

## **CHINA YUANBANG PROPERTY HOLDINGS LIMITED**

Registration Number 39247

(Incorporated in Bermuda)

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### **RESPONSES TO SUBSTANTIVE AND RELEVANT QUESTIONS RECEIVED AHEAD OF THE COMPANY'S ANNUAL GENERAL MEETING TO BE HELD ON 29 OCTOBER 2021**

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The Board of Directors (the "Board") of China Yuanbang Property Holdings Limited (the "Company" and together with its subsidiaries the "Group") refers to the questions raised by shareholders of the Company and the Securities Investors Association (Singapore) on the Group's Annual Report for the financial year ended 30 June 2021 ("FY2021").

The Company has grouped the substantive and relevant questions of similar nature together into the following broad categories (A) to (E). Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the Group's FY2021 Annual Report.

#### **A) China's Real Estate Industry and Policies**

**Question 1 : The Chinese property industry is facing a lot of pressure. I understand the Chinese government has imposed a three red-line policy. How is the Company managing its business within this policy? It seems the Group's net debt to equity ratio of 101.6% may have breached the net debt to equity cap.**

Company response: The Group has been closely monitoring its level of debt to avoid breaching the three red-line policy ("the Three Red-Line Policy") imposed by the Chinese government.

Based on the Group's financial performance as at 30 June 2021, the Group has not breached any the Three Red-Line Policy, and as such, the Group continues to receive funding and support from the financial institutions.

The Group's net debt to equity ratio of 101.6% (as at 30 June 2021) included bank and other borrowings meant for other usage other than property development. Hence, it is not an appropriate measure to use in determining any breach of the Three Red-Line Policy.

**Question 2 : How has the group been affected by the three red-line policy, especially given its focus on Guangzhou and on the middle to upper-middle market segment? How is management adapting to the new policies?**

Company Response : The Three Red-Line Policy has impacted the property market sentiment in general and in turn, it would invariably affect the Group's property sales in the short term. The Group will continue to monitor its debt level to prevent any breach of the Three Red-Line Policy.

**Question 3 : Can management also provide shareholders with the sentiment on the ground in Guangdong, especially with the fallout from the debt woes of China Evergrande Group?**

Company response: Management believes that prospective buyers will exercise more caution in buying property from developers, and focus on those who have healthy balance sheets.

At this present moment, the construction and development of the Group's various projects in Guangdong are still in progress, and the Group does not experience work stoppages as seen by some other developers in China.

## **B) Company's Operations and Financials**

**Question 4 : Please provide greater clarity on the sales progress and status of the various Phases of Shan Qing Shui Xiu (山清水秀)?**

Company response: The percentage of handover for Phase I, II and III of Shan Qing Shui Xiu is 80%, 70% and 61%, respectively. The pre-sale units have not been handed over to the buyers as the project is awaiting approval from local government authority. The pre-sale units are usually handed over to buyers within 12 months after received the final payment.

Phase IV of Shan Qing Shui Xiu is currently under construction. Under Phase IV, it is planned to have residential and commercial units with approximately gross floor area of 33,094 sq. m. and 292 sq. m., respectively.

**Question 5 : Is the Group facing difficulties in selling the remaining 30% of Ming Yue Shui An (明月水岸)?**

Company response: The Group is not facing difficulties in selling the remaining units at Ming Yue Shui An. The remaining units of Ming Yue Shui An are mainly car park lots which could either be sold at the right price or be rented out for rental income.

**Questions 6 : Is the Company's tourism project in Sichuan still in operation under the current Covid-19 pandemic?**

Company response: Yes, the Group's tourist project - Batai Mountain National Park is still in operation.

**Question 7 : The Group has RMB243.6 million worth of pre-sale units not handed over to buyers as at 30 June 2021. When does management expect the handing over to buyers be completed? Has the group experienced significant defaults?**

Company response: The pre-sale units of Hou De Zai Wu have not been handed over to buyers due to pending approval from the local government authority. To-date, the Group has not experienced any significant defaults from the buyers.

## **C) Company's Future Plans**

**Questions 8 : Is the Company embarking on further land acquisition to drive its future business?**

Company response: The Group remains prudent in its land acquisition strategy. The Company is currently exploring two potential land acquisitions. The Company will make the relevant announcement to SGX-ST if there is any material development.

## **D) Corporate Governance**

**Question 9 : The Company should maintain an updated and secured a corporate website to communicate and engage with stakeholders.**

Company response: The Company has taken note of the feedback to update its website on a regular basis to provide more up to date information for the Company's stakeholders. Further, the Company will also continue to upgrade the security software of its website to ensure the website's integrity and security.

**Question 10 : The Board to provide its views on the deviation of Provision 2.2 and 2.3 of the Code of Corporate Governance.**

Company response: Although the Company deviates from Provision 2.2 of having its Independent Directors (“IDs”) making up a majority of the Board where the Chairman is not independent, the NC and the Board are of the view that the current composition of Directors provides an appropriate level of independence as disclosed on pages 30 and 31 of the FY2021 Annual Report.

With half of the Board comprises IDs, the Group is in compliance with Rule 210(5)(c) of the SGX Listing Rules. The IDs are open to constructive and robust debate on pertinent issues affecting the affairs and business of the Group. No individual or small group of individuals dominates the Board's decision-making process.

The Company is in compliant with Provision 2.3 where there are currently four Non-Executive Directors out of a total of six members.

**Question 11 : The Board’s view on the tenure of independent directors and the policies with regards to independent directors’ tenure beyond 9 years.**

Company response: The Board believes that a Director’s contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging Management in the best interest of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board.

In line with the listing rules, the continued appointment of any Independent Director whose tenure beyond 9 years will be subject to the Two-Tier Voting, i.e (a) by all shareholders’ and (b) shareholders, excluding the Directors and Chief Executive Officer (“CEO”) of the Company, and associates of such Directors and CEO.

**E) Other Questions**

**Question 12 : The Company's share price is lower than its net assets per share. Are the major shareholders of the company expressed interest in privatizing the company?**

Company response: The Company did not receive any notice of privatisation from the major shareholder.

**Question 13 : Will the Company distribute dividend to shareholders?**

Company response: The Board fully recognizes the importance to reward its shareholders for their loyalty and support. However, future dividend payout will largely depend on the performance and cash flow position of the Group.

By Order of the Board

Huang Tak Wai  
Chief Financial Officer / Company Secretary  
28 October 2021