Link
- Within Hunter Valley wine region and close to tourism destinations and recreational amenities
- National Broadband (NBN) ready

BHL MANAGED PROJECT: OXLEY RIDGE

The Northern Road, Cobbitty

Oxley Ridge is located in the scenic area of Camden, immediately adjacent the historic rural Denbigh Homestead and farm. Primed for future growth with the new Western Sydney International Airport (currently under construction) and proposed aerotropolis located within a short drive.

The masterplanned community of Oxley Ridge will be home to approximately 12,000 residents when complete and will include a neighbourhood shopping centre, interconnecting cycleways, pedestrian pathways, playgrounds and parks and a choice of housing options.

Major infrastructure including 3 bus lines and proposed future transport links, including the Oran Park Railway Station and M9 Outer Sydney Orbital, are scheduled to be completed in-line with the new Western Sydney Airport in 2026.

Key Project Facts

- Interspersed with attractive open space including ridge top parks, pocket parks and landscaped riparian corridors
- Neighbourhood retail centre with local employment opportunity
- Close to regional shopping facilities including Oran Park, Narellan and Camden Town Centres
- Active interconnecting recreational zones
- Range of schools and medical close by Close to the proposed Oran Park train station
- Housing Design Guidelines to protect your future investment

Lot approvals
111

Total value
$2.2b

BHL MANAGED PROJECT: CLYDESDALE

Richmond Road, Marsden Park

The Clydesdale Estate is located within the North-West Sydney Growth Centre area. The development encourages sustainable living and responds to the need to be well connected to major centres, and includes housing, employment and state heritage protected natural assets.

Clydesdale will consist a mix of housing types from 300sqm to 646sqm lots, a mix of low density housing and urban style apartments.

The 190 year-old Clydesdale homestead will be transformed into a next generation vision of community living weaving together six distinct precincts with numerous housing options, pedestrian friendly streets and network of parklands offering experiences including creek side trails, community gardens, sports and adventure.

Key Project Facts

- 50 hectares zoned for residential development
- 166 hectares of Green Space with nature trails and cycle paths
- Heritage Precinct with space for potential farmers markets and community gardens
- Council sporting fields and recreational facilities
- Close to Ikea, Bunnings, Aldi, Costco at Sydney Business Park, Rouse Hill Town Centre and Westpoint Shopping Centre
- Range of schools and medical close by
- 10 mins drive to Schofield Station

Lot approvals
152

1,400+
dwellings

BHL MANAGED PROJECT: NORTHERN GATEWAY

Elizabeth Drive, Badgerys Creek

The 344 hectare site is directly opposite the new Western Sydney Airport (WSA). The site has a frontage of 1,600m to Elizabeth Drive, that is the northern boundary of the Airport.

Northern Gateway will be the first site that many visitors to Sydney see and will create a significant portion of the jobs in the airport surrounds.

The precinct will be predominantly Logistics and Business Park uses in its early stages, but over time will evolve to include retail, entertainment and leisure precincts as well as the hi-tech logistics clusters.

The precinct will include business parks, hotels, commercial activities and community facilities that will be further enhanced by native parklands in a walkable urban environment.

Key Project Facts

- Proposed precincts

  Logistics

  Business Parks

  Retail

  Service Centers

  Lifestyle

  Hotels

  Transport
- New road, heavy rail and metro (passenger) rail projects have all been proposed for the area or are under construction

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

Achievements to-date:

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

Potential jobs (2050)
55,730

Economic output (2050)
$21.6b

Employment land (sqm)
2.2m

Open space (sqm)
410,630

FY19 MILESTONES
(government timeframe):

LUIIP Stage 2 Response

M12 Environmental Impact Statement (EIS) Response

State Environmental Planning Policy (SEPP)/ Precinct Plan

Re-zoning Finalised

SENIORS AND LIFESTYLE LIVING

Michael Rabey
Head of Seniors & Lifestyle Living

Delivering high-quality, affordable and inspirational living to our residents

BHL continues to cement its place as a key provider of modern and affordable seniors living in the fast-growing over 50s sector.

Our Broadlands portfolio of existing and developing assets across NSW has created a substantial platform for growth in this exciting and dynamic market.

Our communities in Green Point, Tamworth, Muswellbrook, Harrington and Armidale continue their strong performance with significant development commitments now underway for 2020.

With growth in mind, BHL will explore further opportunities to create integrated communities for the over 50s where demand for quality offerings exceeds supply.

> “BHL Seniors and Lifestyle Living continues to elevate the Broadlands brand and product, offering affordable inspirational living to the growing market of downsizers and retirees.”

Broadlands

Green Point
9 Milpera Road
Green Point
NSW 2251

Tamworth
19-51 Warral Road
West Tamworth
NSW 2340

Muswellbrook
9080 New England Hwy
Muswellbrook
NSW 2333

Harrington
High Street
Harrington
NSW 2427

Armidale
39 Waterfall Way
Armidale
NSW 2350

FUNDS MANAGEMENT (INTEGER SECURITIES)

Adam Huxley
Chief Executive Officer Integer Securities Limited

BHL continues to pursue property backed Investment opportunities through our majority ownership in Integer Securities Limited

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

With substantial expertise in investment in direct property, mortgages and financial assets Integer's team has demonstrable capabilities in credit, advice and project management with a proven track record of successfully delivering attractive risk and attractive returns across a number of asset classes.

Integer's team is focused on developing a significant pipeline of investors which will expand BHL's funds management offering. The team are also moving towards the implementation of a new credit fund which will create further investment opportunities for investors.

Integer continues to ensure each of the financial products they administer are managed responsibly, while at the same time maximizing returns to investors.

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

DIRECTORS

Dr Saliba Sassine

Chairman and Independent Non-Executive Director

Dr Sassine is an executive and company director with experience in industries ranging from biotechnology and pharmaceuticals to natural resources including mineral and agribusiness, technology and corporate and trade finance. He has been involved in leading and advising enterprises with businesses in different sovereignties including Australia, China, India, Singapore, Japan and several Southeast Asian countries.

Caden Wan

Chief Executive Officer

Mr Wan has over 25 years experience in real estate development and management. Mr Wan is the the general manager of Jiaxing Zhonghuan Properties Co. Ltd and the Chairman of Australian Jiaxing Association Pty Ltd.

Xiaofeng Chen

Independent Non-Executive Director

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

Adam Pearce

Deputy Chief Executive Officer

Mr Pearce has over 20 years' experience in finance, construction, property and real estate, having worked in senior roles for Australian development companies, Mirvac and Multiplex, as well as the National Australia Bank. He holds a Masters of Finance from the University of Technology Sydney. Mr Pearce will oversee the Company's capital transactions, capital management and be responsible for assisting the BHL Board and the CEO in developing BHL's strategic agenda.

MANAGEMENT TEAM

Rebecca Sun

Chief Financial Officer

Rebecca has over 15 years' experience and a proven track record in successfully leading the finance function in a public listed company environment across the real estate, hospitality and IT industry. Rebecca previously held the role of Deputy CFO for Valtech. She holds a Master Degree in both International Business from Macquarie University and Professional Accounting from University of Western Sydney. Rebecca is responsible for the Company's finance, risk control, capital raising and commercial operations.

Paul Hourigan

Head of Development

Paul has more than 30 years' experience in property development and construction industry. Paul has successfully lead multi-disciplined teams in full project life cycles for the design and delivery of large complex master planned mixed-use residential, integrating living, commercial and recreation developments. Paul will lead the BHL's diverse development portfolio across New South Wales. He is responsible for the delivery of BHL's pipeline of major residential and commercial projects from acquisition, rezonings, approvals, design, construction and their sales and marketing. Prior to joining BHL, he held executive roles for Landcom, Becton Property Group and other organisations involved in major property developments and infrastructure projects.

Michael Rabey

Head of Seniors and Lifestyle Living

Michael has 25 years' experience in management consulting, business analytics and property development with a focus on residential and seniors living. He has extensive experience in development planning and execution, senior's living design and operations and sector strategy. Michael will lead the Seniors and Lifestyle Living Division of BHL, which initially includes responsibility for the development and operation of the Broadlands Gardens portfolio located throughout regional New South Wales.

MANAGEMENT TEAM

Adam Huxley

Chief Executive Officer, Integer Securities Limited

Adam has over 20 years' experience working in property and construction, IT, legal and financial services across Australia and South East Asia. His areas of expertise include securitisation, turn around, corporate structuring and restructuring and property.

Phil Leahy

Head of Sales & Marketing

Phil is a highly experienced property executive with 25 years' experience in the industry, with a proven track record of successfully acquiring, developing and marketing residential property both in Australia and overseas. Mr Leahy heads the groups marketing and sales activities at both a project and corporate level throughout the entire development lifecycle. Prior to joining BHL, Mr Leahy held senior management and executive roles with Stockland, Brookfield Asset Management, Multiplex, and Metro Property and has worked on numerous large-scale master planned communities, apartment and mixed-use projects across Australia and New Zealand.

Zena Nasser

General Counsel

Zena brings more than 17 years' experience, both working in-house and in private practice, joining BHL from advisory and legal firm Ernst & Young, where she was the Oceania Law Real Estate Leader. Prior to EY, Ms Nasser held the position of General Counsel at one of Australia's largest developers, the Meriton Group. Well regarded within the development industry, Ms Nasser's extensive experience includes complex acquisitions and joint ventures structures, together with corporate, debt and capital market transactions in both the public and private sectors.

DIRECTORS' REPORT

for the year ended 31 December 2019

The directors present their report, together with the financial statements on the consolidated entity consisting of Boyuan Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2019 (referred to hereafter as the 'Group').

Directors

Dr. Saliba Sassine	Chairman, Independent, Non-Executive Director
Yading Wan	Chief Executive Officer, Executive Director
Adam Michael Pearce	Deputy Chief Executive Officer, Executive Director - appointed 6 December 2019
David Paul Batten	Independent, Non-Executive Director - resigned 6 December 2019
Xiaofeng Chen	Independent, Non-Executive Director

Principal activities

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

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

Dividends

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

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to $1,715,000 (31 December 2018: $3,356,000).

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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. We have assessed that the fair value of this guarantee is not material.

On 9 March 2020, the Group made the first of 12 equal payments amounting to $1,486,782 in relation to the acquisition of land in Bringelly, New South Wales, Australia. This payment represents the additional costs on top of the original purchase price of $69,999,000. Refer to note 14 for further details on the land in Bringelly, New South Wales, Australia.

Subsequent to the end of the financial year, there have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 virus and Government actions to reduce the spread of the virus. At the date of signing the financial report the Group is unable to determine what financial effects the outbreak of the virus could have on the Group in the coming financial period. No financial effects arising from the economic impacts of the virus have been included in the financial results for the year ended 31 December 2019. The Group has already implemented a number of actions designed to deal with the outbreak and the consequential financial impact including:

- shifting our sales and marketing focus solely to internet based distribution channels
- regular communication with key external project related stakeholders
- regular communication with our capital partners to ensure any tightening of credit markets can be managed in an orderly manner
- receiving a reiteration letter on 23 March 2020 from Jia Yuan Chuangsheng Holding Group Co., Ltd on their ability and willingness to continue to provide BHL with financial support in light of the impact caused by COVID-19.

Matters subsequent to the end of the financial year (continued)

Notwithstanding these actions the uncertainty associated with the COVID 19 virus may have implications for the valuation of the lifestyle living segment, including Goodwill and the ability for the Group to raise capital and refinance the external debt as described in note 2 (b).

Other than as disclosed in this report and to the knowledge of the Directors, no matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

Information on directors

Dr Saliba Sassine - *Chairman and Independent Non-Executive Director*		
Experience and expertise	Dr. Sassine is a senior corporate finance executive and company director with experience in industries ranging from biotechnology and pharmaceuticals, to natural resources including mineral and agribusiness, technology and corporate and trade finance. He has been involved in leading and advising enterprises with businesses in different sovereignties including Australia, China, India, Singapore, Japan and several Southeast Asian countries. Dr. Sassine has experience in corporate governance and compliance at publicly listed company level as well as private level.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Chair of the Nomination and Remuneration Committee and Chair of the Audit and Risk Committee	
Interests in shares	None	-

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

Information on directors (continued)

Adam Michael Pearce - *Deputy Chief Executive Officer - appointed 29 April 2019, Executive Director - appointed 6 December 2019*		
Experience and expertise	Mr Pearce has over 20 years' experience in finance, construction, property and real estate, having worked in senior roles for Australian development companies, Mirvac and Multiplex, as well as the National Australia Bank. He holds a Masters of Finance from the University of Technology Sydney.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares	None	-

David Paul Batten - *Independent, Non-Executive Director - resigned 6 December 2019*		
Experience and expertise	Mr. Batten has over 30 years' experience in financial markets and specialises in derivatives in the bullion, equities, commodities, foreign exchange and interest rate markets. He formerly worked within large foreign banking institutions including Bankers Trust Australia, Goldman Sachs, JBWere and the Republic Bank of New York.	
Other current directorships	None	
Former directorships in last 3 years	Non-Executive Chairman of Victor Group Holdings Limited (ASX: VIG) and Non-Executive Director of China Dairy Corporation Limited (ASX: CDC).	
Special responsibilities	Chair of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.	
Interests in shares	None	-

Information on directors (continued)

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

Company secretary

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

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 31 December 2019, and the numbers of meetings attended by each director were:

	Full Board		**Meetings of committees**					
			Audit		**Nomination**		**Remuneration**	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Dr. Saliba Sassine	3	3	1	1	1	1	1	1
Yading Wan	3	3	-	-	-	1	-	1
David Paul Batten	3	3	1	1	1	1	1	1
Xiaofeng Chen	3	3	1	1	-	-	-	-
Adam Michael Pearce	-	-	-	-	-	-	-	-

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

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

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

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

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

Remuneration report (audited) (continued)

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

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

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

Name	Fees per annum 2019	Fees per annum 2018
Dr. Saliba Sassine	$50,000	$50,000
David Paul Batten	$40,000	$40,000
Xiaofeng Chen	$30,000	$30,000

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

The executive remuneration and reward framework has two components:

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

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

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

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

Currently there is no incentive arrangements for executives. The NRC may in the future consider providing short to long-term equity-linked performance incentives, such as share options and performance rights.

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

Use of remuneration consultants
From time to time, the Nomination and Remuneration Committee seeks external independent remuneration advice and engages remuneration consultants who report directly to the NRC.

Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')
At the FY19 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration report (audited) (continued)

Details of remuneration

Amounts of remuneration

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

- Dr. Saliba Sassine - Chairman
- Yading Wan - Chief Executive Officer
- David Paul Batten - resigned as Independent, Non - Executive Director on 6 December 2019
- Xiaofeng Chen
- Adam Michael Pearce - commenced as Deputy Chief Executive Officer on 29 April 2019 and Executive Director on 6 December 2019

And the following persons:

- Adam Huxley (CEO - Integer Securities Limited)
- Rebecca Sun (CFO - Boyuan Holdings Limited)
- Paul Hourigan - (Head of Development - Boyuan Holdings Limited) - commenced on 8 April 2019

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

Remuneration report (audited) (continued)

Details of remuneration (continued)

		Fixed remuneration				Variable remuneration		Total
Name	**Year**	**Basic salary**	**Other benefits**	**Superannuation**	**Long service leave**	**Cash bonus*******	**Termination payments**	
Non-Executive Directors								
Dr. Saliba Sassine	2019	45,662	-	4,338	-	-	-	50,000
	2018	45,662	-	4,338	-	-		50,000
David Paul Batten*	2019	37,620	-	-	-	-	-	37,620
	2018	40,000	-	-	-	-	-	40,000
Xiaofeng Chen	2019	30,000	-	-	-	-	-	30,000
	2018	30,000	-	-	-	-	-	30,000
Executive Directors								
Yading Wan	2019	45,662	-	4,338	-	-	-	50,000
	2018	45,662	-	4,338	-	-	-	50,000
Tin Ching Shum	2019	-	-	-	-	-	-	-
	2018	24,247	-	-	-	-	-	24,247
Adam Michael Pearce**	2019	323,105		15,634		135,388		474,127
	2018	-	-	-	-	-	-	-
Other Key Management Personnel								
Ian Clark***	2019	-	-	-	-	-	-	-
	2018	167,547	-	-	-	-	18,000	185,547
Adam Huxley	2019	293,614	-	20,767	-	-	-	314,381
	2018	331,001	-	20,290	-	-	-	351,291
Paul Hourigan****	2019	187,738	-	15,634	-	300,000	-	503,372
	2018	-	-	-	-	-	-	-
Rebecca Sun	2019	300,005	-	20,767	-	100,000	-	420,772
	2018	170,959	-	11,588	-	-	-	182,547
Total	2019	1,263,406	-	81,478	-	535,388	-	1,880,272
Total	2018	855,078	-	40,554	-	-	18,000	913,632

* Mr. Batten resigned on 6 December 2019 and the remuneration reflect the period he was a director.

** Mr. Pearce was appointed as Deputy Chief Executive Officer on 29 April 2019 and his salary reflects this.

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

**** Mr. Hourigan commenced as Head of Development on 8 April 2019. Mr. Hourigan received a sign on bonus of $300,000.

***** Mr. Pearce's bonus represents a cash bonus of $55,555 related to FY2018 paid in September 2019 and provision of FY2019 bonus of $79,833 paid in February 2020.
Ms. Sun's bonus represents a cash bonus of $50,000 related to FY2018 paid in September 2019 and provision of FY2019 bonus of $50,000 paid in February 2020.

Remuneration report (audited) (continued)

Service agreements

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

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

Name:	Adam Michael Pearce
Title:	Deputy Chief Executive Officer and Executive Director
Agreement commenced:	29 April 2019
Term of agreement:	Ongoing
Details:	Mr. Pearce's appointment is on a full time basis at an annual salary of $500,000 inclusive of superannuation and will continue until terminated in accordance with the executive services agreement. Mr. Pearce is entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company. The Company may suspend Mr. Pearce's appointment at any time and for any duration if he has committed a serious breach of the executive services agreement or at law. Either the Company or Mr. Pearce may terminate the executive services agreement at any time by providing the other party with three month's written notice of termination. The Company may terminate Mr. Pearce's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Mr. Pearce commits any act of serious misconduct or fraud, is charged with any offence or is declared bankrupt.

Remuneration report (audited) (continued)

Service agreements (continued)

Name:	Paul Hourigan
Title:	Head of Development
Agreement commenced:	8 April 2019
Term of agreement:	Ongoing
Details:	Mr. Hourigan's appointment is on a full time basis at an annual gross salary of $300,000 in Year 1 and $450,000 from Year 2 onwards. This will continue until terminated in accordance with the executive services agreement. Mr. Hourigan is entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company. The Company may suspend Mr. Hourigan's appointment at any time and for any duration if he has committed a serious breach of the executive services agreement or at law. Either the Company or Mr. Hourigan may terminate the executive services agreement at any time by providing the other party with three month's written notice of termination. The Company may terminate Mr. Hourigan's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Mr. Hourigan commits any act of serious misconduct or fraud, is charged with any offence or is declared bankrupt.

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

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

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

Remuneration report (audited) (continued)

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2019.

Additional disclosures relating to key management personnel

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

Consolidated entity 2019 Name	Balance at the start of the year	Received as part of remuneration	Additions	Other changes during the year	Balance at the end of the year
Ordinary shares					
Yading Wan	36,000,000	-	-	-	36,000,000
	36,000,000	-	-	-	36,000,000

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

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

This concludes the remuneration report, which has been audited.

Insurance of officers and indemnities

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

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

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

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

Proceedings on behalf of the company

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

Non-audit services

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

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

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

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

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

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

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this director's report on page 32.

Auditor

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

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

Dr. Saliba Sassine
Director
Sydney

Yading Wan
Director
Sydney

27 March 2020

AUDITOR'S INDEPENDENCE DECLARATION

for the year ended 31 December 2019

Deloitte.

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

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

27 March 2020

Dear Board Members

Boyuan Holdings Limited

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

As lead audit partner for the audit of the financial statements of Boyuan Holdings Limited for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A. Coleman.

Andrew J Coleman
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Continuing operations			
Revenue			
Revenue from customers	4	21,480	46,159
Cost of sales	4	(2,756)	(22,622)
Gross profit	4	18,724	23,537
Other income, gains and (losses)	5	641	(3,821)
Expenses			
Employee benefit expenses		(9,044)	(5,681)
Operating expenses		(4,524)	(5,497)
Other expenses		(81)	(140)
Finance costs		(3,252)	(3,591)
Profit before income tax expense from continuing operations		2,464	4,807
Income tax expense	6	(776)	(1,582)
Profit after income tax expense from continuing operations		1,688	3,225
Profit after income tax from discontinued operation	7	-	155
Profit after income tax expense for the year		1,688	3,380
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings, net of tax		734	181
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income for the year, net of tax		734	181
Total comprehensive income for the year		2,422	3,561
Profit is attributable to:			
Non-controlling interests		(27)	24
Owners of Boyuan Holdings Limited		1,715	3,356
		1,688	3,380
Total comprehensive income for the year is attributable to:			
Continuing operations		(27)	24
Discontinued operations		-	-
Non-controlling interest		(27)	24
Continuing operations		2,449	3,382
Discontinued operations		-	155
Owners of Boyuan Holdings Limited		2,449	3,537

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Boyuan Holdings Limited:			
Basic earnings per share	30	0.50	0.93
Diluted earnings per share	30	0.50	0.93
Earnings per share for profit from discontinued operations attributable to the owners of Boyuan Holdings Limited:			
Basic earnings per share	30	-	0.05
Diluted earnings per share	30	-	0.05
Earnings per share for profit attributable to the owners of Boyuan Holdings Limited:			
Basic earnings per share	30	0.50	0.98
Diluted earnings per share	30	0.50	0.98

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

		Consolidated	
		2019	2018
	Note	$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,519	3,376
Trade and other receivables	8	2,672	20,546
Inventories	9	5,481	6,622
Derivative financial instruments		-	1,243
Other		354	652
Total current assets		10,026	32,439
Non-current assets			
Property, plant and equipment	10	8,783	8,196
Investment properties	11	61,282	57,717
Intangible assets	12	4,261	4,389
Deferred tax assets	6	1,097	1,650
Inventories	13	1,447	1,391
Other non-current assets	14	19,205	18,154
Total non-current assets		96,075	91,497
Total assets		106,101	123,936
LIABILITIES			
Current liabilities			
Trade and other payables	15	5,568	10,311
Borrowings	16	3,711	19,265
Provision for income tax	6	363	2,400
Employee benefits		623	575
Provisions		115	58
Financial liabilities	17	439	655
Total current liabilities		10,819	33,264
Non-current liabilities			
Borrowings	18	35,888	33,700
Total non-current liabilities		35,888	33,700
Total liabilities		46,707	66,964
Net assets		59,394	56,972
EQUITY			
Share capital	19(a)	17,613	17,613
Reserves	19(b)	26,656	25,922
Retained earnings		14,684	12,969
Capital and reserves attributable to owners of Boyuan Holdings Limited		58,953	56,504
Non-controlling interests		441	468
Total equity		59,394	56,972

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

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

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 period	-	-	1,715	(27)	1,688
Other comprehensive 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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Cash flows from operating activities			
Profit before tax for the period		2,464	4,937
Adjustments for:			
Depreciation and amortisation		617	749
Unrealised loss on foreign exchange		92	1,230
Net fair value gain on derivative assets		(79)	(1,175)
Net fair value (gain)/ loss on investment properties		(573)	3,892
Profit on disposal of Peachtree Hotel		-	(758)
Put option revaluation		(216)	59
Impairment of goodwill		52	-
Impairment of AFSL license		148	-
		2,505	8,934
Change in operating assets and liabilities:			
Decrease/(Increase) in trade and other receivables		16,403	(15,265)
Decrease/(Increase) in inventories		1,084	3,081
Decrease/(Increase) in deferred tax assets		239	(886)
Decrease/(Increase) in prepayments		254	(550)
(Decrease)/Increase in trade and other payables		(1,948)	7,243
(Decrease)/Increase in provision for income tax		(2,037)	2,430
Increase in employee benefits		48	62
Increase in other provisions		57	(7,743)
Increase in other assets		(1,051)	-
		15,554	(2,694)
Income tax expense		(776)	(1,558)
Net cash inflow/(outflow) from operating activities		14,778	(4,252)
Cash flows from investing activities			
Payments for capital improvements	11	(2,992)	-
Payment of software costs		(44)	-
Proceeds from disposal of Peachtree Hotel		-	16,090
Payments for investment properties		-	(473)
Proceeds from disposal of China operations		-	7,257
Purchase of property, plant and equipment		(141)	(264)
Net cash inflow/(outflow) from investing activities		(3,177)	22,610
Cash flows from financing activities			
Proceeds from borrowings	23	5,858	13,010
Repayment of borrowings	23	(19,290)	(29,547)
Repayments of loans to related parties		(26)	-
Net cash (outflow)/inflow from financing activities		(13,458)	(16,537)
Net increase/(decrease) in cash and cash equivalents		(1,857)	1,821
Cash and cash equivalents at the beginning of the financial year		3,376	1,555
Cash and cash equivalents at end of year		1,519	3,376

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

1 General information

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 March 2020. The directors have the power to amend and reissue the financial statements.

2 Significant accounting policies

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

(a) New or amended Accounting Standards and Interpretations adopted

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

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

(i) AASB 16 Leases

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

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

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

(b) Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the net current asset deficiency of the Group at the reporting date. In assessing the application of the going concern basis the Directors have taken into consideration the quarterly payments which need to be made in the next 12 months on the Bringelly Project (total of $5,947,000), the upcoming refinance of the BOQ Bank Loan ($3,700,000) in October 2020 and approval by shareholders at the 2018 Annual General Meeting to raise equity. The Directors are confident that with the following actions already underway the Group will continue as a going concern:

- The capital expenditure required to enhance our Lifestyle Living assets will be financed through the additional facility provided by Bremon Group Pty Ltd during the course of 2019;

2 Significant accounting policies (continued)

(b) Going concern (continued)

- With the new, experienced hires our already profitable Lifestyle Living operations will experience further growth with strong demand converting into sales from our existing housing stock along with the ongoing rental income from the Lifestyle Living segment;
- Refinance of the BOQ Bank Loan prior to the maturity date;
- The ability to raise capital through the issue of new shares as approved at the 2018 Annual General Meeting; and
- A related party, TCAP Kelly St Pty Limited has subordinated the Group's payable for 12 months from the signing date of the financial statement allowing the Group to settle external debts first.

In addition to the aforementioned, the Directors have received a letter of financial support 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 or other acceptable assets to enable the Group to continue as a going concern and meet its financial obligation and settle all its unrecognised commitments as and when they fall due, for at least 12 months from the date of signing of the Group's financial statements for the year ended 31 December 2019. In this letter, Jia Yuan Chuangsheng Holding Group Co., Ltd has also undertaken to provide sufficient cash to the Group to settle all its financial obligations and unrecognised commitments on the Bringelly project as disclosed in Note 14 and 29.

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, Blue Cedar and its controlled entities, all related parties of the Group to settle net amount of $2,344,661 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 2019.

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

(c) Basis of preparation

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

(i) Historical cost convention

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

(ii) Critical accounting estimates

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

(d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Boyuan Holdings Limited as at 31 December 2019 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.

2 Significant accounting policies (continued)

(d) Principles of consolidation (continued)

(i) Subsidiaries (continued)

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.

(e) Segment reporting

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

(f) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

2 Significant accounting policies (continued)

(f) Foreign currency translation (continued)

(iii) Foreign operations

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

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

(g) Income tax

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

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

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

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

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

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

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.

2 Significant accounting policies (continued)

(h) Discontinued operations

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

(i) Current and non-current classification

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

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

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

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

(j) Cash and cash equivalents

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

(k) Inventories

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

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

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

(l) Derivative financial instruments

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

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

2 Significant accounting policies (continued)

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

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

(n) Investments and other financial assets

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

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

(i) Loans and receivables

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

(ii) Impairment of financial assets

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

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

(o) 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.

2 Significant accounting policies (continued)

(p) 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.

(q) Property, plant and equipment

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

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

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

Buildings	40 years
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.

(r) 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.

2 Significant accounting policies (continued)

(r) Leases (continued)

(i) Group as a lessee (continued)

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.

(s) 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.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

2 Significant accounting policies (continued)

(x) 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.

(y) 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.

2 Significant accounting policies (continued)

(z) 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.

(aa) 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.

(ab) 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.

2 Significant accounting policies (continued)

(ac) 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.

(ad) 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 2019. 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 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 amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of a 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 amendment is not expected to have a significant impact on the financial statements on application.

- AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (effective from 1 January 2022)

  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.

3 Critical estimates, judgements and errors

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

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

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

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

(b) Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable 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.

4 Segment information

(a) Identification of reportable operating segments

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

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

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

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

(b) Intersegment transactions

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

(c) Intersegment receivables, payables and loans

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

(d) Major customers

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 55.0% of the total revenue from continuing operations for the year ended 31 December 2019.

4 Segment information (continued)

(e) Operating segment information - continuing operations

Consolidated - 2019	**Property Investment & Management $'000**	**Funds Management $'000**	**Lifestyle Living $'000**	**Corporate $'000**	**Total $'000**
Revenue					
Revenue	13,545	470	6,963	502	21,480
Cost of sales	(1,326)	-	(1,430)	-	(2,756)
Gross profit	12,219	470	5,533	502	18,724
Other income, gains and losses					641
Operating expenses					(4,524)
Employee benefit expenses					(9,044)
Other expenses					(81)
Finance costs					(3,252)
Profit before income tax expense					2,464
Income tax expense					(776)
Profit after income tax expense					1,688

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

	Sales to customers from continuing operations		Geographical non-current asset	
Consolidated entity	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Australia	21,480	46,159	94,978	89,847

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

5 Other income, gains and losses

	Consolidated 2019 $'000	Consolidated 2018 $'000
Fair value gain/(loss) on investment properties	573	(3,891)
Net foreign exchange loss	(92)	(1,072)
Impairment to AFSL license	(148)	-
Fair value adjustment to put option financial liability	216	(59)
Other income	65	26
Derivative assets revaluation gain	79	1,175
Goodwill Impairment	(52)	-
	641	(3,821)

6 Income tax expense

(a) Income tax expense - continuing operations

	Consolidated 2019 $'000	Consolidated 2018 $'000
Income tax expense from continuing operations		
Current tax	533	2,685
Deferred tax - origination and reversal of temporary differences	243	(1,178)
Prior year true - up	-	75
Aggregate income tax expense	776	1,582
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(Loss) before income tax expense/(benefit) from continuing operations	2,464	4,807
Tax at the statutory tax rate of 30%	739	1,442
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax on gain of sale of discontinued operations	-	-
Tax impact on non-deductible expenses	37	65
	776	1,507
Prior year over provision	-	75
Income tax expense from continuing operations	776	1,582

6 Income tax expense (continued)

(b) Income tax expense - discontinued operations

	Consolidated 2019 $'000	Consolidated 2018 $'000
Income tax expense from discontinued operations		
Current tax	-	(3)
Deferred tax - origination and reversal of temporary differences	-	(22)
Aggregate income tax (benefit)/expense	-	(25)
Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate		
Profit before tax from discontinued operations	-	130
Tax at the statutory tax rate of 30%	-	39
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax impact of non-deductible expenses	-	(64)
Income tax (benefit)/expense from discontinued operations	-	(25)

(c) Deferred tax asset/(liability)

	Consolidated 2019 $'000	Consolidated 2018 $'000
Deferred tax asset/(liability)		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss in the current or prior years:		
Tax losses	243	243
Intangible assets - poker machine licenses	-	-
Temporary difference - Net fair value movement on investment properties	932	1,167
Temporary difference - expenses	156	79
	1,331	1,489
Amounts recognised in equity in the current or prior years:		
Transaction costs on share issue	80	161
Fair value on Armidale Tourist Park	(314)	-
Deferred tax asset	1,097	1,650

6 Income tax expense (continued)

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

	Consolidated	
	2019 $'000	2018 $'000
Movements:		
Opening balance	1,650	(676)
Credited/(charged) to profit & loss	(162)	1,201
Credited/(charged) to equity	-	-
Disposal of Chinese operations	-	-
Disposal of Hotel operations	-	-
Utilisation of prior year deferred tax asset	(81)	(240)
Prior year true up and adjustments	4	(75)
Disposal through discontinued operations/(Additions) through business combinations	-	1,440
Charges through equity	(314)	-
Closing balance	1,097	1,650

(d) Provision for income tax

	Consolidated	
	2019 $'000	2018 $'000
Provision for income tax	363	2,400

7 Discontinued operation

(a) Hotel Operations

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

(i) Financial performance and cash flow information

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

(ii) Cash flow information

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

7 Discontinued operation (continued)

(a) Hotel Operations (continued)

(iii) Carrying amount of assets and liabilities disposed

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

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

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

8 Current assets - Trade and other receivables

	Consolidated	
	2019 $'000	2018 $'000
Trade and other receivables - external	191	105
Amount due from related parties	2,481	19,831
Term Deposits	-	610
	2,672	20,546

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

9 Current assets - Inventories

	Consolidated 2019 $'000	Consolidated 2018 $'000
Properties under development	1,790	2,773
Properties held for sale	3,691	3,849
	5,481	6,622

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

10 Property, plant and equipment

Consolidated entity Non-current	Land $'000	Buildings $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Tourist park cabins $'000	Total $'000
Year ended 31 December 2018							
Opening net book amount	5,374	7,387	3,318	80	-	3,039	19,198
Additions	-	-	64	161	54	-	279
Depreciation expense	-	(129)	(509)	(37)	-	(73)	(748)
Disposals	(5,028)	(4,238)	(1,441)	(7)	-	-	(10,714)
Revaluation increments	-	75	102	-	-	4	181
Closing net book amount	346	3,095	1,534	197	54	2,970	8,196
At 31 December 2018							
Cost or fair value	346	3,192	1,956	234	54	3,080	8,862
Accumulated depreciation	-	(97)	(422)	(37)	-	(110)	(666)
Net book amount	346	3,095	1,534	197	54	2,970	8,196
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 expense	-	(80)	(389)	(46)	(7)	(80)	(602)
Revaluation increments	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

11 Non-current assets - Investment properties

	Consolidated 2019 $'000	Consolidated 2018 $'000
Investment property - retirement villages - at fair value	55,325	54,479
Investment properties under construction - at fair value	5,957	3,238
	61,282	57,717

(a) Reconciliation

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

	Consolidated 2019 $'000	Consolidated 2018 $'000
Non-current assets - at fair value		
Opening balance	57,717	61,136
Additions through capital expenditures	2,992	472
Revaluation (decrements)/increments	573	(3,891)
Closing balance	61,282	57,717

(b) Location of investment properties

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

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

12 Intangible assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Goodwill	3,737	3,789
AFSL License	452	600
Software	72	-
	4,261	4,389

12 Intangible assets (continued)

(a) Reconciliations

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

Consolidated entity Non-Current assets	Goodwill $'000	AFSL License $'000	Poker machine licenses $'000	Software $'000	Total $'000
Balance at 1 January 2018					
Cost	5,229	600	4,800	-	10,629
Disposals	(1,440)	-	(4,800)	-	(6,240)
Balance at 31 December 2018	3,789	600	-	-	4,389
Additions	-	-	-	87	87
Impairment charge	(52)	(148)	-	-	(200)
Amortisation charge	-	-	-	(15)	(15)
Balance at 31 December 2019	3,737	452	-	72	4,261

(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 2019 $'000	Consolidated 2018 $'000
Funds management	452	652
Lifestyle living	3,737	3,737
	4,189	4,389

(i) Lifestyle living CGU impairment testing

The recoverable amount of the CGU has been determined using a fair value less cost of disposal (FVLCD) calculation based on discounted cash flows. This calculation uses a 12 year cash flow projection based upon financial budgets approved by management. Cash flows beyond the twelve year period are extrapolated using the average long term growth rate for the business. Management have used 12 years as this reflects the expected timeframe to complete the development of the remaining villages.

Key assumptions used in the FVLCD calculations:
- Long term growth rate of 2.5% for cash flows beyond the twelve year period
- Pre-tax discount rate of 17.5% for manufactured home developments
- Pre-tax discount rate of 8.5% for manufactured home operations

Based on the FVLCD calculation methodology and assumptions stated above, there is a headroom of approximately $5,512,000 and management did not identify any impairment for this CGU.

12 Intangible assets (continued)

(b) Impairment testing (continued)

(i) Lifestyle living CGU impairment testing (continued)

The calculations are most sensitive to discount rates and growth estimates. Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated into the cash flow estimates. An increase to 9.0% in the pre-tax discount rate and a reduction of the long term growth rate to 2.0% would result in impairment.

(ii) Funds management CGU impairment testing

The recoverable amount of the CGU has been determined using a fair value less cost of disposal (FVLCD) calculation based on discounted cash flows and expected replacement cost. This calculation uses a 5 year cash flow projection based upon financial budgets approved by management. Cash flows beyond the five year period are extrapolated using the average long term growth rate for the business. The growth rates are consistent with forecasts included in industry. The projected cash flows have been updated to reflect the poor performance of the CGU.

Key assumptions used in the value in the FVLCD calculations:
- Long term growth rate 3%
- Pre-tax discount rate 17.5%

As a result of this analysis, the Group has recognised an impairment to goodwill of $52,000 and impairment to AFSL license of $148,096 as at 31 December 2019. The impairment charges are recorded within other income, gains and losses in the statement of profit or loss and other comprehensive income.

13 Non-current assets - Inventories

	Consolidated	
	2019 **$'000**	**2018** **$'000**
Properties under development	1,447	1,391

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

14 Other non-current assets

	Consolidated	
	2019 **$'000**	**2018** **$'000**
Other non-current assets	19,205	18,154

The asset is represented by non-refundable deposit, consulting and legal costs from the acquisition of land in Bringelly, New South Wales, Australia. On 29 November 2019, the Group obtained an extension on the settlement of land from the original completion date (June 2019) to 18 November 2022 with an option to extend by an additional 6 months. This resulted in the Group having to incur additional costs of $17,841,385 on top of the original purchase price of $69,999,000 (for which $14,499,900 has been paid) as a consequence of the extension. The additional costs of $17,841,385 is to be made in 12 equal payments of $1,486,782, payable quarterly beginning from 18 February 2020 and the final payment of $55,499,100 is due on 18 November 2022. Jia Yuan Chuangsheng Holding Group Co, a related party of the ultimate parent entity of Boyuan Holdings Limited has undertaken to provide sufficient cash to the Group to settle the $73,340,485 as and when it falls due.

15 Current liabilities - Trade and other payables

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Current liabilities		
Trade payables	1,426	1,600
Amounts due to related parties	1,144	5,334
Refundable deposits related to sales of properties	790	626
Other payables	2,208	2,751
	5,568	10,311

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

16 Current liabilities - Borrowings

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Bank loan	3,700	-
Loan - China Harmonica Capital Company	-	14,188
Related party loan - Cyan Stone Pty Limited and its controlled entities	-	26
Other loan	11	51
Loan - Bremon Group Pty Ltd	-	5,000
	3,711	19,265

Refer to note 20 for further information on financial instruments.

Bank loan
As at 31 December 2019 bank loans consisted of $3,700,000 borrowing facility from Bank of Queensland that was entered in 2017. BHL Lifestyle Living (Armidale) Pty Ltd borrowed $1,850,000 from Bank of Queensland. Integer Securities Limited as trustee for Integer Lifestyle Living Sub Trust No. 5 borrowed $1,850,000 from Bank of Queensland. Interest rates was charged at 4.39% per annum and the facility expires on 4 October 2020. The bank loans are secured by a general security agreement and first ranking mortgage in respect of Armidale Tourist Park.

Related party loan - Cyan Stone Pty Limited and its controlled entities
Refer to note 24 for details of the loan from related party.

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

17 Current liabilities - financial liability

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Put option over non-controlling interest	439	655

Refer to note 20 for further information on financial instruments.

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

17 Current liabilities - financial liability (continued)

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

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

18 Non-current liabilities - Borrowings

	Consolidated	
	2019 $'000	2018 $'000
Bank loan	-	3,700
Other loan	30	-
Loan - Bremon Group Pty Ltd	35,858	30,000
	35,888	33,700

Refer to note 20 for further information on financial instruments.

Bank loan
Refer to note 16 for details of the loan from Bank of Queensland.

Loan - Bremon Group Pty Ltd
The Group varied the loan from Bremon Group Pty Ltd during the year. The original loan of $35,000,000 no longer required $5,000,000 to be repaid in 12 months from 31 December 2018 and Bremon Group Pty Ltd increased the facility by a further $5,000,000. The incremental $5,000,000 can be drawn down in instalments. Any draw down attracts interest at 17.5% from draw down. As at 31 December 2019, $858,335 of the $5,000,000 has been drawn down. Interest on the initial $35,000,000 has increased to 8.5% from 6.0% and the entire facility amount will expire on 8 September 2022. The bank loan is secured by a first ranking mortgage in respect of each Lifestyle Living sites.

19 Equity

(a) Equity - contributed capital

	Note	2019 Shares	2018 Shares	2019 $'000	2018 $'000
Ordinary shares - fully paid		343,130,100	343,130,100	17,613	17,613
	19(a)(i)	343,130,100	343,130,100	17,613	17,613

19 Equity (continued)

(a) Equity - contributed capital (continued)

(i) Movements in ordinary shares:

Details	Notes	Number of shares (thousands)	Total $'000
Opening balance 1 January 2018		343,130	17,613
Balance 31 December 2018		343,130	17,613
Opening balance 1 January 2019		343,130	17,613
Balance 31 December 2019		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 2018 Annual Report.

19 Equity (continued)

(b) Other reserves

	Consolidated	
	2019	2018
	$'000	$'000
Revaluation surplus - property, plant and equipment	826	92
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
	26,656	25,922

(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.

19 Equity (continued)

(b) Other reserves (continued)

(vi) Movements in reserves

Consolidated entity	Revaluation surplus $'000	General $'000	Foreign currency $'000	Put options $'000	Group reorganisation $'000	Total $'000
Balance at 1 January 2018	181	2,096	(1,681)	(562)	25,977	26,011
Revaluation	181	-	-	-	-	181
Recycle to retained earnings on disposal of property, plant and equipment	(270)	-	-	-	-	(270)
Balance at 31 December 2018	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

19 Equity (continued)

(c) Equity - dividends

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

20 Financial instruments

(a) Financial risk management objectives

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

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

(b) Market risk

(i) Foreign exchange risk

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

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

No sensitivity analysis has been performed as there are no future transactions denominated in foreign currency as at 31 December 2019.

(ii) Price risk

The Group is not exposed to any significant price risk.

(iii) Cash flow and fair value interest rate risk

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

20 Financial instruments (continued)

(b) Market risk (continued)

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

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

Consolidated entity	2019 Weighted average interest rate %	2019 Balance $'000	2018 Weighted average interest rate %	2018 Balance $'000
Bank loan	4.39%	3,700	4.38%	3,700
		3,700		3,700

For the Group, bank loans outstanding total $3,700,000 (2018: $3,700,000). An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of $38,229 (2018: $37,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

The loan of $35,000,000 and $858,335 from Bremon Group Pty Ltd have a fixed interest rate of 8.5% and 17.5% respectively, hence it is not subjected to variability of market interest rates.

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

(c) Credit risk

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

As at 31 December 2019 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 2019 there is no concentration of credit risk on non-related party receivables of $191,000 as it relates to various external parties.

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

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

(d) Liquidity risk

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

(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.

20 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						
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

Consolidated **At 31 December 2018**	**Weighted average interest rate %**	**On demand $'000**	**1-3 months $'000**	**4 months to 1 year $'000**	**1-5 years $'000**	**Remaining contractual maturities $'000**
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,600	-	-	-	1,600
Amount due to related party	-	5,334	-	-	-	5,334
Refundable deposits related to sales of properties	-	626	-	-	-	626
Other payables	-	2,751	-	-	-	2,751
Interest-bearing variable						
Bank loan	4.38%	-	41	122	3,822	3,985
Loan - Bremon Group Pty Ltd ($35,000,000)	6.00%	-	525	6,575	34,500	41,600
Loan - China Harmonica Capital Company	10.00%	-	4,658	10,868	-	15,526
Total - non derivatives		10,311	5,224	17,565	38,322	71,422

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.

21 Interests in subsidiaries

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

Name of entity	Place of business/ country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
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 2019 %	Ownership interest held by the parent 2018 %	Ownership interest held by non-controlling interest 2019 %	Ownership interest held by non-controlling interest 2018 %	Principal activities
Integer Holdings Pty Limited	Australia	65	65	35	35	Regulated management fund provider
Integer Securities Limited	Australia	65	65	35	35	Regulated management fund provider

22 Non-cash investing and financing activities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Loan made to BHL Group by related party on the Austral project	-	18,877
Loan from BHL Group to related party on the Austral project	-	(14,158)
	-	4,719

23 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 2018	11,450	16,823	40,000	-	68,273
Net cash from/(used in) financing activities	(7,699)	(16,797)	(5,000)	12,959	(16,537)
Other changes	-	-	-	1,229	1,229
Balance at 31 December 2018	3,751	26	35,000	14,188	52,965
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

During the year, Boyuan Real Estate Holding Pty Ltd, a wholly owned subsidiary of Boyuan Holdings Limited entered into a loan agreement with Overseas Union Finance for $5,000,000 at 4% interest. The loan and the relevant interests associated with the loan have been fully repaid during the year as reflected in the consolidated statement of cash flows.

24 Related party transactions

(a) Parent entity

Boyuan Holdings Limited is the parent entity.

(b) Ultimate parent entity

Hong Kong Jianyuan Investment Limited is the ultimate parent entity.

(c) Subsidiaries

Interests in subsidiaries are set out in note 21.

(d) Key management personnel

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

(e) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated	
	2019	**2018**
Revenue from services provided and other income:	**$**	**$**
Revenue from services with Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder		
Fees for due diligence and project development management fee	3,136,286	2,365,000
Sales and marketing service fee	-	1,967,476
Group service fee revenue	480,000	480,000
Debt raising fees	1,085,000	-
Revenue from services with Blue Cedar Development Pty Ltd and its controlled entities - entities controlled by a director of subsidiaries of the Group		
Debt establishment fee	-	180,000
Debt rollover fee	470,000	310,000
Revenue from services with 621B Northern Road Pty Limited and 621Z Northern Road Pty Ltd - entities controlled by a director		
Project development management fee	840,000	490,000
Revenue from services with HV Parent Pty Limited and its controlled entities - entities controlled by a director		
Project development management fee	1,390,000	2,625,000
Revenue from services with Cobbitty Parent Pty Ltd and its controlled entities - entities controlled by a director		
Project development management fee	1,380,000	315,000
Sales and marketing service fee	671,315	-
Debt raising fees	1,118,000	-
Revenue from services with TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group		
Austral (BHL) Development Pty Ltd cost recharge	59,591	11,191,899
Project development management fee	21,417	469,682

24 Related party transactions (continued)

(e) Transactions with other related parties (continued)

Revenue from services provided and other income:	Consolidated 2019 $	2018 $
Revenue from services with 828 Windsor Road Development Pty Ltd - entity controlled by a director of Blue Cedar Development		
Project development management fee	-	136,364
Revenue from services with Cyan Stone Badgerys Creek (Aus) Pty Ltd - entity controlled by a common director		
Project development management fee	630,000	-
Revenue from services with Cyan Stone North Bringelly Pty Ltd - entity controlled by a common director		
Project development management fee	540,000	-
Revenue from services with Avoca Silverdale Pty Ltd - entity controlled by a common director		
Project development management fee	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	-

Expenses for goods and services received:	2019 $	2018 $
Payment for good and services		
Rental expense to Cyan Stone Pty Limited - entity controlled by a common shareholder	48,000	48,000
Director fee paid to key management personnel of a commonly controlled entity	30,000	30,000
Service fee expense with Cyan Stone Pty Limited - entity controlled by a common shareholder	-	130,042
TCAP Kelly St Pty Ltd recharge of development cost to Boyuan Real Estate Holdings Pty Ltd	-	897,840
TCAP Kelly St Pty Ltd recharge of development cost to Boyuan Development Pty Ltd	36,124	-

24 Related party transactions (continued)

(e) Transactions with other related parties (continued)

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

	Consolidated	
	2019	2018
	$	$
Current receivables:		
Receivable from Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	1,891,161	3,971,680
Receivable from Blue Cedar Development Pty Ltd and its controlled entities - entities controlled by a director of subsidiaries of the Group	453,500	616,000
Receivable from related parties of key management personnel	132,000	132,000
Receivable from 621B Northern Road Pty Limited and 621Z Northern Road Pty Limited - entities controlled by a common director	-	264,000
Receivable from HV Parent Pty Limited and its controlled entities - entities controlled by a common director	-	1,617,000
Receivables from Cobbitty Parent Pty Ltd and its controlled entities - entities controlled by a common director	-	346,500
Receivables from TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group	-	12,883,284
Receivables from Open Agency Pty Ltd - entity controlled by a director of subsidiaries of the Group	4,400	-
	2,481,061	19,830,464

Current payables:		
Amount due to related parties controlled by close family members of the ultimate controlling share holder of Boyuan Holdings Limited	145,520	145,520
Amount due to Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	-	67,554
Payables to related parties of key management personnel	60,000	30,000
Amount due to TCAP Kelly St Pty Ltd - entity controlled by a director of subsidiaries of the Group	938,252	5,091,321
	1,143,772	5,334,395

24 Related party transactions (continued)

(e) Transactions with other related parties (continued)

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

	Consolidated 2019 $	Consolidated 2018 $
Loan from Cyan Stone Pty Limited and its controlled entities - entities controlled by a common shareholder	-	25,845

During the year, some entities within the Group entered into a number of arrangements as guarantor for its related parties. Refer to note 28 for further information on these contingent liabilities.

25 Recognised fair value measurements

(a) Fair value hierarchy

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

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

Consolidated entity - At 31 December 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Investment properties - retirement village	-	-	55,325	55,325
	-	-	-	-
Investment properties - under construction	-	-	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

25 Recognised fair value measurements (continued)

(a) Fair value hierarchy (continued)

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

There were no transfers between levels during the financial year.

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

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

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

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 2018	596	596
Loss recognised in profit or loss	59	59
Balance at 31 December 2018	655	655
Profit recognised in profit or loss	(216)	(216)
Balance at 31 December 2019	439	439

25 Recognised fair value measurements (continued)

(d) Level 3 assets and liabilities (continued)

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

Description	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s)
Completed investment properties and retirement villages	Comparison and income approach The key inputs are: (1) Monthly market rent and expense; (2) Capitalisation rate; or (1) Comparable unit sales rate of site	Capitalisation rate, taking into account yield generated from comparable properties of 6.00% - 9.50%. 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	Income approach The key inputs are: (1) Future maintainable earning; (2) Capitalisation rate	Capitalisation rate, taking into account from comparable properties of 8.5%.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

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

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

26 Key management personnel compensation

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

	Consolidated 2019 $	2018 $
Short-term employee benefits	1,798,794	855,078
Post-employment benefits	81,478	40,554
Termination benefits	-	18,000
	1,880,272	913,632

27 Remuneration of auditors

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

	Consolidated 2019 $	2018 $
Audit services - Deloitte Touche Tohmatsu		
Audit and review of financial statements	267,200	240,500
Audit of compliance plan and AFSL	39,000	23,000
Other services - Deloitte Touche Tohmatsu		
Taxation services	172,500	115,515
	478,700	379,015

28 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 17 October 2019, Cyan Stone Clydesdale Pty Ltd, a wholly owned subsidiary of Boyuan Holdings Limited, has acted as a guarantor on the debt facilities of $81,500,000 provided to Cyan Stone QREO Clydesdale 1 Pty Ltd, a related party, by National Australia Bank Limited. National Australia Bank 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.

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

29 Commitments

(a) Capital commitments

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

	Consolidated 2019 $'000	2018 $'000
Within one year	5,947	55,499
Later than one year but not later than five years	66,698	-

Capital commitment relates to the acquisition of land in Bringelly, New South Wales, Australia. The amounts represent the additional costs of $17,841,385 to be made in 12 equal payments of $1,486,782, quarterly in arrears from 18 November 2019 with the first payment to be made beginning from 18 February 2020 and the final payment of $55,499,100 that is due on 18 November 2022. $694,909 of the first payment has been accrued for as at 31 December 2019.

29 Commitments (continued)

(b) Non-cancellable operating leases

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

	Consolidated	
	2019 $'000	2018 $'000
Within one year	-	17

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

30 Earnings per share

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

	Consolidated	
	2019 $'000	2018 $'000
Profit/(loss) after income tax attributable to the owners of Boyuan Holdings Limited	1,715	3,201

	Consolidated	
	2019 Number	2018 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100

	Consolidated	
	2019 Cents	2018 Cents
Basic earnings per share	0.50	0.93
Diluted earnings per share	0.50	0.93

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

	Consolidated	
	2019 $'000	2018 $'000
Profit/(loss) after income tax attributable to the owners of Boyuan Holdings Limited	-	155

	Consolidated	
	2019 Number	2018 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100

30 Earnings per share (continued)

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

	Consolidated 2019 Cents	Consolidated 2018 Cents
Basic earnings per share	-	0.05
Diluted earnings per share	-	0.05

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

	Consolidated 2019 $'000	Consolidated 2018 $'000
Profit/(loss) after income tax	1,688	3,380
Non-controlling interest	27	(24)
Profit/(loss) after income tax attributable to the owners of Boyuan Holdings Limited	1,715	3,356

	Consolidated 2019 Number	Consolidated 2018 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	343,130,100	343,130,100
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,130,100	343,130,100

	Consolidated 2019 Cents	Consolidated 2018 Cents
Basic earnings per share	0.50	0.98
Diluted earnings per share	0.50	0.98

31 Parent entity financial information

(a) Summary financial information

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

	Parent Entity 2019 $'000	Parent Entity 2018 $'000
Statement of profit or loss and other comprehensive income		
Loss after income tax	(696)	(1,870)
Total comprehensive income	(696)	(1,870)

	Parent entity 2019 $'000	Parent entity 2018 $'000
Statement of financial position		
Current assets	25,161	42,129
Total assets	81,793	99,251
Current liabilities	1,492	18,253
Total liabilities	35,242	52,004
Equity		
Issued capital	17,613	17,613
Group reorganisation reserve	27,263	27,263
Retained earnings	1,675	2,371
Total equity	46,551	47,247

(b) Guarantees entered into by the parent entity

The parent entity has acted as a guarantor for the acquisition of land in Bringelly, New South Wales made by Boyuan Bringelly Pty Ltd, a wholly owned subsidiary of the parent entity for a purchase price of $87,840,385.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2019 and 31 December 2018.

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

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2019 and 31 December 2018.

31 Parent entity financial information (continued)

(e) Significant accounting policies

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

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

32 Events occurring after the reporting period

On 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. We have assessed that the fair value of this guarantee is not material.

On 9 March 2020, the Group made the first of 12 equal payments amounting to $1,486,782 in relation to the acquisition of land in Bringelly, New South Wales, Australia. This payment represents the additional costs on top of the original purchase price of $69,999,000. Refer to note 14 for further details on the land in Bringelly, New South Wales, Australia.

Subsequent to the end of the financial year, there have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 virus and Government actions to reduce the spread of the virus. At the date of signing the financial report the Group is unable to determine what financial effects the outbreak of the virus could have on the Group in the coming financial period. No financial effects arising from the economic impacts of the virus have been included in the financial results for the year ended 31 December 2019. The Group has already implemented a number of actions designed to deal with the outbreak and the consequential financial impact including:

- shifting our sales and marketing focus solely to internet based distribution channels
- regular communication with key external project related stakeholders
- regular communication with our capital partners to ensure any tightening of credit markets can be managed in an orderly manner
- receiving a reiteration letter on 23 March 2020 from Jia Yuan Chuangsheng Holding Group Co., Ltd on their ability and willingness to continue to provide BHL with financial support in light of the impact caused by COVID-19.

Notwithstanding these actions the uncertainty associated with the COVID 19 virus may have implications for the valuation of the lifestyle living segment, including Goodwill and the ability for the Group to raise capital and refinance the external debt as described in note 2 (b).

Other than as disclosed in this report and to the knowledge of the Directors, no matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

for the year ended 31 December 2019

In the directors' opinion:

(a) the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(b) the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

(c) the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Dr. Saliba Sassine
Director
Sydney

Yading Wan
Director
Sydney

27 March 2020

INDEPENDENT AUDITOR'S REPORT

to the members of Boyuan Holdings Limited

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Boyuan Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Related party transactions and letter of financial support Due to the large number of related party transactions ("RPTs"), the terms of RPTs may be different from those with independent third parties and the terms may be altered by side agreements between the related parties. The RPTs may not be on an arm's length basis and can be more favourable or less favourable depending on each situation. As disclosed in Note 2, the Group received a letter of financial support from Jia Yuan Chuangsheng Holding Group Co., Ltd (Jia Yuan Chuangsheng) confirming their intentions to provide sufficient cash or other acceptable assets to enable the Group to continue as a going concern, and confirming their intentions to provide sufficient cash or other acceptable assets to related parties to facilitate settlement of material related party receivables due to the Group at 31 December 2019 and to meet the financial obligations of the Bringelly project.	Our procedures included, but were not limited to: • Obtaining an understanding of management's processes for identifying related party relationships and transactions, including side agreements, with related parties • Evaluating and challenging management's identification of RPT's by reference to the Group structure and details of Key Management Personnel (KMP) • On a sample basis, obtaining an understanding of terms for RPT's by, inspecting supporting documentation to evaluate whether they had been conducted on similar terms to the terms used for independent third parties • Assessing Jia Yuan Chuangsheng's ability to provide the financial support by inspecting audited financial statements and obtaining an understanding of the approval process to provide this financial support • Assessing the process undertaken by management to develop the budget and cash flow forecasts, and evaluating the key assumptions used in the forecasts, for a period that is not less than 12 months beyond the date these financial statements are approved • Assessing the appropriateness of the relevant disclosures in the notes to the financial statements.
Valuation of the Group's Retirement Living Portfolio of investment properties As at 31 December 2019 the Group reported a Retirement Living Portfolio of investment properties valued at $55.3 million as disclosed in Note 11. The properties are valued at fair value which is dependent on current prices in an active market for similar properties at the same location and in similar conditions, subject to similar leases and takes into consideration occupancy rates and returns on investment. Note 25 outlines the valuation methodologies used by management which includes the capitalisation approach and the direct comparison approach. As disclosed in Note 3a the valuation process requires significant judgment in the following areas: • Forecast cashflows • Capitalisation rate • Comparability of the assets with other transactions in the market.	Our procedures included, but were not limited to: • Assessing management's process over investment properties valuations • Assessing the valuation methodologies used by in the valuation • Holding discussions with management and external valuers to obtain an understanding of the valuation movements and their identification of any additional property specific matters • Assessing the independence, competence and objectivity of the external and internal valuers • Testing on a sample basis, the assumptions used in the valuations, focusing on the capitalisation rate with reference to external market trends and transactions and challenging those assumptions where appropriate • For a sample of external valuations, assessed the integrity of the information used by agreeing key inputs such as net operating income to underlying records • Assessing the forecasts used in the valuations with reference to current financial results such as revenue, expenses and capital expenditure • Testing the mathematical accuracy of the models. • We also assessed the appropriateness of the disclosures in the Notes to the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of Boyuan Holdings Limited

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of the Goodwill associated with the Group's Retirement Living Segment Goodwill allocated to the Group's Retirement Village totals $3.7 million as disclosed in Note 3b and 12. The assessment of the recoverable amount of these balances requires management to exercise significant judgement while applying estimates on forecast cashflows and the appropriate discount rate to apply to these cash flows.	Our procedures included, but were not limited to: • Evaluating the Group's impairment assessment process including the review of the forecasts used by management • Evaluating the historical accuracy of forecast cash flows • Challenging the key assumptions, including the forecast revenue, costs, capital expenditure, discount rates and terminal growth rates in the impairment assessment • Performing sensitivity analysis in relation to key assumptions, with particular focus on the discount rate, terminal growth rate and forecast cash flows. • We also assessed the appropriateness of the related disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report, including the Chairman's letter, CEO's Review of Operations, Property Investment & Management, BHL Managed Project: Radford Park, BHL Managed Project: Oxley Ridge, BHL Managed Project: Clydesdale, BHL Managed Project: Northern Gateway, Seniors and Lifestyle Living, and Funds Management (Integer Securities), for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

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Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of Boyuan Holdings Limited

Deloitte.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 29 of the Directors' Report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Boyuan Holdings Limited, for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A. Coleman.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 27 March 2020

CORPORATE DIRECTORY

Directors	Dr. Saliba Sassine *Chairman, Independent, Non-Executive Director* Yading Wan *Chief Executive Officer, Executive Director* Xiaofeng Chen *Independent, Non-Executive Director* Adam Michael Pearce *Deputy Chief Executive Officer, Executive Director*
Company secretary	Jia Chen Wang
Principal registered office in Australia	5-17 Martin Place Sydney NSW 2000 Australia
Share and debenture register	Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street Sydney NSW 2000 +61 2 9290 9600 or 1300 737 760
Auditor	Deloitte Touche Tohmatsu Level 9, Grosvenor Place 225 George Street Sydney NSW 2000
Solicitors	HWL Ebsworth Level 14, Australia Square 264 - 278 George Street Sydney NSW 2000
Stock exchange listings	Boyuan Holdings Limited shares are listed on the Australia Securities Exchange (ASX code: BHL)
Business objectives	Boyuan Holdings Limited has used cash and cash equivalents held at the time of listing, in a way consistent with its stated business objectives.
Corporate governance statement	The Corporate governance statement which is approved at the same time as the Annual Report can be found at: https://bhlgroup.com.au/corporate-governance/
Website	https://bhlgroup.com.au/

SHAREHOLDER INFORMATION

for the year ended 31 December 2019

A. Distribution of equity securities

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

Holding	Number of holders of ordinary shares
1 - 1000	8
1,001 - 5,000	27
5,001 - 10,000	152
10,001 - 100,000	118
100,001 and over	66
	371

B. Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary shares	
	Number held	% of total shares issued
Citicorp Nominees Pty Ltd*	211,352,795	61.60
Citron Investment Pty Ltd	36,000,000	10.49
Mrs Liping Dai	20,376,000	5.94
Mr Jiafa Li	19,080,000	5.56
Mr Tsho Yun Wai	6,500,000	1.89
Cui & Shao Investment Pty Ltd (Cui & Shao Family A/C)	5,000,000	1.46
Fengke Investment Pty Ltd (Fengke Family A/C)	5,000,000	1.46
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	3,880,110	1.13
Mr Liming Yang	3,014,318	0.88
Mr Zhao Jianzhong	2,875,000	0.84
BNP Paribas Nominees Pty Ltd (DRP)	1,564,227	0.46
Mr Yao Huiliang	1,200,000	0.35
Ms Tang Haiqin	1,173,484	0.34
Mr Fujun Ye	1,046,969	0.31
Ms Xu Qin	1,000,000	0.29
Mr Xu Enping	1,000,000	0.29
Mr Xiaojing He	831,430	0.24
Mr Shen Limin	800,000	0.23
Mr Shen Songquan	760,000	0.22
Mr Chen Shuping	750,000	0.22
	323,204,333	94.19

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

Unquoted equity securities

There are no unquoted equity securities.

C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
Citicorp Nominees Pty Limited	211,352,795	61.60%
Citron Investment Pty Ltd	36,000,000	10.49%
Mrs Liping Dai	20,376,000	5.94%
Mr Li Jiafa	19,080,000	5.56%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

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

There are no other classes of equity securities.

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