



BOYUAN HOLDINGS LIMITED

REPLACEMENT PROSPECTUS

For an offer of up to 100,000,000 Shares at A\$0.20 per Share to raise a maximum of A\$20,000,000 with a minimum subscription of A\$15,000,000



Important notice

This Replacement Prospectus and each of the documents which are incorporated by reference are important documents and must be read in their entirety. If you do not understand their contents or are in doubt as to the course you should follow, you should consult your professional advisor.

BOYUAN HOLDINGS LIMITED
ACN 608 897 963

Lead Manager

BLUEMOUNT
CAPITAL

Photograph Description

The photograph on the front cover of this Prospectus is an artist's impression of the Jiaxing Project.

IMPORTANT NOTICE

Offer

The Offer contained in this Replacement Prospectus is an invitation to acquire ordinary shares in Boyuan Holdings Limited ACN 608 897 963 (**Company**).

Replacement Prospectus

This Replacement Prospectus replaces a prospectus dated and lodged with ASIC on 29 August 2016. For the purposes of this document, this Replacement Prospectus will be referred to as either this **Replacement Prospectus** or this **Prospectus**.

This Replacement Prospectus has been issued to, amongst other matters:

- remove a disclaimer from the Independent Property Valuation contained in Section 5;
- provide clarification about the Company's entitlement to its property asset in the People's Republic of China; and
- provide further details about the Company's proposed property assets in Australia.

Lodgement and listing

This Prospectus is dated 12 September 2016 and a copy of this Prospectus was lodged with ASIC on that date.

The Company will apply to the ASX for admission of the Company to the official list of the ASX and for quotation of the Shares on the ASX within seven days after the date of this Prospectus.

Neither ASIC nor the ASX or their officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry date

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Notice to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice.

This Prospectus is important and should, along with each of the documents incorporated by reference, be read in its entirety prior to deciding whether to invest in the Company's Shares. There are risks associated with an investment in the Shares. Some of the risks that should be considered are set out in section 7 of this Prospectus. You should carefully consider these risks in light of your personal circumstances including financial and taxation issues. There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional advisor before deciding whether to invest in the Shares.

No person named in this Prospectus guarantees the Company's performance or any return on investment made pursuant to this Prospectus.

No offer where Offer would be illegal

This Offer does not constitute a public offer or invitation in any jurisdiction other than Australia. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and therefore any person who resides outside Australia and who receives this Prospectus should seek advice on and observe any such restrictions. Any person who has a registered address in any other country who receives this Prospectus may only apply for Shares where that person is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

The Company will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable securities laws.

Notice to United States residents

The securities being offered pursuant to this Prospectus have not been registered under the *United States Securities Act of 1933*, as amended (**US Securities Act**) and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable United States securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

Selling restrictions

Please see section 2.10 for selling restrictions for non-Australian residents.

Financial information and amounts

The historical financial information included in this Prospectus for the financial years ended 31 December 2013, 2014, 2015 and the five months ended 31 May 2016 has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**), which include Australian Equivalents to International Financial Reporting Standards (**AIFRS**) and is expressed in A\$ except where otherwise stated.

Exchange rates

Unless otherwise stated, foreign currencies have been converted to A\$ in this Prospectus using a Conversion Date of 12 August 2016 and based on the following exchange rates:

- RMB to A\$ exchange rate of 0.1957;
- HKD to A\$ exchange rate of 0.1676; and
- the financial information presented in section 8 is converted using exchange rates set out in section 8.1(c).

Disclaimer

Australian investors should not rely on any information which is not contained in this Prospectus in making a decision as to whether to acquire securities in the Company under the Offer. No person is authorised by the Company to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations and financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect",

“goal”, “intend”, “may”, “objective”, “plan”, “predict”, “potential”, “positioned”, “should”, “target”, “will”, “would” and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates and projections about the Company’s business and the industry in which the Company operates and management’s beliefs and assumptions. These forward looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company’s control. As a result, any or all of the Company’s forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences include, but are not limited to, the risks described in section 7 of this Prospectus.

Potential investors are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements are current only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with the ASX after the date of this Prospectus.

This Prospectus contains market data and industry forecasts that were obtained from industry publications, third-party market research and publicly available information. These publications generally state that the information contained in them has been obtained from sources believed to be reliable, but the Company has not independently verified the accuracy and completeness of such information.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

This Prospectus also includes trademarks, trade names and service marks that are the property of other organisations.

Exposure Period

The Corporations Act prohibits the Company from processing Applications under the Offer in the seven day period after the date of lodgement of the Prospectus with ASIC (**Exposure Period**). The Exposure Period may be extended by ASIC for a further period of up to seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds under the Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period, without the Application Form, by being posted on the following website: **www.boyuan.com.au**. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Electronic Prospectus

Whilst this Prospectus will also be made available in electronic form on the following website: **www.boyuan.com.au**, the information on **www.boyuan.com.au** does not form part of the Prospectus. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If you are unsure about the completeness of the Prospectus received electronically, or a print out of it, you should contact the Company. A paper copy of the Prospectus will be made available for Australian residents free of charge by contacting BlueMount Capital, the Company’s Lead Manager, on 1300 70 70 10 (from within Australia) or +61 2 9252 2122 (from outside Australia), between 8:30am and 5:00pm AEST.

Applications for Shares under this Prospectus may only be made on a printed copy of the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

Privacy

By filling out an Application Form to apply for Shares, you are providing personal information to the Company through the Company's service provider, the Share Registry, which is contracted by the Company to manage Applications. The Company, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The types of agents and service providers (who may be located outside of Australia) that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- the Lead Manager in order to assess your Application;
- printers and other companies for the purpose of preparing and distributing statements and for handling mail;
- market research companies for the purpose of product development, product planning and analysing the Company's Shareholder base; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by (or on behalf of) the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by contacting the Share Registry on 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia), between 8:30 am and 5:00 pm AEST.

If any of your information is not correct or has changed, you may require it to be corrected.

Website

Any documents included on the website www.boyuan.com.au (and any reference to them) are provided for convenience only and none of the documents or other information on the website are incorporated by reference into this Prospectus with the exception of the policies and procedures relating to corporate governance set out under section 6.5 of this Prospectus.

Definitions and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in the Glossary in section 12 of this Prospectus.

Time

All references to time in this Prospectus refer to Australian Eastern Standard Time (AEST) unless stated otherwise.

Photographs and diagrams

Photographs used in this Prospectus should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at 12 September 2016.

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KEY DATES

Event	Date
Prospectus lodged with ASIC	12 September 2016
Opening Date	12 September 2016
Closing Date	12 October 2016
Allotment and issue of Shares under the Offer	26 October 2016
Expected date for despatch of holding statements	26 October 2016
Shares commence trading on ASX on a normal T+2 basis	28 October 2016

Note: The timetable above is indicative only. All times are AEST. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable laws. In particular, the Company reserves the right to close the Offer early, extend the Closing Date, accept late Applications or cancel the Offer before settlement without notifying any recipients of this Prospectus or any Applicants. If the Offer is cancelled before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.

LETTER FROM THE CHAIRMAN

Dear Investor,

On behalf of the Board of Boyuan Holdings Limited (the **Company** and, together with its subsidiaries and controlled entities, the **Group**), I am pleased to present this Prospectus and offer you the opportunity to become a Shareholder of the Company.

The Group's existing operations are located in Jiaxing, Zhejiang Province, China, where the Group is predominantly focused on developing and operating a mixed-use commercial and residential property project known as the Jiayuan Central Plaza Project in the heart of a fast developing local town, Wangjiangjing in Jiaxing (**Jiaxing Project**).

The Jiaxing Project occupies two parcels of land with a total area of land of approximately 48,500 square metres which is being developed into a complex comprising 10 commercial and residential buildings and underground spaces, including parking.

The Jiaxing Project has been developed over two phases. Phase 1, comprising three buildings and underground spaces was completed in July 2013. Phase 2 is comprised of seven buildings and underground spaces, with six of these buildings and underground spaces having been completed in December 2015 and the final building having been completed earlier this month. The Company is awaiting the requisite approvals from the relevant government authorities in the PRC and once obtained the Company will announce completion of the construction of the Jiaxing Project.

Upon completion of the Jiaxing Project, the Group does not intend to undertake any further substantial property development business in China. Instead, it proposes to continue to explore property development opportunities in Australia. To this end, prior to the date of this Prospectus, the Company entered into agreements to purchase two pieces of land in Pokolbin, NSW and a piece of land in Austral, NSW for the purposes of developing these properties for residential use. The Company has also entered into an agreement to acquire the rights to an option to acquire and develop a piece of land in Marsden Park, NSW. In addition, the Company has entered into a sales and marketing agreement in respect of the promotion and sale of residential properties in two projects in New South Wales and a licence agreement in respect of office space in Sydney.

The Prospectus contains an offer of up to 100,000,000 Shares to raise up to A\$20,000,000. The minimum subscription under the Offer is 75,000,000 Shares to raise A\$15,000,000. The Offer is not underwritten. The funds raised under the Offer will be applied by the Group to:

- pay the costs associated with the Offer, including the costs associated with obtaining a listing on the ASX;
- fund the acquisition of the properties in Pokolbin and Austral, NSW and the option to acquire the property in Marsden Park, NSW;
- reduce the amount of the construction loan in respect of the Jiaxing Project; and
- provide general working capital for the Company, including in respect of operational and administration expenditure.

The Board is confident that the Group's business model is appropriate to achieve growth in its targeted markets. However, an investment in the Group is subject to risks, including amongst other things, risks relating to the Group's business and the industry in which the Company operates, such as title risk, property investment risk in the PRC, general property investment risk, future acquisitions and growth strategies, the risk of material differences in property valuation, the risk of

not obtaining required licences or approvals to undertake property development projects, delays and financing risk. In addition, there are additional risks associated with doing business in the PRC, such as fluctuations in economic, legal, political and social conditions, uncertainties with respect to the PRC legal system, foreign exchange risk and government control of currency conversion, as well as risks relating to the Offer and investment in the Shares, such as stock market fluctuations and liquidity risk.

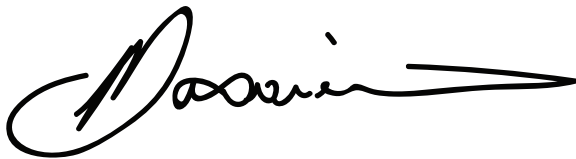
Detailed information about these risks is set out in section 7, which I encourage you to read carefully. While the objective of this Prospectus is to provide the necessary information to help you make an investment decision, we recommend that you seek independent professional advice.

The Group is committed to listing on the ASX as it offers a sophisticated capital market and an internationally recognised and robust corporate governance environment, which the Directors believe will provide a suitable platform for the Group's expansion.

This Prospectus contains detailed information about the Company and the Group. I encourage you to read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

To apply for Shares, you will need to fill out the relevant Application Form attached to, or accompanying, this Prospectus. If you have any questions about how to apply for Shares, please call the Share Registry on 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia) or the Lead Manager on 1300 70 70 10 (from within Australia) or +61 2 9252 2122 (from outside Australia), between 8:30 am to 5:00 pm AEST or contact your stockbroker, accountant or other professional financial advisor.

We look forward to welcoming you as a Shareholder should you decide to take up Shares pursuant to the Offer.

A handwritten signature in black ink, appearing to read 'Saliba', with a long horizontal flourish extending to the right.

Dr Saliba Sassine
Independent Chairman

1. Investment overview

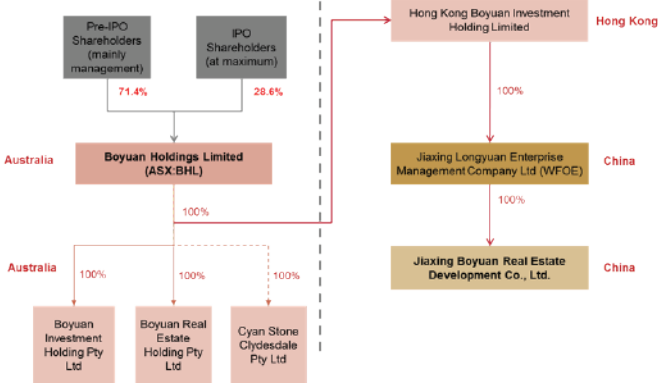
1.1 General

The information set out in this section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisors.

1.2 Key Offer information and frequently asked questions

Set out below is a summary of the key Offer information and frequently asked questions. This information is intended to be a summary only and should be read in conjunction with the more detailed information contained in the Prospectus and as cross referenced in the third column of the table below.

Topic	Summary	For more Information
General		
Who is the issuer of this Prospectus?	Boyuan Holdings Limited, a company incorporated in Australia on 22 October 2015.	Refer to section 3.1
Who is the Group?	<p>The Company has a wholly owned subsidiary established in Hong Kong (Hong Kong Boyuan Investment Holding Limited), which has a wholly foreign owned subsidiary or "WFOE" established in mainland China (Jiaying Longyuan Enterprise Management Co., Ltd).</p> <p>Jiaying Longyuan Enterprise Management Co., Ltd wholly owns the operating subsidiary in China, Jiaying Boyuan Real Estate Development Co., Ltd.</p> <p>The Company also has two wholly owned subsidiaries in Australia, Boyuan Investment Holding Pty Ltd and Boyuan Real Estate Holding Pty Ltd, established for the purposes of holding the Company's Australian property interests.</p> <p>Subject to completion of the acquisition of all of the shares in Cyan Stone Clydesdale Pty Ltd (which is conditional on the Company's admission to the official list of the ASX), Cyan Stone Clydesdale Pty Ltd will become a wholly-owned subsidiary of the Company upon the Company's admission to the official list of the ASX.</p>	Refer to section 3.1

Topic	Summary	For more Information
		
The Offer		
What is the Offer?	This Prospectus provides investors with the opportunity to participate in the initial public offering of Shares in the Company.	Refer to section 2.1
What is the Offer Price?	A\$0.20 per Share.	Refer to section 2.2
What is the Maximum Subscription available under the Offer?	The Company is offering to the public a maximum of 100,000,000 Shares to raise A\$20,000,000, before costs of the Offer.	Refer to section 2.2
What is the Minimum Subscription under the Offer?	<p>The Minimum Subscription is 75,000,000 Shares to raise A\$15,000,000, before costs of the Offer.</p> <p>If the Minimum Subscription is not raised then the Company will not proceed with the Offer and will repay all Application Monies received (without interest).</p>	Refer to section 2.2
Is the Offer underwritten?	No, the Offer is not underwritten.	Refer to section 2.3
Will the Shares be listed?	<p>The Company will apply to ASX for admission to the official list of ASX and quotation of Shares on ASX under the code "BHL".</p> <p>Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such an application is made, all Application Monies received will be dealt with in accordance with the requirements of the Corporations Act.</p>	Refer to section 2.7
Market capitalisation and use of funds		
What will the market	The market capitalisation will be A\$70 million based on the Offer	Refer to section 2.14

Topic	Summary	For more Information																																							
capitalisation of the Company be at the Offer price?	<p>price and the Maximum Subscription being achieved.</p> <p>The market capitalisation will be A\$65 million based on the Offer price and the Minimum Subscription being achieved.</p>																																								
How does the Company intend to apply the monies raised from the IPO?	<p>The table below sets out the proposed use of funds from the Offer in A\$.</p> <table border="1" data-bbox="375 638 1168 1624"> <thead> <tr> <th rowspan="2">Use of funds from the Offer</th> <th colspan="2">Minimum Subscription A\$15,000,000</th> <th colspan="2">Maximum Subscription A\$20,000,000</th> </tr> <tr> <th>A\$</th> <th>%</th> <th>A\$</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Expenses of the Offer¹</td> <td>1,681,302</td> <td>11.2%</td> <td>1,801,269</td> <td>9.0%</td> </tr> <tr> <td>Working capital in Australia²</td> <td>1,000,000</td> <td>6.7%</td> <td>1,000,000</td> <td>5.0%</td> </tr> <tr> <td>Investment in the Hunter Valley Project and Austral Project³</td> <td>6,500,000</td> <td>43.3%</td> <td>6,500,000</td> <td>32.5%</td> </tr> <tr> <td>Capital reserved for the Heritage Land (Marsden Park Project)³</td> <td>3,000,000</td> <td>20.0%</td> <td>3,000,000</td> <td>15.0%</td> </tr> <tr> <td>Reduction of debt - Jiaxing Project⁴</td> <td>2,818,698</td> <td>18.8%</td> <td>7,698,731</td> <td>38.5%</td> </tr> <tr> <td>Total</td> <td>15,000,000</td> <td>100.0%</td> <td>20,000,000</td> <td>100.0%</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> Total expenses of the Offer will be funded from the proceeds of the Offer. Refer to section 11.11 for a breakdown of these expenses. They include Lead Manager fees (A\$480,000), capital raising costs (A\$350,000 (Minimum Subscription) and A\$466,667 (Maximum Subscription)), ASX and ASIC fees (A\$127,758 (Minimum Subscription) and A\$131,058 (Maximum Subscription)), accounting, legal and other professional adviser fees (A\$688,544) and prospectus design, printing and related costs (A\$35,000). Working capital expenditure is to be applied towards administration costs associated with the Company. These costs include wages and salaries, occupancy costs, professional consultant's fees, compliance and reporting costs associated with running an ASX listed company, as well as other typical administration costs. 	Use of funds from the Offer	Minimum Subscription A\$15,000,000		Maximum Subscription A\$20,000,000		A\$	%	A\$	%	Expenses of the Offer ¹	1,681,302	11.2%	1,801,269	9.0%	Working capital in Australia ²	1,000,000	6.7%	1,000,000	5.0%	Investment in the Hunter Valley Project and Austral Project ³	6,500,000	43.3%	6,500,000	32.5%	Capital reserved for the Heritage Land (Marsden Park Project) ³	3,000,000	20.0%	3,000,000	15.0%	Reduction of debt - Jiaxing Project ⁴	2,818,698	18.8%	7,698,731	38.5%	Total	15,000,000	100.0%	20,000,000	100.0%	Refer to section 2.13
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Topic	Summary	For more Information
	<p>3. Refer to sections 10.5, 10.6, 10.7 and 10.8 for details of the Company's Hunter Valley Project, Austral Project and Heritage Land (Marsden Park Project). The funds will be applied towards the cost of acquiring the land, including the costs of government imposed stamp duty in New South Wales.</p> <p>4. Part of the proceeds of the Offer will be applied towards reducing a portion of the outstanding amount of the construction loan in respect of the Jiaxing Project.</p> <p>The Company has chosen to use an indicative foreign exchange rate of A\$1.00 = RMB 5.1103 and A\$1.00 = HKD 5.9653 (which are the exchange rates on the Conversion Date) in the calculation of the figures in the table above. Accordingly, investors should be aware that the amounts represented in the table below may change as a result of fluctuations in the A\$ to RMB and A\$ to HKD exchange rates.</p> <p>The use of funds set out above represents the Company's current intentions based upon its present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of the Company's property development efforts.</p>	
Business Model		
<p>What is the business of the Group?</p>	<p>The Company is the holding company of the Group. The Group, through its operating subsidiary, Jiaxing Boyuan Real Estate Development Co., Ltd. (Jiaxing Boyuan), conducts the business of property development and management of a mixed-use property complex comprising 10 residential and commercial buildings, known as the Jiayuan Central Plaza Project (Jiaxing Project), located in Jiaxing City in the Zhejiang Province in China. The Company has received a legal opinion from Jingtian & Gongcheng (Shanghai) that confirms Jiaxing Boyuan's entitlement to occupy, use, lease, transfer, mortgage or otherwise dispose of the retail units within the Jiaxing Project. The physical construction of the Jiaxing Project has been completed. The Company is awaiting the requisite approvals from the relevant government authorities in the PRC and once obtained the Company will announce completion of the construction of the Jiaxing Project.</p> <p>Upon completion of the Jiaxing Project, the Group does not intend to undertake any further substantial property development business in China. Instead, it proposes to continue to explore property development opportunities in Australia. To this end, prior to the date of this Prospectus, the Company entered into agreements to purchase two pieces of land in Pokolbin, NSW and a piece of land in Austral, NSW for the purposes of developing those properties for residential use. The Company has also entered into an agreement to acquire the rights to an option to acquire and develop a piece of land in Marsden Park, NSW. No development applications have been submitted in respect of any of the above proposed Australian assets. The funds raised under the Offer will be applied towards acquiring these Australian properties. Thereafter, the Company intends to obtain local bank finance to undertake development of these properties.</p> <p>In addition, the Company has entered into a sales and marketing agreement in respect of the promotion and sale of residential properties in two projects in New South Wales and a licence agreement in respect of office premises in Sydney.</p>	<p>Refer to sections 3.1 and 3.3</p>
<p>How does the Group generate income?</p>	<p>The Group's revenue is generated as follows:</p> <ul style="list-style-type: none"> • revenue from the sales of residential and commercial units within the Jiaxing Project; and • rental income from the leases of commercial units within the Jiaxing Project. <p>At the date of this Prospectus, for the historical financial year, the revenue of the Group has primarily been generated from sales of residential and commercial units within the Jiaxing Project.</p> <p>As each phase of construction of the Jiaxing Project has been completed, the Company's source of income has transitioned from property development to rental</p>	<p>Refer to sections 3.4 and 8</p>

Topic	Summary	For more Information
	<p>income as a commercial landlord. The Directors believe that the Company's property development activities have generally been more profitable than its property rental activities. Accordingly, the Directors believe that based on the reviewed accounts as at 31 May 2016, the profits of the Company in FY2016 will significantly decrease compared to FY2015 reflecting this transition. Investors should note that upon completion of the property development phase of the Jiaxing</p> <p>Project, the Company expects to earn lower profits from the Jiaxing Project thereafter.</p> <p>The Company intends to focus on developing its Australian properties and on identifying other potentially suitable property development opportunities in Australia that conform to its business model.</p>	
<p>What are the Group's material contracts?</p>	<p>Equity transfer agreement</p> <p>On 31 May 2016, Jiaxing Longyuan Enterprise Management Co., Ltd (Jiaxing Longyuan) entered into the equity transfer agreement with Zhejiang Jiayuan Real Estate Group Co., Ltd (Zhejiang Jiayuan) pursuant to which Jiaxing Longyuan acquired the entire issued capital of Jiaxing Boyuan for the consideration of RMB130 million (A\$25.44 million). Under the terms of the equity transfer agreement, the consideration of RMB130 million (A\$25.44 million) was not paid in cash or by way of the issue of shares, but was recorded as a debt owed to Zhejiang Jiayuan by Jiaxing Longyuan.</p> <p>On 25 August 2016, Jiaxing Longyuan and Zhejiang Jiayuan entered into a supplemental agreement to set out the terms of payment for the consideration of RMB130 million (A\$25.44 million). Under the terms of the supplemental agreement, the interest-free debt of RMB130 million (A\$25.44 million) must be repaid by Jiaxing Longyuan to Zhejiang Jiayuan in four equal instalments of RMB25 million (A\$4.89 million) at the end of the calendar years ending 2018, 2019, 2020 and 2021, and one final instalment of RMB30 million (A\$5.87 million) at the end of the calendar year ending 2022.</p> <p>Zhejiang Jiayuan is controlled by Shum Tin Ching (also known as Shen Yuxing), who is an Executive Director of the Company.</p> <p>Part of the acquisition of Jiaxing Boyuan included the recording of a receivable in the amount of A\$27,567,000 in Hong Kong Boyuan Investment Holding Limited from Hong Kong Jianyuan Investment Limited, which is controlled by Shum Tin Ching (also known as Shen Yuxing), in exchange for newly issued equity in Hong Kong Boyuan Investment Holding Limited. The receivable is due to be settled on 22 May 2017 and bears no interest.</p> <p>The supplemental agreement further provided that the payment of the interest free debt of RMB130 million (A\$25.44 million) by Jiaxing Longyuan Enterprise Management Co., Ltd is conditional on the receipt by Hong Kong Boyuan Investment Holding Limited of the amount of RMB130 million (A\$27,567,000) from Hong Kong Jianyuan Investment Limited and should the amount of RMB130 million (A\$27,567,000) not be received by Hong Kong Boyuan Investment Holding Limited on the due date, Zhejiang Jiayuan would waive its right to receive the first cash instalment on 31 December 2018. The earliest date that Zhejiang Jiayuan will receive payment under the supplemental agreement will be within 30 days after Hong Kong Boyuan Investment Holding Limited receives payment in full from Hong Kong Jianyuan Investment Limited. For more information about the accounting treatment in respect of this liability, refer to section 8.4.</p> <p>Agreements in respect of land use rights</p> <p>The Group's operating subsidiary, Jiaxing Boyuan, has entered into two land use rights agreements with the Bureau of Land and Resources of Jiaxing City pursuant to which Jiaxing Boyuan obtained the right to possess, use and develop the land on which the Jiaxing Project is being developed. The Company has received a legal opinion from Jingtian & Gongcheng (Shanghai) that confirms Jiaxing Boyuan's entitlement to occupy, use, lease, transfer, mortgage or otherwise dispose of the retail units within the Jiaxing Project.</p>	<p>Refer to section 10</p>

Topic	Summary	For more Information
	<p>The land use right in respect of the commercial use of the property has a term of 40 years and the land use right in respect of the residential use of the property has a term of 70 years.</p> <p>Under the terms of the agreements, the Group is required to pay a land use fee to the Bureau of Land and Resources of Jiaxing City. All fees have been paid in full to the Bureau of Land and Resources of Jiaxing City prior to the date of this Prospectus.</p> <p>Trust loan and security agreements</p> <p><u>Trust loan contract</u></p> <p>On 30 July 2015, Jiaxing Boyuan and AVIC Trust Co., Ltd (Lender), a company unrelated to the Group, entered into a loan contract pursuant to which the Lender provided loans in the maximum amount of RMB 100,000,000 (A\$19,570,000) (Trust Loan) to Jiaxing Boyuan for the purposes of the construction of the Jiaxing Project.</p> <p>The Trust Loan is repayable two years from the date on which it was drawn down. Jiaxing Boyuan is required to pay interest of 13% per annum on the principal amount outstanding on the Trust Loan.</p> <p>If Jiaxing Boyuan does not apply the funds advanced under the Trust Loan for the purposes of the construction of the Jiaxing Project, the Lender may require Jiaxing Boyuan to pay default interest of up to an additional 13% on the amount not applied for this purpose.</p> <p>If Jiaxing Boyuan does not repay any outstanding amount advanced under the Trust Loan (including interest) within the time required for repayment under the agreement, the Lender may require Jiaxing Boyuan to pay default interest of up to an additional 6.5% on the overdue amount.</p> <p>The obligations of Jiaxing Boyuan under the Trust Loan are secured by two mortgages granted by Jiaxing Boyuan in favour of the Lender</p> <p>Jiaxing Boyuan may not grant security over or otherwise encumber the Jiaxing Project in favour of any third party during the term of the Trust Loan without the written consent of the Lender.</p> <p>The contract provides for a number of events of default typical for a contract of this nature, including not applying the Trust Loan towards the agreed purpose, failing to repay any amount outstanding under the Trust Loan or if Jiaxing Boyuan suffers an insolvency event. If an event of default occurs, the Lender may, amongst other avenues of recourse, terminate the contract and require Jiaxing Boyuan to immediately repay all amounts then outstanding under the Trust Loan.</p> <p><u>Security agreements</u></p> <p>In August and September 2015 respectively, Jiaxing Boyuan entered into two mortgage contracts with the Lender, pursuant to which Jiaxing Boyuan granted a mortgage over land and buildings covering a certain portion of the Jiaxing Project in favour of the Lender as security for Jiaxing Boyuan's obligations under the Trust Loan, up to a maximum of RMB 100,000,000 (A\$19,570,000) in aggregate. Each mortgage is registered with the Real Estate Management Bureau of Jiuzhou, Jiaxing.</p> <p>Jiaxing Boyuan may not deal with the mortgaged property (including by assigning or leasing the mortgaged property) without the prior written consent of the Lender.</p> <p>If the mortgaged property is expropriated by the Bureau of Land and Resources of Jiaxing City, Jiaxing Boyuan must provide the Lender with an alternative security.</p> <p>The Lender may enforce the mortgages in certain circumstances typical for a security of this nature, including if Jiaxing Boyuan defaults in fulfilling its obligations under the Trust Loan. If the mortgaged property is insufficient to</p>	

Topic	Summary	For more Information
	<p>satisfy the Lender's claims under the Trust Loan, the Lender may require Jiaxing Boyuan to satisfy its claims by realising any other property owned by Jiaxing Boyuan.</p> <p>If Jiaxing Boyuan breaches certain terms under the mortgages, including if Jiaxing Boyuan fails to perform any obligations under the mortgages or any warranty provided by Jiaxing Boyuan under the mortgages is misleading or inaccurate, then the Lender may, amongst other avenues of recourse available to it, require Jiaxing Boyuan to pay liquidated damages of 10% of the principal amount under the Trust Loan.</p> <p>Jiaxing Boyuan may not assign any of its rights or obligations under the mortgages without the written consent of the Lender.</p> <p><u>Shop rental contract</u></p> <p>Jiaxing Boyuan and Jiaxing City Wanbohui Commerce Management Co., Ltd (Master Lessee), a company unrelated to the Group, are parties to a shop rental contract dated 1 January 2015 pursuant to which Jiaxing Boyuan agreed to lease shops covering approximately 23,938.18 square metres within the Jiaxing Project (Leased Property) to the Master Lessee.</p> <p>The term of the contract is 10 years. The Master Lessee may seek to renew the contract by submitting a written application to Jiaxing Boyuan at least two months before the expiration of the term.</p> <p>The Master Lessee is required to pay rent of RMB 4,100,000 (A\$802,370) per annum. The rent will increase by 5% per annum.</p> <p>The Master Lessee may sublet the Leased Property to third parties. The Master Lessee must ensure that at least 60% of the Leased Property is occupied at any time during the term.</p> <p>To the extent Jiaxing Boyuan is yet to deliver any part of the Leased Property to the Master Lessee, if Jiaxing Boyuan fails to deliver the Leased Property to the Master Lessee at the date agreed between the parties for delivery of the Leased Property, the Master Lessee may terminate the contract. If the Leased Property fails to meet the minimum standards required by the Master Lessee, the Master Lessee can require Jiaxing Boyuan to rectify any defects at the cost of Jiaxing Boyuan.</p> <p>Jiaxing Boyuan may immediately terminate the contract in certain circumstances, including if the Master Lessee fails to make any payment by no later than 30 days after the due date for such payment or the occupation of the Leased Property is less than 60%. In such circumstances, Jiaxing Boyuan may require the Master Lessee to pay a penalty calculated to be the greater of RMB 100,000 (A\$19,570) or the amount of the loss suffered by Jiaxing Boyuan as a result.</p> <p>Australian contracts</p> <p>Hunter Valley Project contracts</p> <p><u>819 Hermitage Road, Pokolbin</u></p> <p>On 17 August 2016, Boyuan Investment Holding Pty Ltd entered into a contract with Cyan Stone Pty Ltd to purchase the property located at 819 Hermitage Road, Pokolbin, New South Wales.</p> <p>The price for the property is \$750,000.</p> <p>Completion of the acquisition of the property is conditional on the following:</p> <ul style="list-style-type: none"> • receipt by the Company of a conditional admission letter from the ASX in respect of its application for admission to the official list of the ASX; • the board of directors of the Company resolving that the conditions contained in the conditional admission letter are capable of being satisfied by the Company; and • the release of application monies in trust in accordance with the terms of the Company's initial public offering of shares. 	

Topic	Summary	For more Information
	<p>If the conditions are not satisfied before 31 December 2016, Boyuan Investment Holding Pty Ltd may rescind the contract. The vendor may terminate the contract if an insolvency event occurs in respect of Boyuan Investment Holding Pty Ltd.</p> <p>This contract is conditional on the completion of the contract for 861A Hermitage Road, Pokolbin, which will complete simultaneously with the completion of the acquisition of this property.</p> <p>The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.</p> <p><u>861A Hermitage Road, Pokolbin</u></p> <p>On 17 August 2016, Boyuan Investment Holding Pty Ltd entered into a contract with Cyan Stone Pty Ltd to purchase the property located at 861A Hermitage Road, Pokolbin, New South Wales.</p> <p>The price for the property is \$1,750,000.</p> <p>Completion of the acquisition of the property is conditional on the following:</p> <ul style="list-style-type: none"> • receipt by the Company of a conditional admission letter from the ASX in respect of its application for admission to the official list of the ASX; • the board of directors of the Company resolving that the conditions contained in the conditional admission letter are capable of being satisfied by the Company; and • the release of application monies in trust in accordance with the terms of the Company's initial public offering of shares. <p>If the conditions are not satisfied before 31 December 2016, Boyuan Investment Holding Pty Ltd may rescind the contract. The vendor may terminate the contract if an insolvency event occurs in respect of Boyuan Investment Holding Pty Ltd.</p> <p>This contract is conditional on the completion of the contract for 819 Hermitage Road, Pokolbin, which will complete simultaneously with the completion of the acquisition of this property.</p> <p>Austral Project contract</p> <p>On 22 August 2016, Boyuan Real Estate Holding Pty Ltd entered into a contract with TCAP Kelly St Pty Limited to purchase the property located at 40 Kelly Street, Austral, New South Wales.</p> <p>The price for the property is \$3,570,000.</p> <p>Completion of the acquisition of the property is conditional on the following:</p> <ul style="list-style-type: none"> • receipt by the Company of a conditional admission letter from the ASX in respect of its application for admission to the official list of the ASX; • the board of directors of the Company resolving that the conditions contained in the conditional admission letter are capable of being satisfied by the Company; and • the release of application monies in trust in accordance with the terms of the Company's initial public offering of shares. <p>If the conditions are not satisfied before 31 December 2016, either party may rescind the contract. The vendor may terminate the contract if an insolvency event occurs in respect of Boyuan Real Estate Holding Pty Ltd.</p> <p>Share and Unit Purchase Agreement - Heritage Land (Marsden Park)</p> <p>On 22 August 2016, the Company entered into a share and unit purchase agreement with Blue Cedar Development Pty Limited and Cyan Stone Pty Ltd</p>	

Topic	Summary	For more Information
	<p>(together, the Vendors) and Cyan Stone Clydesdale Pty Ltd (Cyan Stone Clydesdale), pursuant to which the Company has agreed to acquire 100 fully paid ordinary shares in Cyan Stone Clydesdale, comprising the entire issued capital of Cyan Stone Clydesdale (Cyan Shares) and 100 units in the Cyan Stone Clydesdale Trust, comprising all of the units in the Cyan Stone Clydesdale Trust (Cyan Units) from the Vendors.</p> <p>Cyan Stone Clydesdale is party to the Deed of Put and Call Option (see summary below), pursuant to which it, amongst others, holds the option to acquire the property located at 1270 Richmond Road, Marsden Park, New South Wales (Marsden Park Project) for the purposes of subdivision and development. Refer to the summary below and section 10 of this Prospectus for further details.</p> <p>The consideration payable by the Company to the Vendors for the Cyan Shares is A\$100. The consideration payable by the Company to the Vendors for the Cyan Units is \$2,800,000. The consideration for each of the Cyan Shares and the Cyan Units is payable by the Company on completion of the agreement. Completion of the agreement is conditional on the successful admission of the Company to the official list of the ASX. If this condition cannot be satisfied or is not satisfied or waived by the parties on or before 31 December 2016, or such other date as agreed by the parties in writing, each party may terminate the agreement by not less than two business days written notice.</p> <p>The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust. Yading Wan is a director of Cyan Stone Clydesdale.</p> <p>Deed of Put and Call Option</p> <p>Cyan Stone Clydesdale, in its capacity as trustee of the Cyan Stone Clydesdale Trust, is party, amongst others (together the Grantees), to the deed of put and call option with Clydesdale Property Development Group Pty Ltd (Grantor) dated 19 January 2016 (Deed of Put and Call Option).</p> <p>Under the terms of the Deed of Put and Call Option, the Grantor granted to the Grantees a call option to purchase the Marsden Park Project, and the Grantees granted to the Grantor a put option to require the Grantees to purchase the Marsden Park Project.</p> <p>Under the terms of the Deed of Put and Call Option, it is proposed that the Marsden Park Project be subdivided into six super lots, one of which is known as Lot 4 and marked as heritage land (Heritage Land), and that Cyan Stone Clydesdale's entitlement under the option is in respect of the Heritage Land.</p> <p>The call option may be exercised by the Grantees between 18 April 2016 and 5 December 2016.</p> <p>The call option must be unanimously exercised by all of the Grantees. The put option may be exercised by the Grantor between 6 December 2016 and 20 December 2016.</p> <p>In accordance with the terms of the Deed of Put and Call Option:</p> <ul style="list-style-type: none"> • the Grantees obtained approval from the Foreign Investment Review Board on 5 April 2016; • Cyan Stone Clydesdale, and the other Grantees, registered a caveat on the title to the Marsden Park Project; • on behalf of the Grantees, Cyan Stone Pty Ltd paid a security deposit in the amount of A\$42,140,000 to the Grantor. If the option is exercised, the security deposit will be applied towards the purchase price of the Marsden Park Project; and • Cyan Stone Clydesdale's portion of the security deposit is \$2,800,000. 	

Topic	Summary	For more Information
	<p>The Deed of Put and Call option contains detailed terms in relation to default and termination, a summary of which is set out in section 10.8.</p> <p>The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust. Yading Wan is a director of Cyan Stone Clydesdale.</p> <p>Sales and marketing agreement</p> <p>On 27 July 2016, the Company entered into a sales and marketing agreement with Cyan Stone Pty Ltd pursuant to which Cyan Stone Pty Ltd appointed the Company as its sales and marketing agent in respect of two property projects in New South Wales, the first being a residential property project in Lindfield (Lindfield Project) and the second being the Marsden Park Project.</p> <p>Under the terms of the agreement, the Company will, amongst other things, promote the sales of properties within the Lindfield Project and the Marden Park Project in China.</p> <p>In consideration for its services under the agreement, Cyan Stone Pty Ltd will pay to the Company a service fee calculated to be 3% of the sale price of any property within the Lindfield Project and Marsden Park Project sold through the efforts of the Company.</p> <p>The Company agrees to indemnify Cyan Stone Pty Ltd against any actions, suits, proceedings, claims, demands, costs, expenses, liability or damage connected with the provision of the services by the Company under this agreement, incurred by Cyan Stone Pty Ltd in respect of any breach of the agreement or any act or omission by the Company or which may be made against Cyan Stone Pty Ltd in the course of it exercising any of its powers, duties or authorities under the agreement. The Company releases Cyan Stone Pty Ltd from any liability in relation to the services under the agreement.</p> <p>The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.</p> <p>Licence Agreement</p> <p>The Company entered into a licence agreement with Cyan Stone Pty Ltd on 13 July 2016 pursuant to which Cyan Stone Pty Ltd granted the Company a licence to occupy office premises located at Martin Place, Sydney. The licence commenced on 18 July 2016 and has a term of three years. Under the terms of the licence agreement, the Company will pay to Cyan Stone Pty Ltd a fee of A\$4,000 (including GST) per month.</p> <p>The agreement otherwise contains terms that are usual for an agreement of this nature.</p> <p>While this agreement is not material, because of Yading Wan's relationship with the Company and Cyan Stone Pty Ltd, the Company has determined to disclose the terms of this agreement.</p> <p>Mandate Letter - BlueMount</p> <p>Jiaxing Boyuan entered into a mandate letter with BlueMount Capital (Sydney) Pty Ltd (Lead Manager) on 9 May 2015 pursuant to which the Lead Manager was appointed as lead manager to provide services to Jiaxing Boyuan (and effectively the Group) with respect to the IPO (Mandate Letter).</p>	

Topic	Summary	For more Information																																			
	<p>Under the terms of the Mandate Letter, the Lead Manager will be paid a fixed fee of A\$1,050,000 payable quarterly in instalments of A\$262,000, with the final payment to be made seven days after the listing of the Company on the ASX. Under the Mandate Letter, the fixed fee covers all service costs involved in having the Company admitted to the official list of the ASX, but excludes capital raising costs, stockbroker fees and property revaluation costs (if required).</p> <p>The Lead Manager is also entitled to be paid a success fee comprising 1% of the total raised under the IPO payable in cash and A\$300,000 in cash.</p> <p>In addition, the Lead Manager is entitled to be paid a success fee of 6% of capital raised directly by the Lead Manager under any capital raising undertaken by the Company during the term of the Mandate Letter and for a period of one year after expiry of the Mandate Letter. Either party may terminate the Mandate Letter after the first anniversary of the Mandate Letter by providing the other with one month's written notice.</p> <p>Other than as disclosed in this section and elsewhere in this Prospectus, there are no other material contracts relating to the Business or the Group.</p>																																				
Where are the Company's operations located?	<p>The Company's existing operations are located in Jiaxing City, Zhejiang Province in the PRC.</p> <p>Upon completion of the Jiaxing Project, the Group does not intend to undertake any further substantial property development business in China. Instead, it proposes to continue to explore property development opportunities in Australia.</p> <p>Upon completion of the Offer, the Company intends to undertake its primary business operations, being the development of property in Australia, from Sydney. The Company's head office is located in Martin Place, Sydney, Australia.</p>	Refer to section 3.3(b)																																			
Why is the Company seeking admission to the Official List of the ASX?	<p>The Company is seeking admission to the Official List of the ASX:</p> <ul style="list-style-type: none"> (a) to fund the acquisition of the properties in Pokolbin and Austral, NSW and the option to acquire the property in Marsden Park, NSW; (b) to reduce the amount of the construction loan in respect of the Jiaxing Project; (c) provide general working capital for the Company, including in respect of operational and administration expenditure; and (d) to gain liquidity in its Shares and exposure to international equity markets through a respected stock exchange in a similar time zone. 	Refer to section 2.13																																			
Financial Information																																					
What is the key financial information for the Company?	<p>A selected summary of pro forma historical financial information for 2013, 2014, 2015 and 2016 YTD is set out below. Investors should read Section 8 for full details of the Company's pro Forma consolidated historical performance</p> <table border="1" data-bbox="376 1688 1145 2027"> <thead> <tr> <th></th> <th colspan="4">Pro Forma Historical Results</th> </tr> <tr> <th>(A\$'000)</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>31-May-16</th> </tr> </thead> <tbody> <tr> <td>Total Revenue</td> <td>4,683</td> <td>10,815</td> <td>19,944</td> <td>5,426</td> </tr> <tr> <td>Gross Profit</td> <td>1,989</td> <td>5,102</td> <td>7,359</td> <td>1,716</td> </tr> <tr> <td>Net Profit Before Tax</td> <td>2,730</td> <td>5,701</td> <td>9,869</td> <td>1,490</td> </tr> <tr> <td>Income tax expense</td> <td>(1,016)</td> <td>(2,369)</td> <td>(3,825)</td> <td>(570)</td> </tr> <tr> <td>Net profit after tax</td> <td>1,714</td> <td>3,332</td> <td>6,044</td> <td>920</td> </tr> </tbody> </table>		Pro Forma Historical Results				(A\$'000)	2013	2014	2015	31-May-16	Total Revenue	4,683	10,815	19,944	5,426	Gross Profit	1,989	5,102	7,359	1,716	Net Profit Before Tax	2,730	5,701	9,869	1,490	Income tax expense	(1,016)	(2,369)	(3,825)	(570)	Net profit after tax	1,714	3,332	6,044	920	Refer to section 8
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	<p>The Financial Information presented in this table is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 8 as well as the Risk factors set out in Section 7.</p> <table border="1" data-bbox="376 430 1145 714"> <thead> <tr> <th data-bbox="376 430 564 517">(A\$'000)</th> <th data-bbox="564 430 837 517">Minimum Subscription (A\$15 Million)</th> <th data-bbox="837 430 1145 517">Maximum Subscription (A\$25 Million)</th> </tr> </thead> <tbody> <tr> <td data-bbox="376 517 564 555">Total assets</td> <td data-bbox="564 517 837 555">133,682</td> <td data-bbox="837 517 1145 555">133,682</td> </tr> <tr> <td data-bbox="376 555 564 593">Total liabilities</td> <td data-bbox="564 555 837 593">76,136</td> <td data-bbox="837 555 1145 593">71,256</td> </tr> <tr> <td data-bbox="376 593 564 651">Net assets</td> <td data-bbox="564 593 837 651">57,546</td> <td data-bbox="837 593 1145 651">62,426</td> </tr> <tr> <td data-bbox="376 651 564 714">Total equity</td> <td data-bbox="564 651 837 714">57,546</td> <td data-bbox="837 651 1145 714">62,426</td> </tr> </tbody> </table>	(A\$'000)	Minimum Subscription (A\$15 Million)	Maximum Subscription (A\$25 Million)	Total assets	133,682	133,682	Total liabilities	76,136	71,256	Net assets	57,546	62,426	Total equity	57,546	62,426	
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Capital Structure																	
<p>What is the capital structure prior to completion of the Offer?</p>	<p>The issued capital of the Company as at the date of this Prospectus is set out in the table below:</p> <table border="1" data-bbox="371 947 1157 1294"> <thead> <tr> <th data-bbox="371 947 699 1043">Name of Existing Shareholder</th> <th data-bbox="699 947 999 1043">Number of securities</th> <th data-bbox="999 947 1157 1043">Percentage %</th> </tr> </thead> <tbody> <tr> <td data-bbox="371 1043 699 1102">Integral Capital Group Pty Ltd*</td> <td data-bbox="699 1043 999 1102">10,000,000</td> <td data-bbox="999 1043 1157 1102">4</td> </tr> <tr> <td data-bbox="371 1102 699 1160">Citron Investment Pty Ltd**</td> <td data-bbox="699 1102 999 1160">36,000,000</td> <td data-bbox="999 1102 1157 1160">14.4</td> </tr> <tr> <td data-bbox="371 1160 699 1234">Hong Kong Jianyuan Investment Limited***</td> <td data-bbox="699 1160 999 1234">204,000,000</td> <td data-bbox="999 1160 1157 1234">81.6</td> </tr> <tr> <td data-bbox="371 1234 699 1294"></td> <td data-bbox="699 1234 999 1294" style="text-align: center;">250,000,000</td> <td data-bbox="999 1234 1157 1294" style="text-align: center;">100</td> </tr> </tbody> </table> <p>*This entity is controlled by Leonard McDowall, Managing Director of the Lead Manager.</p> <p>**Citron Investment Pty Ltd holds 36,000,000 Shares comprising 14.4% of the entire issued capital of the Company at the date of the Prospectus in its capacity as trustee of the Wan Family Trust. Citron Investment Pty Ltd is controlled by Yading Wan, executive Director of the Company. Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.</p> <p>***This entity is controlled by Mr. Shum Tin Ching (also known as Shen Yuxing), executive Director of the Company.</p> <p>See sections 6.1 , 11.6 and 11.10 for more information.</p>	Name of Existing Shareholder	Number of securities	Percentage %	Integral Capital Group Pty Ltd*	10,000,000	4	Citron Investment Pty Ltd**	36,000,000	14.4	Hong Kong Jianyuan Investment Limited***	204,000,000	81.6		250,000,000	100	<p>Refer to sections 2.14, 6.1 , 11.6 and 11.10</p>
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	250,000,000	100															
<p>What is the percentage of Shares being offered based on the number of Shares currently on issue?</p>	<p>28.6% in the event the Maximum Subscription is raised, and 23.1% in the event the Minimum Subscription is raised.</p>	<p>Refer to section 2.14</p>															

Topic	Summary	For more Information																				
<p>What is the capital structure after completion of the Offer (i.e. after allotment of the Shares)?</p>	<p>At the Allotment Date, the issued capital of the Company will be as set out in the table below:</p> <table border="1" data-bbox="373 360 1158 952"> <thead> <tr> <th data-bbox="373 360 517 528">Class of security</th> <th data-bbox="517 360 676 528">Shares (Minimum Subscription raised)</th> <th data-bbox="676 360 836 528">% Total (undiluted) (Minimum Subscription raised)</th> <th data-bbox="836 360 995 528">Shares (Maximum Subscription raised)</th> <th data-bbox="995 360 1158 528">% Total (undiluted) (Maximum Subscription raised)</th> </tr> </thead> <tbody> <tr> <td data-bbox="373 528 517 748">Shares on issue at the date of the Prospectus</td> <td data-bbox="517 528 676 748">250,000,000</td> <td data-bbox="676 528 836 748">76.9%</td> <td data-bbox="836 528 995 748">250,000,000</td> <td data-bbox="995 528 1158 748">71.4%</td> </tr> <tr> <td data-bbox="373 748 517 860">Shares under the Offer</td> <td data-bbox="517 748 676 860">75,000,000</td> <td data-bbox="676 748 836 860">23.1%</td> <td data-bbox="836 748 995 860">100,000,000</td> <td data-bbox="995 748 1158 860">28.6%</td> </tr> <tr> <td data-bbox="373 860 517 952">Total Shares</td> <td data-bbox="517 860 676 952">325,000,000</td> <td data-bbox="676 860 836 952">100.0%</td> <td data-bbox="836 860 995 952">350,000,000</td> <td data-bbox="995 860 1158 952">100.0%</td> </tr> </tbody> </table>	Class of security	Shares (Minimum Subscription raised)	% Total (undiluted) (Minimum Subscription raised)	Shares (Maximum Subscription raised)	% Total (undiluted) (Maximum Subscription raised)	Shares on issue at the date of the Prospectus	250,000,000	76.9%	250,000,000	71.4%	Shares under the Offer	75,000,000	23.1%	100,000,000	28.6%	Total Shares	325,000,000	100.0%	350,000,000	100.0%	<p>Refer to section 2.14</p>
Class of security	Shares (Minimum Subscription raised)	% Total (undiluted) (Minimum Subscription raised)	Shares (Maximum Subscription raised)	% Total (undiluted) (Maximum Subscription raised)																		
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Total Shares	325,000,000	100.0%	350,000,000	100.0%																		
<p>What is the proposed ticker code?</p>	<p>If the Company is successful in its application for admission to the official list of the ASX, the Shares will trade on ASX under the ticker "BHL".</p>																					
<p>Will any Shares be subject to escrow?</p>	<p>Yes. The following Shares are subject to voluntary escrow for between 12 and 24 months from the date of listing of the Company's shares on the official list of the ASX:</p> <ul style="list-style-type: none"> (a) 204,000,000 Shares held by Hong Kong Jianyuan Investment Limited, representing 58.3% of all Shares following completion of the Offer in the event the Maximum Subscription is raised (and 62.8% in the event the Minimum Subscription is raised), will be subject to an escrow of 24 months. (b) 36,000,000 Shares held by Citron Investment Pty Ltd, representing 10.3% of all Shares following completion of the Offer in the event the Maximum Subscription is raised (and 11.1% in the event the Minimum Subscription is raised), will be subject to an escrow of 12 months. <p>Other than the above Shares, no other Shares will be subject to escrow, voluntary or ASX imposed.</p>	<p>Refer to section 11.4 "Escrow arrangements"</p>																				
<p>What are the key risks of investing in the Company?</p>	<p>Risks that the Directors believe are key risks are described under the headings "Risks related to the Company's business and risks related to the industry in which the Company operates" (see section 7.2 of this Prospectus), risks related to doing business in China (see section 7.3 of this Prospectus) and "Risks related to the Offer and an investment in Shares" (see section 7.4 of this Prospectus).</p> <p>Title risk</p> <p>The Group has the right to possess, use and develop the land the subject of the Jiaxing Project through two land use right certificates obtained from the Bureau of Land and Resources of Jiaxing City for the purposes of mixed use commercial and residential property development. The land use right in respect of commercial use has a term of 50 years, and the land use right in respect of residential use has a term of 70 years.</p> <p>In respect of the commercial use of the property, the Group may submit an application for renewal of the term to the Bureau of Land and Resources of</p>	<p>Refer to section 7</p>																				

Topic	Summary	For more Information
	<p> Jiaxing City at least one year prior to the expiration of the relevant term, and the Bureau of Land and Resources of Jiaxing City shall approve the renewal unless the Bureau of Land and Resources of Jiaxing City determines to withdraw the land use rights in respect of the property in the social and public interest. If the Bureau of Land and Resources of Jiaxing City makes a determination that it is in the social and public interest to withdraw the commercial land use rights, the Group will not be able to undertake its business as it currently does, and will suffer loss as a result. </p> <p> Property investment risk in the PRC </p> <p> The value of an investment in the Company may decline due to adverse changes in the property market. </p> <p> As a result of government policies and changes in economic conditions in the PRC, the performance of the property market in the city in which the Group develops its property development projects has fluctuated in the past few years. Accordingly, investors will be exposed indirectly to property market risk. The value of the Group's interests in the real property assets underlying its investments may fluctuate depending on market conditions. </p> <p> Economic and regulatory factors which are beyond the control of the Group may have an impact on market conditions. </p> <p> Property investment risk in Australia </p> <p> The value of property in Australia may decline due to, amongst other factors, a downturn in local property markets in Australia, changes in property yields and the performance of the residential and commercial property sector in Sydney. These factors are beyond the control of the Company and investors should note that the Company's financial position and performance may be adversely impacted as a result. </p> <p> General property investment risk </p> <p> An investment in the Company is subject to certain risks associated with the ownership of property and the property industry in general. </p> <p> These risks include: </p> <ul style="list-style-type: none"> • declines in property income due to rental market conditions (which will vary according to the supply and demand for similar space in the respective markets for each property); • appropriate planning consents not being obtained or, if obtained are not properly adhered to; • operating and third party expenses being greater than estimated; • delays due to factors beyond the Company's control; • the supply of competing existing or new properties, which may reduce the ability to secure lease renewals or obtain new tenants; • general market forces prevailing at the time of the sale of property assets, including demand by investors for property investments; and • development risk, where developments are intended to be conducted in relation to future acquisition of interests in property, <p> amongst others. These factors may affect the earnings of the Group and the market price of the Company's Shares </p> <p> Property acquisition </p> <p> The Group may make additional investments (debt or equity) in property or acquire additional properties in the future. </p> <p> As the details of any future properties are unknown, there is risk that the acquisition of additional properties may have a detrimental effect on the Group. There can be no guarantee that any proposed acquisition or development will be </p>	

Topic	Summary	For more Information
	<p>completed or be successful. If the proposed acquisition or development is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Group.</p> <p>In addition, the PRC government may introduce policies to regulate the acquisition of land and properties in the PRC. The policies introduced by the PRC government may have a material adverse impact on the Group's business and cost of property acquisition.</p> <p>The Company's future plans and growth strategies (set out in section 3.6) involve numerous risks, including but not limited to, the allocation of substantial capital expenditure and financial resources.</p> <p>Material differences between valuation report and actual value realised upon sale of the Group's properties</p> <p>The value of, and returns from, properties the subject of the Company's property developments may fluctuate depending on property market conditions. Demand for property may change as investor preferences for particular sectors and asset classes change over time and can be influenced by general economic factors such as interest rates and industry cycles.</p> <p>From time to time, unanticipated events occur that affect the value of land which may in turn affect the financial returns from property development and real estate businesses.</p> <p>Property values may fall if the underlying assumptions on which the property valuations are based differ in the future.</p> <p>Adverse publicity regarding the Company's reputation and brand</p> <p>The Group relies on its reputation and brand to attract potential consumers to purchase its properties. If the Group is subject to any negative publicity in relation to its properties, this may have a material adverse effect on the Group's business and financial condition.</p> <p>Certificates, licences, permits and governmental approvals required to carry out property development projects</p> <p>The property industry in the PRC is heavily regulated. Accordingly, the Group is required to obtain and maintain various certificates, licences, permits and governmental approvals during various stages of its property development projects.</p> <p>If the PRC government introduces new laws, rules and regulations from time to time in respect of the property development industry, this may result in significant delays for the Group's projects in obtaining or renewing the relevant certificates, licences or permits.</p> <p>Further, if the Group is unable to obtain the relevant certificates, licences or permits required by the PRC government, the Group will not be able to continue its property development projects. This will have a material adverse effect on the Group's business and financial condition.</p> <p>Delays in completion of property development projects</p> <p>The progress of the Group's property development projects may be materially and adversely affected by various factors, including delays in obtaining the necessary permits or government approvals, delays in the delivery of land, changes in government policies, changes in market conditions, labour disputes, poor work quality of construction contractors, construction accidents and adverse weather conditions.</p> <p>Restrictive covenants under loan facilities</p> <p>The Group has entered into a loan facility which contains a number of restrictive covenants. In particular, under the loan facility, the Group's subsidiaries are</p>	

Topic	Summary	For more Information
	<p>restricted from carrying out mergers, material asset transfers, a reduction in its registered capital and incurring further debts without the prior consent of the lender.</p> <p>If the Group and its subsidiaries fail to comply with these restrictive covenants, the relevant lender is entitled to accelerate payment of all or any part of the amounts owing under the loan facility and enforce any securities provided under the loan facility.</p> <p>Financing</p> <p>The Group's business is dependent on obtaining financing to invest in property and property development throughout the world. There is a risk that financing may not be available on commercially acceptable terms, including interest rates, financial covenants and security.</p> <p>Risk relating to loss of key management</p> <p>The Company's business and future success heavily depends upon the continued services of management and other key personnel. If one or more of the Company's management or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. The Company's business may be severely disrupted, its financial condition and results of operations may be materially adversely affected, and it may incur additional expenses to recruit, train and retain personnel.</p> <p>Enforcement of Contracts in Foreign Jurisdictions</p> <p>The Company and/or its subsidiaries have entered into contracts which are material to its business and governed by the laws of PRC.</p> <p>Should a contractual dispute result in court action or should the Company be in a position to require the enforcement of the security interests it holds, the procedure in courts in PRC may be different than in Australia.</p> <p>Payment of dividends</p> <p>Payment of future dividends will depend on matters such as the future profitability and financial position of the Company, currency exchange rates and the other risk factors set out in section 7.</p> <p>Whilst the Group has produced net profits for each of the past three financial years as set out in the audited accounts in section 8, there can be no assurance that the Group will achieve profitability in the future and be able to pay dividends reliably.</p> <p>Fluctuations in the economic, legal, political and social conditions of the PRC</p> <p>Since 1978, the PRC has implemented various reforms to its economic system. As a result of the reforms, the PRC's economy has been growing significantly for the past three decades. However, given the unprecedented and experimental nature of the reforms, they are potentially subjected to refinement and changes as the PRC government deem fit. Political, economic and social factors are also expected to play a role in refinement and changes of these policies. The possibility of such refinement and adjustment may consequently have a material impact on the Company's operations in the PRC and in turn its financial performance.</p> <p>Uncertainties with respect to the PRC legal system</p> <p>The Company conducts its business primarily through its subsidiaries established in the PRC. These subsidiaries are generally subject to laws and regulations applicable to foreign investment in the PRC. However, as the PRC legal system continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit the legal protections available to the Group.</p>	

Topic	Summary	For more Information
	<p>Government control of currency conversion</p> <p>The PRC government imposes control on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. The Group receives all of its revenue in RMB. Under existing PRC foreign exchange regulations, payment of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without approval from the PRC State Administration of Foreign Exchange (SAFE), by complying with certain procedural requirements.</p> <p>Risk of oppression of minority shareholders</p> <p>Immediately after the Offer, the Existing Holders will beneficially own approximately 76.9% of the Company's issued capital assuming that the Minimum Subscription is raised and approximately 71.4% assuming the Maximum Subscription is raised under the Offer. As a result, these Existing Holders, if they act together, would be able to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval, including the election of Directors and approval of significant corporate transactions.</p>	
Are there any other risks affecting an investment in the Company?	A number of other more general or less key risks factors are set out in section 7.	Refer to section 7
The Board and its interests		
Who are the Board of the Company and what experience do they have?	<p>The Board comprises experienced professionals with extensive expertise in property development, management and investment.</p> <p>Dr Saliba Sassine - Chairman and Independent Non-Executive Director</p> <ul style="list-style-type: none"> • company executive and director with experience in a wide range of industries and jurisdictions • held director positions in a number of current and previously ASX-listed entities and has extensive experience in corporate governance and compliance for publicly listed companies • graduate of the University of Western Australia with First Class Honours in Economics and a Doctor of Philosophy <p>Yading Wan - Executive Director and Chief Executive Officer</p> <ul style="list-style-type: none"> • over 25 years' experience in real estate development and management • developed a number of real estate development projects in Zhejiang Province, China • general manager of Camphor Wood Holdings Pty Ltd which is managing a proposed development of a vacation village in New South Wales <p>David Paul Batten - Independent Non-Executive Director</p> <ul style="list-style-type: none"> • over 25 years' experience in financial markets • formerly worked within large foreign banking institutions including Bankers Trust Australia and Goldman Sachs • current non-executive chairman of ASX listed, Victor Group Holdings Limited and non-executive director of ASX-listed China Dairy Corporation Limited <p>Xiaofeng Chen - Non-Executive Director</p> <ul style="list-style-type: none"> • over 20 years' experience in financial investment with a 	Refer to section 6.2

Topic	Summary	For more Information												
	<p>specialisation in the technology sector with extensive experience in business administration and law</p> <ul style="list-style-type: none"> current 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, which is funded by amongst others, Zhejiang University holds a double degree in engineering and law from Zhejiang University and a MBA from China Europe International Business School (CEIBS) <p>Shum Tin Ching (also known as Shen Yuxing) - Executive Director</p> <ul style="list-style-type: none"> more than 25 years' experience in all aspects of the real estate sector current chairman of the board of Zhejiang Jiayuan Real Estate Group Co., Ltd, which ranks as the 40th largest Chinese real estate development corporation in 2016 current Chairman of the board of Jiayuan International Group, a Hong Kong listed property developer 													
Who are the management of the Company and what experience do they have?	<p>Jinfa Jin - General Manager</p> <ul style="list-style-type: none"> general manager of Jiaxing Boyuan several senior management positions in a number of corporations in China extensive experience and expertise in financial management and organisational management <p>Xiqiang (Steven) Jiang - Chief Financial Officer and Company Secretary</p> <ul style="list-style-type: none"> extensive accounting, company secretary and management experience in both Australian private and listed companies current Chief Financial Officer and director of ASX-listed Victor Group Holdings Limited holds a Master of commerce degree from the University of Sydney and a Bachelor of Commerce degree from the University of Melbourne 	Refer to section 6.4												
Are there any benefits payable to Directors, other related parties and promoters?	<p>The Company has agreed to remunerate its Executive and Non-Executive Directors through a combination of an appropriate salary package and market based director fees respectively.</p> <p>The Company has agreed to remunerate its Directors as set out below.</p> <table border="1" data-bbox="408 1559 1106 1854"> <thead> <tr> <th data-bbox="408 1559 826 1617">Name</th> <th data-bbox="826 1559 1106 1617">Amount per annum</th> </tr> </thead> <tbody> <tr> <td data-bbox="408 1617 826 1664">Dr Saliba Sassine</td> <td data-bbox="826 1617 1106 1664">A\$50,000</td> </tr> <tr> <td data-bbox="408 1664 826 1709">David Paul Batten</td> <td data-bbox="826 1664 1106 1709">A\$40,000</td> </tr> <tr> <td data-bbox="408 1709 826 1753">Xiaofeng Chen</td> <td data-bbox="826 1709 1106 1753">A\$30,000</td> </tr> <tr> <td data-bbox="408 1753 826 1798">Yading Wan</td> <td data-bbox="826 1753 1106 1798">A\$50,000</td> </tr> <tr> <td data-bbox="408 1798 826 1854">Shum Tin Ching (also known as Shen Yuxing)</td> <td data-bbox="826 1798 1106 1854">A\$50,000</td> </tr> </tbody> </table>	Name	Amount per annum	Dr Saliba Sassine	A\$50,000	David Paul Batten	A\$40,000	Xiaofeng Chen	A\$30,000	Yading Wan	A\$50,000	Shum Tin Ching (also known as Shen Yuxing)	A\$50,000	Refer to section 6.3
Name	Amount per annum													
Dr Saliba Sassine	A\$50,000													
David Paul Batten	A\$40,000													
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Yading Wan	A\$50,000													
Shum Tin Ching (also known as Shen Yuxing)	A\$50,000													

Topic	Summary	For more Information																														
<p>Are there any benefits payable to Directors, other related parties and promoters?</p>	<p>The table below sets out the interests of the Directors as at the date of this Prospectus and on completion of the Offer. Refer to section 6 of this Prospectus for further details.</p> <table border="1" data-bbox="363 421 1169 1249"> <thead> <tr> <th data-bbox="363 421 491 734">Director</th> <th data-bbox="491 421 630 734">Number of shares held directly</th> <th data-bbox="630 421 790 734">Number of shares held Indirectly</th> <th data-bbox="790 421 981 734">% of Issued Shares at the date of the Prospectus</th> <th data-bbox="981 421 1169 734">% of Issued Shares after the Offer based on the Maximum Subscription</th> </tr> </thead> <tbody> <tr> <td data-bbox="363 734 491 813">Dr Saliba Sassine</td> <td data-bbox="491 734 630 813">Nil</td> <td data-bbox="630 734 790 813">Nil</td> <td data-bbox="790 734 981 813">Nil</td> <td data-bbox="981 734 1169 813">Nil</td> </tr> <tr> <td data-bbox="363 813 491 913">David Paul Batten</td> <td data-bbox="491 813 630 913">Nil</td> <td data-bbox="630 813 790 913">Nil</td> <td data-bbox="790 813 981 913">Nil</td> <td data-bbox="981 813 1169 913">Nil</td> </tr> <tr> <td data-bbox="363 913 491 992">Yading Wan</td> <td data-bbox="491 913 630 992">Nil</td> <td data-bbox="630 913 790 992">36,000,000*</td> <td data-bbox="790 913 981 992">14.4 %</td> <td data-bbox="981 913 1169 992">11.1%</td> </tr> <tr> <td data-bbox="363 992 491 1070">Xiaofeng Chen</td> <td data-bbox="491 992 630 1070">Nil</td> <td data-bbox="630 992 790 1070">Nil</td> <td data-bbox="790 992 981 1070">Nil</td> <td data-bbox="981 992 1169 1070">Nil</td> </tr> <tr> <td data-bbox="363 1070 491 1249">Shum Tin Ching (also known as Shen Yuxing)</td> <td data-bbox="491 1070 630 1249">Nil</td> <td data-bbox="630 1070 790 1249">204,000,000**</td> <td data-bbox="790 1070 981 1249">81.6 %</td> <td data-bbox="981 1070 1169 1249">62.8%</td> </tr> </tbody> </table> <p data-bbox="363 1301 427 1323">Notes:</p> <p data-bbox="363 1328 1169 1451">* Citron Investment Pty Ltd holds 36,000,000 Shares comprising 14.4% of the entire issued capital of the Company at the date of the Prospectus in its capacity as trustee of the Wan Family Trust. Citron Investment Pty Ltd is controlled by Yading Wan. Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.</p> <p data-bbox="363 1480 1169 1581">**Shum Tin Ching (also known as Shen Yuxing) has an indirect interest in 204,000,000 Shares comprising 81.6% of the entire issued capital of the Company at the date of the Prospectus through Hong Kong Jianyuan Investment Limited, a company he controls.</p>	Director	Number of shares held directly	Number of shares held Indirectly	% of Issued Shares at the date of the Prospectus	% of Issued Shares after the Offer based on the Maximum Subscription	Dr Saliba Sassine	Nil	Nil	Nil	Nil	David Paul Batten	Nil	Nil	Nil	Nil	Yading Wan	Nil	36,000,000*	14.4 %	11.1%	Xiaofeng Chen	Nil	Nil	Nil	Nil	Shum Tin Ching (also known as Shen Yuxing)	Nil	204,000,000**	81.6 %	62.8%	<p>Refer to section 11.6</p>
Director	Number of shares held directly	Number of shares held Indirectly	% of Issued Shares at the date of the Prospectus	% of Issued Shares after the Offer based on the Maximum Subscription																												
Dr Saliba Sassine	Nil	Nil	Nil	Nil																												
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Xiaofeng Chen	Nil	Nil	Nil	Nil																												
Shum Tin Ching (also known as Shen Yuxing)	Nil	204,000,000**	81.6 %	62.8%																												
<p>Are the Directors or any Existing Holders selling Shares into this Offer?</p>	<p>No, the Directors and Existing Holders are not selling Shares into the Offer.</p>																															
<p>Related party transactions</p>																																
<p>What are the related party transactions?</p>	<p>As disclosed above in relation to the material contracts of the Company, the Company (or its operating subsidiary, Jiaxing Boyuan) is party to a number of related party contracts, including the following:</p>	<p>Refer to sections 10.1, 10.5, 10.7, 10.8 and 10.9</p>																														

Topic	Summary	For more Information
	<ul style="list-style-type: none"> • equity transfer agreement and supplemental agreement in relation to the acquisition of Jiaxing Boyuan from Zhejiang Jiayuan, an entity controlled by Shum Tin Ching (also known as Shen Yuxing), who is an Executive Director of the Company; • the property acquisition agreements in respect of the Hunter Valley Project with Cyan Stone Pty Ltd. The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust; • the share and unit purchase agreement in respect of the acquisition of all of the shares in Cyan Stone Clydesdale Pty Ltd and all of the units in the Cyan Stone Clydesdale Trust from Blue Cedar Development Pty Limited and Cyan Stone Pty Ltd. Yading Wan is a director of Cyan Stone Clydesdale Pty Ltd; • the sales and marketing agreement with Cyan Stone Pty Ltd; and • the licence agreement with Cyan Stone Pty Ltd. <p>A summary of the terms of these contracts is set out in section 10.</p> <p>Part of the acquisition of Jiaxing Boyuan included the recording of a receivable in the amount of A\$27,567,000 in Hong Kong Boyuan Investment Holding Limited from Hong Kong Jianyuan Investment Limited, which is controlled by Shum Tin Ching (also known as Shen Yuxing), in exchange for newly issued equity in Hong Kong Boyuan Investment Holding Limited. The receivable is due to be settled on 22 May 2017 and bears no interest.</p> <p>The supplemental agreement further provided that the payment of the interest free debt of RMB130 million (A\$25.44 million) by Jiaxing Longyuan Enterprise Management Co., Ltd is conditional on the receipt by Hong Kong Boyuan Investment Holding Limited of the amount of RMB130 million (A\$27,567,000) from Hong Kong Jianyuan Investment Limited and should the amount of RMB130 million (A\$27,567,000) not be received by Hong Kong Boyuan Investment Holding Limited on the due date, Zhejiang Jiayuan would waive its right to receive the first cash instalment on 31 December 2018. The earliest date that Zhejiang Jiayuan will receive payment under the supplemental agreement will be within 30 days after Hong Kong Boyuan Investment Holding Limited receives payment in full from Hong Kong Jianyuan Investment Limited. For more information about the accounting treatment in respect of this liability, refer to section 8.4.</p> <p>Other than these contracts, there are no other related party transactions in respect of the Group or its business.</p>	
Applications		
Am I eligible to participate in the Offer?	The Offer is open to all investors who are resident in Australia, however any person who has a registered address in any other country who receives this Prospectus may apply for Shares but may only apply where that shareholder is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer.	Refer to section 2.4
How can I apply?	Instructions on how to complete the Application Form accompanying this Prospectus are set out in section 2.4 and on the Application Form itself.	Refer to section 2.4
What is the minimum application amount under the Offer?	You may apply for a minimum parcel of 10,000 Shares, for a minimum of A\$2,000, and thereafter in multiples of 1,000 Shares	Refer to section 2.4

Topic	Summary	For more Information
What is the allocation policy?	The Board will allocate Applications based on satisfying the Minimum Subscription of the Offer and to ensure an appropriate shareholder base for the Company.	Refer to section 2.5
When will I receive confirmation that my Application has been successful?	Confirmation of successful Applications in the form of holding statements are expected to be despatched by post on or around 26 October 2016	Refer to section 2.4
Dividends		
Will dividends be paid?	<p>Dividends will be paid subject to the financial performance of the Company and in accordance with the dividend policy.</p> <p>Subject to the Group achieving its targets for the financial year ending 31 December 2016, the Company intends to pay an annual unfranked dividend of between 12 and 15 percent of the NPAT generated by the Group.</p> <p>No assurances can be given by the Company to the payment of future dividends as this will depend on, amongst other things, the general business environment, the Group's level of profitability, the Group's funding requirements and the Group's financial and taxation position at the time.</p>	Refer to section 3.7
Tax and brokerage		
What are the taxation implications of investing in the Shares?	The taxation implications of investing in the Shares will depend on each investor's individual circumstances. You should seek your own tax advice prior to applying for Shares under the Offer.	Refer to section 11.9
Is there any brokerage commission or stamp duty payable?	<p>You are not required to pay any brokerage commission or stamp duty for the acquisition of Shares under the Offer.</p> <p>The Company will however pay brokerage to stockbrokers or licenced investment advisors.</p>	Refer to section 2.4
Further information		
How can I obtain further information?	<p>If you have queries about investing under the Offer, you should contact your stockbroker, financial advisor, accountant or other professional advisor.</p> <p>If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the below between 8:30 am and 5:00 pm AEST:</p> <p>(a) the Share Registry on 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia); or</p> <p>(b) the Lead Manager on 1300 70 70 10 (from within Australia) or +61 2 9252 2122 (from outside Australia)</p>	Refer to section 2.4
Documents incorporated by reference	If you would like to obtain a copy of any of the documents incorporated by reference into this Prospectus, which comprise the Company's corporate governance policies, copies may be obtained from the Company web site, or by contacting the Lead Manager on the numbers detailed above.	

2. Details of the Offer

2.1 The Offer

The Company is offering for subscription Shares at an issue price of A\$0.20 per Share.

The Company reserves the right not to proceed with the Offer at any time before the allotment of Shares under the Offer. If the Offer does not proceed, Application Monies received by the Company will be refunded in full without interest.

The Company, in consultation with the Lead Manager, also reserves the right to close the Offer early, to accept late Applications or extend the Offer (in certain circumstances) without notifying any recipient of this Prospectus or any Applicant.

2.2 How much is the Company seeking to raise under the Offer?

The Maximum Subscription under the Offer is A\$20,000,000 representing 100,000,000 Shares at A\$0.20 per Share.

The Minimum Subscription under the Offer is A\$15,000,000 representing 75,000,000 Shares at A\$0.20 per Share.

If the Minimum Subscription is not obtained within four months after the date of this Prospectus, the Company will repay all Application Monies in full without interest as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Monies in full without interest.

2.3 Is the Offer underwritten?

No, the Offer is not underwritten.

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2.4 How do I apply under the Offer?

Who is eligible to participate in the Offer?					
<p>Who can apply for Shares under the Offer?</p>	<p>The Offer is open to all investors who are resident in Australia, however any person who has a registered address in any other country who receives this Prospectus may apply for Shares provided that shareholder is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.</p>				
Completing and returning your Application under the Offer					
<p>What is the minimum and maximum application under the Offer?</p>	<p>Applications must be for a minimum of 10,000 Shares (A\$2,000).</p> <p>Applications in excess of the minimum number of Shares must be in multiples of 1,000 Shares (A\$200).</p> <p>There is no maximum amount that may be applied for under the Offer. The Company, in consultation with the Lead Manager, reserves the right to aggregate any Applications under the Offer which it believes may be multiple Applications from the same person.</p> <p>The Company, in consultation with the Lead Manager, reserves the right to reject any Application or to allocate a lesser number of Shares than that which is applied for.</p>				
<p>How do I apply under the Offer?</p>	<p>In order to apply under the Offer, please complete the Application Form that forms part of, is attached to, or accompanies this Prospectus or a printed copy of the Application Form attached to the electronic version of the Prospectus. Application Forms must be completed in accordance with the accompanying instructions.</p> <p>If paying by cheque(s) or bank draft(s):</p> <p>Once completed, please send your Application Form and Application Monies to the Company's Share Registry at the address set out below.</p> <table border="0"> <tr> <td>Mailing Address:</td> <td>Delivery Address:</td> </tr> <tr> <td>Boyuan Holdings Limited C/- Boardroom Pty Limited GPO Box 3993 SYDNEY NSW 2001</td> <td>Boyuan Holdings Limited C/- Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street SYDNEY NSW 2000</td> </tr> </table>	Mailing Address:	Delivery Address:	Boyuan Holdings Limited C/- Boardroom Pty Limited GPO Box 3993 SYDNEY NSW 2001	Boyuan Holdings Limited C/- Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street SYDNEY NSW 2000
Mailing Address:	Delivery Address:				
Boyuan Holdings Limited C/- Boardroom Pty Limited GPO Box 3993 SYDNEY NSW 2001	Boyuan Holdings Limited C/- Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street SYDNEY NSW 2000				
<p>How to complete and attach your cheque for the Application Monies or pay electronically</p>	<p>The Application Monies must be paid by cheque(s) or bank draft(s):</p> <ul style="list-style-type: none"> • in Australian currency; • drawn at an Australian branch of a financial institution; • crossed "Not Negotiable"; and • made payable to "Boyuan Holdings Limited". <p>If paying by cheque(s), Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.</p>				

Fees, costs and timing for Applications

<p>When does the Offer open?</p>	<p>The Offer is expected to open for Applications on 6 September 2016. However, this may be delayed if ASIC extends the Exposure Period for the Prospectus.</p>
<p>What is the deadline to submit an Application under the Offer?</p>	<p>It is your responsibility to ensure that your Application Form and Application Monies are submitted before 5:00 pm (AEST) on the Closing Date for the Offer which is 12 October 2016.</p> <p>The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your Application.</p>
<p>Is there any brokerage, commission or stamp duty payable by Applicants?</p>	<p>No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.</p> <p>Brokerage and/or handling fees on applications for Shares will be payable to member firms of the ASX or licensed investment advisors on such Application Forms bearing their codes and accepted by the Company.</p> <p>These fees will be paid from the proceeds of the Offer.</p>
<p>What are the costs of the Offer and who is paying them?</p>	<p>The costs of the Offer include the legal, accounting, advisory and other costs associated with the production of the Offer documentation.</p> <p>At the time of production of this Prospectus, the cash costs were estimated to be A\$1,681,302 (Minimum Subscription) and A\$1,801,269 (Maximum Subscription). Refer to section 2.13 for further information.</p> <p>The Company intends to pay these costs from the proceeds of the Offer.</p>
<h2>Confirmation of your Application and trading on the ASX</h2>	
<p>When will I receive confirmation whether my Application has been successful?</p>	<p>Holding statements confirming Applicants' allocations under the Offer are expected to be sent to successful Applicants on or around 26 October 2016.</p> <p>Applicants under the Offer will be able to call the Share Registry on 1300 737 760 (from within Australia) or +61 9290 9600 (from outside Australia) between 8:30 am and 5:00 pm AEST, from 12 October 2016 to confirm their allocation.</p>
<p>When will I receive my Shares and when can I trade my Shares?</p>	<p>Subject to ASX granting approval for the Company to be admitted to the official list of ASX, the Company will procure the issue of Shares to successful Applicants as soon as practicable after the Closing Date. Allotment is expected to occur on 26 October 2016.</p> <p>Trading of Shares on ASX is expected to commence on 28 October 2016 on a normal T + 2 settlement basis.</p> <p>If you sell Shares before receiving an initial holding statement, you may contravene the Listing Rules and do so at your own risk, even if you have obtained details of your holding from your broker or the Share Registry.</p>
<p>Who do I contact if I have further queries?</p>	<p>If you have queries about investing under the Offer, you should contact your stockbroker, financial advisor, accountant or other professional advisor.</p> <p>If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call:</p> <p>(a) the Share Registry on 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia); or</p>

	<p>(b) the Lead Manager on 1300 70 70 10 (from within Australia) or +61 2 9252 2122 (from outside Australia),</p> <p>between 8:30 am and 5:00 pm AEST.</p>
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2.5 Allocation policy

The basis of allocation of Shares under the Offer (including any amount above the Minimum Subscription) will be based on satisfying the Minimum Subscription of the Offer and to ensure an appropriate shareholder base for the Company as determined by the Company, in consultation with the Lead Manager.

The Company, in consultation with the Lead Manager, reserves the right in its absolute discretion to issue no Shares to Applicants under the Offer and may reject any Application or allocate a lesser amount of Shares than those applied for at its absolute discretion.

2.6 Application Monies

All Application Monies will be held by the Company's Share Registry, on trust in a separate account until Shares are issued to successful Applicants.

Application Monies will be refunded in A\$ to the extent that an Application is rejected or scaled back, or the Offer is withdrawn.

No interest will be paid on refunded amounts. The Company will retain any interest earned on Application Monies.

2.7 ASX listing

No later than seven days after the date of this Prospectus, the Company will apply to the ASX for admission to the official list of the ASX and for the Shares to be granted official quotation by the ASX under the code "BHL".

The admission of the Company to the official list of ASX and official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under the Offer.

The ASX takes no responsibility for the contents of this Prospectus.

Normal settlement trading in Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares.

Applicants who sell Shares before they receive confirmation of their allotment may contravene the Listing Rules and do so at their own risk.

If permission for quotation of the Shares is not granted within three months after the date of this Prospectus, all Application Monies will be dealt with in accordance with the Corporations Act.

2.8 Risk factors

You should read this entire Prospectus, including the risk factors set out under section 7, before making any decision to invest. You may wish to consult your professional financial advisors before investing.

The risk factors set out under section 7 and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares offered pursuant to this Prospectus. Accordingly, an investment in the Company should be considered speculative.

2.9 Tax implications of investing in the Company

The taxation consequences of any investment in Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should seek your own professional advice. Refer to section 11.9 for further information.

2.10 Foreign selling restrictions and overseas applicants

This Prospectus does not constitute a public offer or invitation in any jurisdiction other than Australia. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who reside outside Australia and who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Any person who has a registered address in any other country who receives this Prospectus may only apply for Shares where that shareholder is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

The Company will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable securities laws.

2.11 Restricted Securities

At the date of this Prospectus, two of the Company's existing shareholders have entered into voluntary escrow arrangements in respect of their securities for periods between 12 and 24 months. Following completion of the Offer and in the event of the Maximum Subscription being raised, 68.6% of the Company's Shares will be held under escrow arrangements, and in the event of the Minimum Subscription being raised, 73.9% of the Company's Shares will be held under escrow arrangements. Refer to section 11.4 for further information.

The ASX has not imposed escrow on the Shares

2.12 Broker applications

All valid applications lodged by stockbrokers or organisations which are member firms of the ASX or licensed investment advisors and which bear a stamp or code may be paid a fee on valid applications that are accepted by the Company. This fee will be paid by the Company.

2.13 Use of proceeds of the Offer

Based on the Maximum Subscription of A\$20,000,000, the Company expects to receive approximately A\$18,198,731 of net proceeds from the Offer (after the costs of the Offer). The table below sets out the proposed use of funds from the Offer in A\$.

Use of funds from the Offer	Minimum Subscription A\$15,000,000		Maximum Subscription A\$20,000,000	
	A\$	%	A\$	%
Expenses of the Offer ¹	1,681,302	11.2%	1,801,269	9.0%
Working capital in Australia ²	1,000,000	6.7%	1,000,000	5.0%
Investment in the Hunter Valley Project and Austral Project ³	6,500,000	43.3%	6,500,000	32.5%
Capital reserved for the Heritage Land (Marsden Park Project) ³	3,000,000	20.0%	3,000,000	15%
Reduction of debt - Jiaxing Project ⁴	2,818,698	62.6%	7,698,731	38.5%
Total	15,000,000	100.0%	20,000,000	100.0%

Notes:

- Total expenses of the Offer will be funded from the proceeds of the Offer. Refer to section 11.11 for a breakdown of these expenses.
- Working capital expenditure is to be applied towards administration costs associated with the Company. These costs include wages and salaries, occupancy costs, professional consultant's fees, compliance and reporting costs associated with running an ASX listed company, as well as other typical administration costs.
- Refer to sections 10.5, 10.6, 10.7 and 10.8 for details of the Company's Hunter Valley Project, Austral Project and Heritage Land (Marsden Park Project). The funds will be applied towards the cost of acquiring the land the subject of these projects, including the costs of government imposed stamp duty in New South Wales.
- Part of the proceeds of the Offer will be applied towards reducing a portion of the outstanding amount of the construction loan in respect of the Jiaxing Project.

The Company has chosen to use an indicative foreign exchange rate of A\$1.00 = RMB 5.1103 and A\$1.00 = HKD 5.9653 (which are the exchange rates on the Conversion Date) in the calculation of the figures in the table above. Accordingly, investors should be aware that the amounts represented in the table below may change as a result of fluctuations in the A\$ to RMB and A\$ to HKD exchange rates.

The use of funds set out above represents the Company's current intentions based upon its present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of the Company's development efforts.

2.14 Share capital

Date of this Prospectus

The issued capital of the Company as at the date of this Prospectus is set out in the table below:

Name of Existing Shareholder	Number of securities	Percentage
Integral Capital Group Pty Ltd*	10,000,000	4
Citron Investment Pty Ltd**	36,000,000	14.4
Hong Kong Jianyuan Investment Limited***	204,000,000	81.6
	250,000,000	100

*This entity is controlled by Leonard McDowall, Managing Director of the Lead Manager.

**Citron Investment Pty Ltd holds 36,000,000 Shares comprising 14.4% of the entire issued capital of the Company at the date of the Prospectus in its capacity as trustee of the Wan Family Trust. Citron Investment Pty Ltd is controlled by Yading Wan. Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.

***This entity is controlled by Mr. Shum Tin Ching (also known as Shen Yuxing), executive Director of the Company.

See sections 6.1, 11.6 and 11.10 for more information.

Allotment Date

At the Allotment Date, the issued capital of the Company will be as set out in the table below:

Class of security	Share (Minimum Subscription raised)	% Total (undiluted) (Minimum Subscription raised)	Shares (Maximum Subscription raised)	% Total (undiluted) (Maximum Subscription raised)
Shares on issue at the date of the Prospectus	250,000,000	76.9%	250,000,000	71.4%
Shares under the Offer	75,000,000	23.1%	100,000,000	28.6%
Total Shares following the allotment of Shares under the Offer	325,000,000	100.0%	350,000,000	100.0%

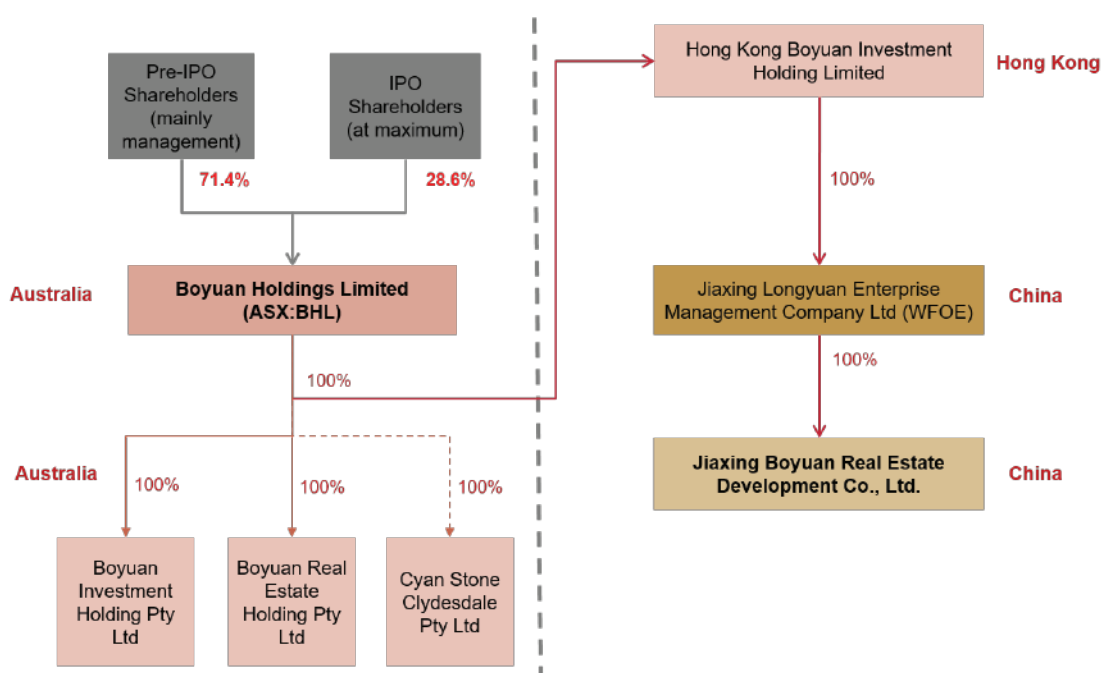
3. Company overview

3.1 Corporate structure

The Company was incorporated in Victoria as a public company limited by shares on 22 October 2015.

The Company is the holding company of the Group. The Group, through its operating subsidiary, Jiaxing Boyuan Real Estate Development Co., Ltd. (**Jiaxing Boyuan**), conducts the business of property development and management of a property complex comprising 10 residential and commercial buildings, known as the Jiayuan Central Plaza Project (**Jiaxing Project**), located in Jiaxing City in Zhejiang Province, China.

The corporate structure of the Group at the date of this Prospectus is set out in the diagram below.



- (a) **Boyuan Holdings Limited** is currently owned by three shareholders as follows:
- (i) Hong Kong Jianyuan Investment Limited, which holds 204,000,000 Shares, comprising 81.6% of the entire issued capital of the Company at the date of this Prospectus. This entity is controlled by Mr. Shum Tin Ching (also known as Shen Yuxing), executive Director of the Company;
 - (ii) Citron Investment Pty Ltd, which holds 36,000,000 Shares, comprising 14.4% of the entire issued capital of the Company at the date of this Prospectus in its capacity as trustee of the Wan Family Trust. Citron Investment Pty Ltd is controlled by Yading Wan, executive Director of the Company. Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust; and
 - (iii) Integral Capital Group Pty Ltd, which holds 10,000,000 Shares, comprising 4% of the entire issued capital of the Company at the date of this Prospectus.

Following completion of the Offer, investors under the Offer will hold between 23.1% (under the Minimum Subscription) and 28.6% (under the Maximum Subscription) of the entire issued capital of the Company.

- (b) **Hong Kong Boyuan Investment Holding Limited** is a company incorporated in Hong Kong on 31 December 2015 and is a wholly owned subsidiary of the Company.
- (c) **Jiaxing Longyuan Enterprise Management Company Ltd** is a wholly foreign owned enterprise (WFOE) incorporated in China on 22 March 2016 and is a wholly owned subsidiary of Hong Kong Boyuan Investment Holding Limited.
- (d) **Jiaxing Boyuan Real Estate Development Co., Ltd.** was incorporated in China on 28 June 2011 and is a wholly owned subsidiary of Jiaxing Longyuan Enterprise Management Co., Ltd. Jiaxing Boyuan is the operating subsidiary of the Group.
- (e) **Boyuan Investment Holding Pty Ltd** was incorporated in Victoria on 30 June 2016 and is a wholly owned subsidiary of the Company. Boyuan Investment Holding Pty Ltd has entered into agreements to acquire the Hunter Valley Project. For further information, refer to section 10.5.
- (f) **Boyuan Real Estate Holding Pty Ltd** was incorporated in Victoria on 28 July 2016 and is a wholly owned subsidiary of the Company. Boyuan Real Estate Holding Pty Ltd has entered into an agreement to acquire the Austral Project. For further information, refer to section 10.6.
- (g) **Cyan Stone Clydesdale Pty Ltd** is a company incorporated in Victoria on 31 December 2015. Subject to completion of the acquisition of all of the shares in Cyan Stone Clydesdale Pty Ltd (which is conditional on the Company's admission to the official list of the ASX), Cyan Stone Clydesdale Pty Ltd will become a wholly-owned subsidiary of the Company upon the Company's admission to the official list of the ASX. For further information, refer to sections 10.7 and 10.8.

3.2 Background and nature of our business

Jiaxing Boyuan was established by Zhejiang Jiayuan Real Estate Group Co., Ltd (**Zhejiang Jiayuan**) on 28 June 2011.

Founded in 1995, Zhejiang Jiayuan is a property developer of large-scale residential and commercial complex projects in China. At the end of 2014, Zhejiang Jiayuan had developed over 100 commercial and residential projects with a total development area of 20 million square metres (**sqm**). Zhejiang Jiayuan's property development spans over 44 cities in 13 provinces. Zhejiang Jiayuan ranked as the 44th and 40th largest property developer in 2015 and 2016 respectively, according to an annually composed ranking of property developers by China Real Estate Association and China Real Estate Assessment Centre.

Prior to the date of the Prospectus, the Company undertook a restructure of the Group and through its WFOE, Jiaxing Longyuan Enterprise Management Co., Ltd, acquired the entire issued capital of Jiaxing Boyuan from Zhejiang Jiayuan Real Estate Group Co., Ltd, for RMB 130 million (A\$25.44 million) pursuant to an equity transfer agreement.

Under the terms of the equity transfer agreement, the consideration of RMB130 million (A\$25.44 million) was not paid in cash or by way of the issue of shares, but was recorded as a debt owed to Zhejiang Jiayuan by Jiaxing Longyuan Enterprise Management Co., Ltd. Under the terms of the supplemental agreement entered into between the parties, the interest-free debt of RMB130 million (A\$25.44 million) is to be repaid by Jiaxing Longyuan Enterprise Management Co., Ltd to the Zhejiang Jiayuan in four equal instalments of RMB25 million (A\$4.89 million) at the end of the calendar years ending 2018, 2019, 2020 and 2021, and one final instalment of RMB30 million (A\$5.87 million) at the end of the calendar year ending 2022. The debt of RMB130 million (A\$25.44 million) will be reflected in the Company's pro-forma consolidated accounts as a non-current liability.

Part of the acquisition of Jiaxing Boyuan included the recording of a receivable in the amount of

RMB 130,000,000 (A\$27,567,000) in Hong Kong Boyuan Investment Holding Limited from Hong Kong Jianyuan Investment Limited, which is controlled by Shum Tin Ching (also known as Shen Yuxing), in exchange for newly issued equity in Hong Kong Boyuan Investment Holding Limited. The receivable is due to be settled on 22 May 2017 and bears no interest.

The supplemental agreement further provided that the payment of the interest free debt of RMB130 million (A\$25.44 million) by Jiaxing Longyuan Enterprise Management Co., Ltd is conditional on the receipt by Hong Kong Boyuan Investment Holding Limited of the amount of RMB130 million (A\$27,567,000) from Hong Kong Jianyuan Investment Limited and should the amount of RMB130 million (A\$27,567,000) not be received by Hong Kong Boyuan Investment Holding Limited on the due date, Zhejiang Jiayuan would waive its right to receive the first cash instalment on 31 December 2018. The earliest date that Zhejiang Jiayuan will receive payment under the supplemental agreement will be within 30 days after Hong Kong Boyuan Investment Holding Limited receives payment in full from Hong Kong Jianyuan Investment Limited.

For more information about the accounting treatment in respect of this liability refer to section 8.4.

Zhejiang Jiayuan is otherwise unrelated to the Group.

For more information about this debt, refer to section 10.1.

3.3 Operations

(a) Overview

The Jiaxing Project occupies two parcels of land with a total area of land of approximately 48,500 sqm which are being developed into a mixed-use commercial and residential complex comprising 10 commercial and residential buildings, and underground spaces, including parking.

The development of the Jiaxing Project is divided into two phases. Phase 1 of the Jiaxing Project, comprising three buildings and underground spaces, was completed in July 2013.

Phase 2 of the Jiaxing Project comprises seven buildings and underground spaces. Six of the buildings and related underground spaces in Phase 2 were completed in December 2015 with the physical construction of the final building having been completed prior to lodgment of this Prospectus.

The Company has received a legal opinion from Jingtian & Gongcheng (Shanghai) that confirms Jiaxing Boyuan's entitlement to occupy, use, lease, transfer, mortgage or otherwise dispose of the retail units within the Jiaxing Project.

The Company is awaiting the requisite final approvals from the relevant government authorities in the PRC and once obtained the Company will announce completion of the construction of the Jiaxing Project.

Upon completion, the Jiaxing Project will have a total gross floor area of approximately 123,000 square metres.

(b) Location of the Jiaxing Project

The Jiaxing Project is located in Wangjiangjing, a town situated about 13 km from the centre of Jiaxing City in Zhejiang Province, China.

Wangjiangjing is within a distance of 100km from major cities in the Yangtze Delta region on the east coast of China. The Yangtze Delta region includes cities such as Shanghai, Hangzhou, Suzhou and Ningbo.

The population of Wangjiangjing comprises local residents as well as migrant residents from other cities or surrounding areas who have settled in the town for work.

Wangjiangjing was previously known for its textile industry.

This has changed in the last decade, with the focus of the Chinese economy shifting from the manufacturing industry to the services industry.

Coupled with this shift, as the average per capita income and GDP of Wangjiangjing have increased, the consumption of its residents has increased accordingly. Unfortunately the level of commercial development in the local area has not been able to meet this increase in demand from the residents of Wangjiangjing. As a result, due to the lack of high quality businesses such as dining, retail and entertainment in the town, Wangjiangjing faces a significant challenge of retaining its residents and attracting more residents in comparison to neighbouring larger cities, Shanghai and Hangzhou.

Consistent with the 11th five-year plan proposed by the central government of China to further develop the urban construction and services industry, the Wangjiangjing local government is aiming to develop the town into a modern, urban area with suitable infrastructure to address the needs of its residents.

In its prime location in Wangjiangjing, the Jiaxing Project will address these issues by meeting the day-to-day demands of residents, encouraging spending within the local community, and creating employment opportunities through its commercial and retail facilities within the Jiaxing Project.

Under the agreement in respect of the land use rights between Jiaxing Boyuan and the Wangjiangjing Government, the Group is required to retain approximately 50% of the commercial buildings within the Jiaxing Project (approximately 40,000 square metres) as self-owned, investment properties.

(c) Details of the Jiaxing Project

Details of the Jiaxing Project are outlined in the table below. All data contained in Table 1 are current as at 31 May 2016.

Table 1: Jiaxing Project Overview

Table 1: Project Overview

Phase 1: Completed	sqm
Retail for sale	14,286
Retail for company-owned	14,262
Underground retail and car spaces	14,302
Ancillary areas (public facility areas)	1,846
Sub-total	44,696
Phase 2: Completed except Building 12	sqm
Residential for sale	12,556
Apartment for sale	12,314
Apartment for company-owned	9,213
Retail for sale	13,211

Retail for company-owned	16,771
Underground car spaces	7,711
Ancillary areas (public facility areas)	6,548
Sub-total	78,324
Total	123,020

Out of the 123,020 sqm total gross floor area (**GFA**) of the Jiaxing Project, JLL has valued a GFA of 79,014 sqm. The rest of the Jiaxing Project which has not been valued by JLL includes sold properties, underground areas and ancillary areas of the completed portions of the Jiaxing Project.

Phase 1 and 2 of the Jiaxing Project that have been valued by JLL can be further classified into the three categories set out below:

- (i) Group 1 - This group of the Jiaxing Project is held for sale by Jiaxing Boyuan – These are properties that have been constructed, but will be sold by Jiaxing Boyuan.
- (ii) Group 2 - This group of the Jiaxing Project is held for investment by Jiaxing Boyuan – These are properties that will be retained by Jiaxing Boyuan and are leased out to tenants or will be leased out to tenants once they have been fully developed. In Phase 1, this group of properties have been fully leased out to Jiaxing City Wanbohui Commerce Management Co., Ltd (**Jiaxing Wanbohui**). Refer to section 10.4 for information about the lease arrangements between Jiaxing Boyuan and Jiaxing Wanbohui.
- (iii) Group 3 - Under construction – Physical construction of Building 12 has been completed. The Company is awaiting the requisite final approvals from the relevant government authorities in the PRC and once obtained the Company will announce completion of the construction of the Jiaxing Project.

Table 2 below shows details of the total GFA of 79,014 sqm valued by JLL

Table 2: Details of the Jiaxing Project

Phase	Usage	Building #	Level	GFA (sqm)	Units
Phase 1					
Group I	Retail	5,6,7	L1-L2	7,042.48	176
Group II	Retail	5,6,7	L1-L5	14,262.47	28
	Retail	5,6,7	B1	9,675.71	
			Sub total	30,980.66	
Phase 2					
Group I	Residential	8,9	L5-L9	412.07	3
	Retail	10,11,13,14	L1-L3	4,526.83	58
	Car parking spaces		B1	290.48	11
Group II	Retail	8,10,11,13,14	L1-L5	8,527.92	11
			Sub total	13,757.30	

Group III	Retail	12	L1-L4	12,543.35	53
	Apartment	12	L6-L22	21,527.58	440
	Ancillary	12	L1	204.68	
			Sub total	34,275.61	
			Total	79,014	

The GFA and market value in relation to each of the above categories has been independently valued by JLL and are illustrated in Table 3 below. A copy of the Valuation Report is contained in section 5 of this Prospectus.

Table 3: Valuation of the Jiaxing Project by JLL

Category	Phase	GFA (sqm)	Market value at Conversion Date* (RMB)	Market value at Conversion Date (A\$)	Market value at Conversion Date** (A\$)	Development Stage
Group 1 Held for sale	1 and 2	12,272	125,158,000	26,245,633	24,493,421	Completed
Group 2 Held for investment	1 and 2	32,466	143,334,000	30,057,140	28,050,464	Completed
Group 3 Under development	2	34,276	171,205,000	35,901,689	33,504,819	Under construction
Total		79,014	439,697,000	92,204,462	86,048,704	

Notes:

* Valuation date is 31 May 2016.

** Conversion Date is 12 August 2016.

In valuing the Jiaxing Project, JLL has noted in the Valuation Report that it has not obtained relevant title documents of the underground retail units in Phase I or the car parking spaces in Phase II, and therefore no commercial value has been attributed to these spaces. However, JLL noted further in the Valuation Report that the market value of these spaces as at the valuation date (31 May 2016) would be RMB34,068,000 (A\$7,144,060 at the valuation date and A\$6,667,108 at the Conversion Date) on the assumption that they could be freely transferred.

(d) **Occupancy**

All of the Group 2 (held-for-investment) properties in Phase 1 of the Jiaxing Project (**Leased Property**) are currently leased by Jiaxing Wanbohui, a company unrelated to Jiaxing Boyuan. Jiaxing Wanbohui subleases the Leased Property to commercial and retail tenants and manages the Leased Property.

The lease agreement between Jiaxing Boyuan and Jiaxing Wanbohui has a term of 10 years, expiring on 31 December 2024. The rental under the lease agreement is RMB 4.1 million (A\$802,370) per annum. A summary of the terms of the lease are included in section 10.4 of this Prospectus.

Under its management, Jiaxing Wanbohui has subleased the properties to a number of tenants, including:

- (i) the largest supermarket chain in Jiaxing, Jiangnan Supermarket;
- (ii) a 3D digital cinema;
- (iii) a fitness club; and
- (iv) an animation-themed shop.

Any part of the Leased Property that is yet to be sub-leased is the responsibility of Jiaxing Wanbohui.

With the exception of Building 12, Phase 2 of the Jiaxing Project is currently for sale or held by Jiaxing Boyuan for investment. Physical construction of Building 12, which comprises both for-sale and held-for-investment portions, has been completed. The Company is awaiting the requisite final approvals from the relevant government authorities in the PRC and once obtained the Company will announce completion of the construction of the Jiaxing Project.

(e) **Land use rights**

The concept of freehold and leasehold land does not exist under the PRC legal system. Private land ownership in China was abolished in the collectivization movement during the 1950's. Since then, the only form of ownership in land has been "socialist public ownership" of which there are two generic types: state-owned and collectively owned.

In January 1995, the Law of the People's Republic of China on Administration of Urban Real Estate (**Urban Real Estate Law**) came into effect, reinforcing previous legislation and establishing state-owned land as a commodity.

Under the Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land Use Rights of State-owned Urban Land (**Provisional Regulations on Grant and Transfer**) promulgated by the State Council [of the PRC] on 19 May 1990, a system of assignment and transfer of the right to use State-owned land was adopted. A land user is required to pay a land premium to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county may enter into an assignment contract with the land user to provide for the grant of land use rights. The land user is required to pay the land premium as provided by the assignment contract. After full payment of the land premium, the land user is required to register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights.

The land use rights for Phase 1 of the Jiaxing Project have been granted to Jiaxing Boyuan for the term expiring on 28 August 2081 for residential use and 28 August 2051 for commercial use. The land use rights for Phase 2 of the Jiaxing Project have been granted to Jiaxing Boyuan for the term expiring on 13 August 2083 for residential use and 13 August 2053 for commercial use.

The Company has received a legal opinion from Jingtian & Gongcheng (Shanghai) that confirms Jiaxing Boyuan's entitlement to occupy, use, lease, transfer, mortgage or otherwise dispose of the retail units within the Jiaxing Project.

3.4 Sources of revenue

The Group's revenue is generated as follows:

- (a) revenue from the sales of residential and commercial units within the Jiaxing Project; and
- (b) rental income from the leases of commercial units within the Jiaxing Project.

At the date of this Prospectus, for the historical financial year, the revenue of the Group has primarily been generated from sales of residential and commercial units within the Jiaxing Project.

As each phase of construction of the Jiaxing Project has been completed, the Company's source of income has transitioned from property development to rental income as a commercial landlord.

The Directors believe that the Company's property development activities have generally been more profitable than its property rental activities. Accordingly, the Directors believe that based

on the reviewed accounts as at 31 May 2016, the profits of the Company in FY2016 will significantly decrease compared to FY2015 reflecting this transition. Investors should note that upon completion of the property development phase of the Jiaxing Project, the Company expects to earn lower profits from the Jiaxing Project thereafter.

The Company intends to focus on developing its Australian properties and on identifying other potentially suitable property development opportunities in Australia that conform to its business model.

Further details about the Group's revenue are set out in section 8 of this Prospectus.

3.5 Financing Arrangements

The Jiaxing Project has been funded by equity of RMB 130 million (A\$25.44 million) and a loan from AVIC Trust Co., Ltd (Lender) of RMB 100 million (A\$19.57 million) for the purposes of the construction of the Jiaxing Project. The Lender is unrelated to the Group.

The loan of RMB 100 million (A\$19.57 million) is secured by two mortgages over a portion of the property the subject of the Jiaxing Project. A summary of the terms of the loan and security arrangements with the Lender is set out in section 10.3.

As at 31 December 2015, Jiaxing Boyuan has a debt ratio of approximately 62%.

Based on the financial information set out in section 8, the Company is confident that it is able to pay its debts, including interest payments incurred by the loan from the Lender. The Company also intends to use between 18.8% (Minimum Subscription) and 38.5% (Maximum Subscription) of the funds raised under the Offer to reduce the amount of the construction loan in respect of the Jiaxing Project. For details about the use of funds, please refer to section 2.13.

3.6 Australian operations

Upon completion of the Jiaxing Project, the Company does not intend to undertake any further substantial property development business in China. Instead, it proposes to continue to explore property development opportunities in Australia.

To this end, prior to the date of this Prospectus, the Company entered into the following transactions in Australia.

Hunter Valley Project

The first transaction is in respect of two properties in the Hunter Valley in New South Wales. The Company, through its wholly owned subsidiary, Boyuan Investment Holding Pty Ltd, has entered into two contracts to acquire two properties located at 819 Hermitage Road, Pokolbin, NSW and 861A Hermitage Road, Pokolbin, NSW respectively for the purposes of developing the properties (**Hunter Valley Project**) from Cyan Stone Pty Ltd, a related party of the Company. Completion of the acquisition of the Hunter Valley Project is conditional on the successful admission of the Company to the official list of the ASX. The purchase price for each of the properties is the same as the purchase price paid by Cyan Stone Pty Ltd to a third party vendor to acquire the properties earlier this year. Accordingly, the Board determined that the acquisition of the Hunter Valley Project from Cyan Stone Pty Ltd is being undertaken on arms' length commercial terms.

The Hunter Valley Project currently has a vineyard operating on the land. While the Company has not yet submitted a development application in respect of the Hunter Valley Project, upon completion of the acquisition it proposes to make an application to rezone the land for future residential development.

The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Yading Wan, his spouse and son are beneficiaries under the Wan Family Trust. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing), Executive Directors of the Company.

Austral Project

The Company, through its wholly owned subsidiary, Boyuan Real Estate Holding Pty Ltd has entered into a contract with an unrelated third party to acquire a property located at 40 Kelly Street, Austral, NSW for the purposes of developing residential homes on the property (**Austral Project**). Completion of the acquisition of the Austral Project is conditional on the successful admission of the Company to the official list of the ASX.

The Austral Project is currently vacant land. While the Company has not yet submitted a development application in respect of the Austral Project, upon completion of the acquisition it proposes to make an application to rezone the land for future residential development.

Heritage Land - Marsden Park Project

The Company has entered into the Share and Unit Purchase Agreement with Blue Cedar Development Pty Limited and Cyan Stone Pty Ltd (together, the **Vendors**) and Cyan Stone Clydesdale Pty Ltd (**Cyan Stone Clydesdale**), pursuant to which the Company has agreed to acquire all of the shares in Cyan Stone Clydesdale and all of the units in the Cyan Stone Clydesdale Trust from the Vendors.

Cyan Stone Clydesdale is party to the Deed of Put and Call Option (refer to section 10.8), pursuant to which it, amongst others, holds the option to acquire the property located at 1270 Richmond Road, Marsden Park, New South Wales (**Marsden Park Project**) for the purposes of subdivision and development. The optionholders propose to subdivide the Marsden Park Project into six parcels of land for development purposes. One of the six parcels of land is referred to as heritage land (**Heritage Land**). Under the terms of the Deed of Put and Call Option, Cyan Stone Clydesdale is entitled to exercise the call option in respect of the Heritage Land.

The consideration for the units in the Cyan Stone Clydesdale Trust is the same as the consideration paid by Cyan Stone Clydesdale under the Deed of Put and Call Option earlier this year. Accordingly, the Board determined that the acquisition of the shares in Cyan Stone Clydesdale and the units in the Cyan Stone Clydesdale Trust from Cyan Stone Pty Ltd is being undertaken on arms' length commercial terms.

Completion of the Share and Unit Purchase agreement is conditional on the successful admission of the Company to the official list of the ASX. Upon completion of the Share and Unit Purchase Agreement, the Company proposes to exercise the option to acquire the Heritage Land for the purposes of constructing a commercial complex with serviced apartments and other commercial use property on the Heritage Land site.

The Heritage Land has not yet been rezoned. There is currently a heritage house located on the Heritage Land. The Company proposes to restore the heritage house, with a view to leasing the heritage house. While the Company has not yet submitted a development application in respect of the Heritage Land, upon completion of the acquisition it proposes to make an application to rezone the land for future residential development.

No development applications have been submitted in respect of any of the above proposed Australian assets. The funds raised under the Offer will be applied towards acquiring these Australian properties. Thereafter, the Company intends to obtain local bank finance to undertake development of these properties.

Sales and marketing agreement

In addition, the Company has entered into a marketing and sale agreement with Cyan Stone Pty Ltd in respect of the promotion and sale of residential properties in two projects in New South Wales.

Licence agreement

The Company has also entered into a licence agreement with Cyan Stone Pty Ltd in respect of office premises located in Sydney.

Further information about the terms of these arrangements are set out in sections 10.5, 10.6, 10.7, 10.8 and 10.9.

Other than as set out above, no specific plans have been contemplated at this stage and therefore no guarantees can be made with regard to any future property development business in Australia by the Company

3.7 Dividend policy

Subject to the Group achieving its targets for the financial year ending 31 December 2016, it is the intention of the Company to pay an annual unfranked dividend of between 12 and 15 percent of the net profit after tax generated by the Group.

No assurances can be given by the Company as to the payment of future dividends as this will depend on, amongst other things, the general business environment, the Group's level of profitability, the Group's funding requirements and the Group's financial and taxation position at the time.

Pursuant to the current PRC Company Law, the PRC companies in the Group are required to transfer 10% of their profit after tax to a statutory reserve until the surplus reserve balance reaches 50% of its registered capital. For the purposes of calculating the transfer to this reserve, the net profit after tax will be the amount determined under PRC accounting standards. The ability of a PRC company to pay dividends is also subject to regulations in the PRC. For further information, see 'Government control of currency conversion' and 'Tax treaty benefits' in section 7.3.

Please refer to section 11.9 for further information.

4. Industry overview

The Group is a participant in the real estate industry in Wangjiangjing, a town in Jiaxing City, Zhejiang Province, China where it is engaged in the development and management of a mixed-use property complex.

4.1 China economy

China's economy has increased rapidly since the economic reforms introduced in late 1970s. More recently, China's nominal gross domestic product (GDP) has increased from RMB40.89 trillion (A\$8.00 trillion) in 2010 to RMB63.59 trillion (A\$12.44 trillion) in 2014. This represents a compound annual growth rate (CAGR) of approximately 11.67%. Meanwhile, GDP per capita has increased from RMB30,567 (A\$5,982) in 2010 to RMB46,612 (A\$9,122) in 2014, representing a CAGR of 11.12%.

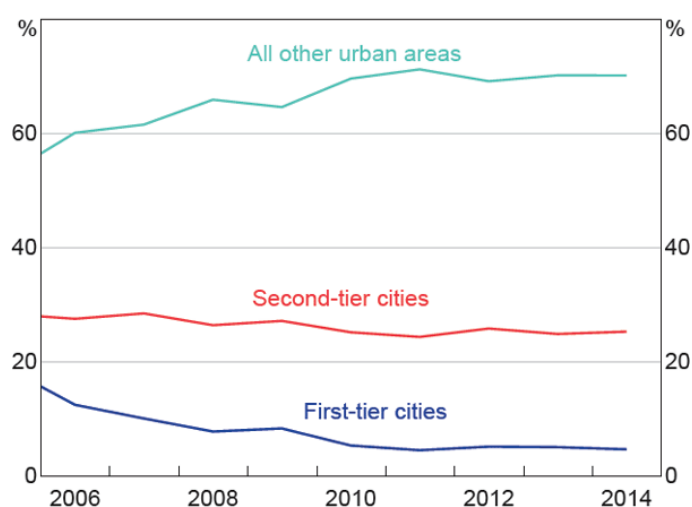
4.2 Real estate industry in China

(a) Overview

China's real estate sector plays an important role in the economy. Real estate development accounted for around one-quarter of total fixed asset investment in China in 2014, with two-thirds of this investment directed to residential property. Real estate has become a key driver of China's rapid growth in the past decade, with real estate investment growing rapidly from 4% of GDP in 1997 to 15% of GDP in 2014 in China.

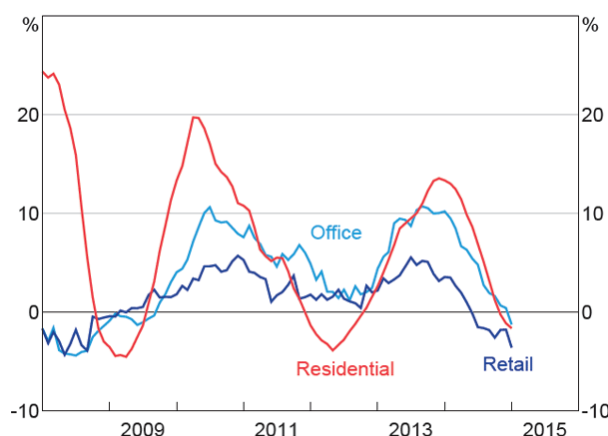
The Group has been in a strong position to take advantage of this growth, with the Jiaxing Project focusing on development and management of properties in Jiaxing, a small city in China. Small cities such as Jiaxing account for over 40% of the floor space sold in 2013. Chart 1 below shows the urban floor space sold in China according to the Reserve Bank of Australia, where all other urban areas are defined as cities other than first- and second- tier cities.

Chart 1: Urban Floor Space Sold in China



Over the last decade, the national average residential property price has increased by at least 50%, raising concerns over housing affordability. The rates of price growth vary across cities of different sizes, with residential growth being relatively stronger in very large 'first-tier' cities of Beijing, Guangzhou, Shanghai and Shenzhen compared with other smaller cities. Nevertheless, the majority of urban property sales, as measured by floor space sold, occur outside these large cities. Based on data available for first- and second-tier cities, Chart 2 below illustrates that price growth in non-residential property follows similar patterns to those observed for residential property prices.

Chart 2: New Property Prices in China



The real estate industry has been experiencing multiple cycles in the past 10 years. Most recently, the Chinese property market entered its downturn in 2014, with a decline in prices across the country. Between April and December 2014, average residential property prices in main cities fell by 5%, to be 4% lower in year-ended terms. There have been three major price cycles of the property market over the past decade in China, all of which have been accompanied with stimulatory or contractionary government policies targeting the residential property market. Other challenges faced by the government include issues of housing affordability and speculative activity in the property market.

Table 3 below sets out the property market cycles in China arising from major policy measures.

Table 3: Chinese Residential Property Market Cycles: Major Policy Measures

Cycle	Date	Measures	Goal
2006–2009	Late 2007	Increase benchmark interest rates Increase minimum down payment requirement for second home mortgage Increase minimum interest rate for second home mortgage	Tighten
	Late 2008 and early 2009	Lower minimum down payment requirement Lower interest rate for first home mortgages Provide interest rate discounts for borrowers with a good credit rating Lower several property transaction-related taxes	Stimulate

		Allow some second home mortgages to be treated as first home mortgages (which have more favourable terms)	
2010 – 2012	2010	Increase benchmark interest rates Increase minimum down payment requirement for first, second and third home mortgages, and later suspend third mortgages Increase interest rate for second mortgage 78 state-owned enterprises whose core business is not property ordered to exit the market Local governments in around 50 cities introduce limits on the number of properties people can purchase based on their existing holdings In some cities, purchases by non-residents banned	Tighten
	2011	Increase benchmark interest rates Increase minimum down payment requirement for second home mortgages Increase interest rate for second mortgage	Tighten
	2012	Lower minimum interest rates Some local governments ease first home buyers' access to finance, such as lowering of mortgage down payment requirements	Stimulate
2013 –	2013	Increase minimum down payment requirement for first and second home mortgages, ban on mortgages for third homes Local authorities given more autonomy to manage local mortgage conditions as needed	Tighten
	2014	Local authorities unwind house purchase restrictions, allow investors to buy additional properties and non-residents to purchase housing; by the end of the year, restrictions remain in only the four 'first-tier' cities Redefine first home buyers to include those who have already paid off their first mortgage, to meet lower down payment requirements Lower minimum interest rates for mortgages	Stimulate

According to Moody's Investors Service, the outlook of Chinese property market will continue to be stable through 2016, but the level of growth in property sales will be lower than that in 2015 due to the effect of supportive monetary and regulatory policies implemented by the government since the second half of 2014 mostly being reflected in the sales of 2015. It is expected that the Chinese government will continue to implement supportive monetary policies and regulatory measures for the property sector, against the backdrop of a slowing Chinese economy, with a particular focus on lower-tier cities where demand remains weaker than for first-tier cities.

(b) **Key drivers**

Despite China's high home ownership rate, which was estimated at 89.2% in urban areas as of March 2014, considerable demand exists for new residential property development, due to a range of factors:

- i) China's urban population totalled 749 million in 2014 compared to 670 million in 2010 indicating a CAGR of 2.25% for the five-year period. This is in contrast to China's total population, which saw growth at a CAGR of 0.41% during the same period. The urbanisation rate, being the proportion of China's population that reside in cities and towns, has increased significantly according to National Census conducted every 10 years. In the latest census in 2010 the urbanisation was 49.7% compared to 36.2% in 2000. According to a report by the World Bank, China's urbanisation rate is expected to reach approximately 70% by 2030.

- ii) While population growth has been declining and is projected to slow further, the average household size has also been falling. This has resulted in the replacement of multigenerational households with 'nuclear family' households, and as such, more housing stock is required to house the population.
- iii) The quality of much of the existing housing stock is low. According to a survey conducted as part of the 2010 census, it is found that 16% of urban households had no access to toilet facilities, and that 10% lacked a kitchen. As a result, there is demand for replacing and upgrading existing housing stock which is supportive to the growth of dwelling investment over the next few years.
- iv) Despite relatively low rental yields, the limited investment opportunities available and the fact that there are no recurrent taxes on residential property make residential property an attractive store of wealth for households. However, the preference for housing as a store of value may change as China's financial markets deepen and opportunities for investment at home and abroad increase.
- v) With the rapid development of Chinese economy, the income of China's urban resident population has increased in recent years. The disposable income per capital of China's urban household has increased from RMB 26,467 (A\$5,180) in 2013 to RMB 28,844 (A\$5,645) in 2014 indicating a growth rate of 9%.
- vi) Although the costs of holding commercial property are higher than for residential property (due to recurrent taxes levied on commercial properties), the forces mentioned above also drive the demand for non-residential property. For example, rising urbanisation has caused populations to grow, with the influx of residents driving demand for a range of non-residential property, such as offices and shopping malls.

In step with the drivers of the real estate market, investment in properties has risen in recent years.

In 2014, the investment in the real estate sector totalled RMB9,504 billion (A\$1,860 billion), an increase over the previous year by 10.5%. Amongst them, the investment in residential RMB6,435 billion (A\$1,260 billion), an increase of 9.2%, the investment in office buildings was RMB564 billion (A\$110.37 billion) up by 21.3%, and the investment in commercial buildings was RMB1,435 billion (A\$280.83 billion) increased by 20.1% from 2013.

In the residential property area, the total investment in residential buildings in real estate development has increased from RMB 3,403 billion (A\$665.97 billion) in 2010 to RMB 6,435 billion (A\$1,260 billion) in 2014, representing a CAGR of 17.27% over the period. Total number of units built for residential properties excluding villas and high-grade apartment has also topped 7.66 million in 2014 compared to 6.02 million in 2010.

4.3 Zhejiang Province and Jiaxing City

(a) Zhejiang Province

Zhejiang Province is on the south-eastern coast of China. It faces the East China Sea on the east, meets the Yangtze River Delta¹ on the north. It is on the south of Jiangsu Province and on the southwestern of Shanghai. On its west are Anhui Province and Jiangxi Province, and on its south is Fujian Province.

¹ The Yangtze River Delta, Yangtze Delta or YRD generally comprises the triangle-shaped territory of Shanghai, southern Jiangsu province and northern Zhejiang province of China.

Chart 4: Location of Zhejiang Province, China



The GDP of Zhejiang Province has increased from RMB 2,772 billion (A\$542.48 billion) in 2010 to RMB 4,017 billion (A\$786.13 billion) in 2014. In 2014, the per capita disposable income of urban households in Zhejiang Province was RMB 40,393 (A\$7,905) which represents a year-on-year increase of 8.9%.

The real estate industry in Zhejiang Province has been supported by increasing investment and demand. The total investment by enterprises in real estate development in 2014 was RMB726 billion (A\$142.08 billion) compared to RMB303 billion (A\$59.30 billion) in 2010, representing a CAGR of 24.42% during the period.

(b) **Jiaxing City**

Jiaxing is in Northeast Zhejiang. It is bordered by Shanghai to the east, Hangzhou Bay to the south, Suzhou to the north and Huzhou to the west. The distance between Jiaxing and each of these locations is within one and half hour's commute. The Group's project is located in Wangjiangjing, which is a town within Jiaxing city.

Jiaxing's GDP has increased to RMB352 billion (A\$68.89 billion) in 2015 indicating a growth rate of 7% from last year. GDP per capita has also increased to RMB76,834 (A\$15,036), up by 6.7% from 2013. In 2015, the investment in property was RMB46 billion (A\$9 billion) with the sale of commercialised buildings topped 6.4 million square metres representing a growth rate of 28.8%. As of 2015, Jiaxing has a population of approximately 3.5 million people.

Located in Jiaxing, the aim of the Jiaxing Project is to take advantage of the increasing demand of local resident for better quality properties and facilities in both residential and commercial areas.

4.4 Real estate industry in Australia

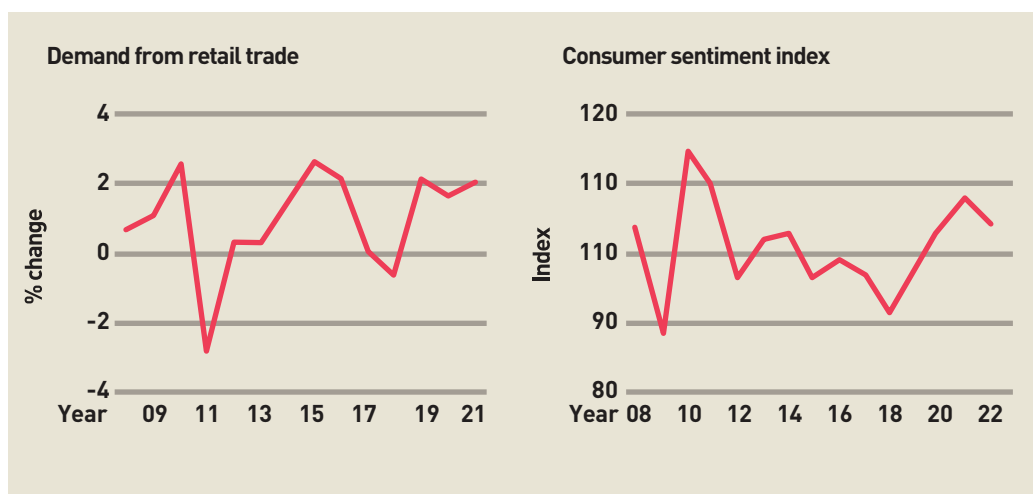
After completion of the Jiaxing Project, the Group intends to pursue further opportunities in Australia.

Australia's \$5.7 trillion residential property market has been experiencing a significant upswing in recent years, with dwelling values in capital cities increasing by 22.2% from June 2012 to January 2015. Sydney and Melbourne have been the key drivers of this growth, recording increases in home value growth of 14.5% and 6.9% respectively over the 12 months to April 2015.

The underlying mortgage market is supported by low interest rates. Mortgage rates have been at their lowest level since 1968, and housing market conditions are likely to be stimulated further, with the recent lowering of the cash rate by the Reserve Bank of Australia to 1.75% in May 2016.

Demand for retail and commercial properties is mainly driven by retail sales as well as local consumer and business sentiment. Stronger retail sales that are projected for Australia over the long term are expected to attract new tenants, placing upward pressure on rental rates and increasing occupancy rates. Consumer sentiment and demand for retail trade is forecast to recover from short-term declines and increase over the next 5 years, which is expected to boost demand for retail sales and in turn generate additional demand for commercial spaces managed by commercial property operators.

Chart 5: Key drivers of the real estate industry in Australia



(a) Targeted areas of the Company

- (i) Location of properties has been a significant factor for commercial property operators in Australia. In Marsden Park, New South Wales, an emerging commercial growth centre is being developed. It forms part of the North West Priority Growth Area designated by the NSW Department of Planning and Environment, which is proposed to accommodate future development of an additional 70,000 new dwellings and an additional population of 200,000 over the next 25 years. It is proposed that the North West Growth Priority Area will be supported by new rail transport infrastructure, including the North West Rail Link and the upgraded Richmond rail line. Further, major corporate retailers, including Bunnings Warehouse, IKEA, and Costco have committed to securing a foothold for their business in this location, which is anticipated to cement the importance of Marsden Park as both a destination for business and employment.

- (ii) Lindfield, located in the upper north shore of Sydney, is situated 13 kilometres north-west of the Sydney CBD. The suburb is well-known for its infrastructure, educational facilities and national parks. The median house price year on year growth for the upper north shore has increased by 32.9% in the 12 months to the end of June 2015, with a median house price in excess of A\$1 million. The forces driving this increase are middle-market changeover buyers and overseas investors, coupled with the lowest interest rates in 60 years.
- (iii) The Hunter Valley has been one of Australia's oldest wine regions with over 150 wineries, and remains one of the most popular destinations for both domestic and international tourists. Total visitors to the region in the year ended December 2015 numbered approximately 9.4 million, a 6.5% increase from the previous year. The lower Hunter region, which includes Pokolbin, is the busiest and most visited area of the region, and is where the majority of the wineries are based.
- (iv) Austral is a residential suburb located approximately 40 kilometres from the Sydney CBD. Austral forms part of the South West Growth Centre, and is also within the Austral and Leppington North Precinct, where 17,350 new homes for over 54,000 residents are expected to be built, since the land was rezoned for urban development in March 2013. The immediate surrounding area of the Austral Project comprises residential and semi-rural properties. Shopping facilities are located in close proximity, with a Woolworths supermarket located 7.5 kilometres north-east of the property. The proposed Leppington Town Centre is expected to be situated 2 kilometres south-east of the property, with a newly constructed Leppington Railway Station and the surrounding land being zoned for commercial and retail use. Leppington Station was opened in 2015 and forms part of the South-west Rail Link, which provides residents of South-West Sydney a link to major employment centres, including Liverpool, Parramatta, and the Sydney CBD. The Austral and Leppington North Precinct is also expected to provide for two high schools and five primary schools in future years.

5. Independent Property Valuation



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VALUATION REPORT

CONSIDERING

THE MARKET VALUE OF A PROPERTY LOCATED IN

JIAXING CITY OF ZHEJIANG PROVINCE

THE PEOPLE'S REPUBLIC OF CHINA

Client : Boyuan Holdings Limited

Ref. No. : CON000261965RE-1

Date : 8 September 2016

Important

Except for the inclusion in the Prospectus of Boyuan Holdings Limited, neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear.



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公司牌照號碼 : C-030171

Our ref: CON000261965RE-1
8 September 2016

The Board of Directors

Boyuan Holdings Limited

Unit 1, Level 16
5 Martin Place
Sydney 2000 NSW
Australia

Dear Sirs,

In accordance with the instructions of Boyuan Holdings Limited (the “**Company**”) to value the property interests held by Jiaxing Boyuan Real Estate Development Co., Ltd. (嘉興市博源房地產開發有限公司, “**Jiaxing Boyuan**”, a wholly-owned subsidiary of the Company) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary to provide you with our opinion on the market value of the property interest as at 31 May 2016 (the “**valuation date**”) for the purpose of inclusion in the Prospectus of the Company.

Our valuation is carried out on a market value basis. Market value is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property held for sale by Jiaxing Boyuan by the comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificate/Tables or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interest which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed.

We have valued the property held for investment by Jiaxing Boyuan by the income approach by taking into account the net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In valuing the property that is currently under development, we have assumed that it will be developed and completed in accordance with the latest development proposals provided to us by Jiaxing Boyuan. In arriving at our opinion of value, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by Jiaxing Boyuan according to the stage of construction of the property as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and other official plans relating to the property interest and have made relevant enquiries. However, we have not examined the original documents and assumed that the copies of the documents obtained are consistent with their originals. We recommend that a PRC legal opinion is sought to verify the existing title to the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other

structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out in July 2016 by Ms. Chris Yu who is a China Certified Real Estate Appraiser and has 8 years' experience in the property valuation in the PRC, and Ms. Doris Zhang who has 1 year's experience in the property valuation in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

In accordance with our standard practice, we must state that except for the inclusion in the Prospectus of the Company, neither the whole nor any part of this report or any reference thereto may be included in any other document, circular or statement without our prior written approval of the form and context in which it will appear.

All monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited



Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 22 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.



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SUMMARY OF VALUE

Abbreviation:

Group I : Completed property held for sale by Jiaxing Boyuan;
Group II : Completed property held as investment by Jiaxing Boyuan;
Group III : Property held under development by Jiaxing Boyuan;
- : Not Available or Not Applicable.

No. Property	Market value in existing state as at the valuation date <i>RMB</i>	Market value in existing state as at the valuation date <i>RMB</i>	Market value in existing state as at the valuation date <i>RMB</i>	Total market value in existing state as at the valuation date <i>RMB</i>
	Group I:	Group II:	Group III:	Total:
1. Project Jiayuan Central Plaza (佳源 中心廣場) located at the northeast of No. 07 Provincial Highway, Wangjiangjing Town Xiuzhou District Jiaxing City Zhejiang Province The PRC	125,158,000	143,334,000	171,205,000	439,697,000

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
<p>Project Jiayuan Central Plaza (佳源中心廣場) located at the northeast of No. 07 Provincial Highway, Wangjiangjing Town Xiuzhou District Jiaxing City Zhejiang Province The PRC</p>	<p>Project Jiayuan Central Plaza is located at the northeast of No. 07 Provincial Highway, the east of Nanfang Road, the south of Beihong Road and the southwest of Beijing-Hangzhou Grand Canal in Wangjiangjing Town, which is famous for textile industry. It is about 13 kilometers far from the downtown of Jiaxing City. There are some residential developments and textile trading facilities around the subject project.</p> <p>Project Jiayuan Central Plaza occupies 2 parcels of land with a total site area of approximately 48,461 sq.m. which will be developed into a development complex with 10 commercial and residential buildings. The development of the project is divided into <i>two phases</i> having a total planned gross floor area (“GFA”) of approximately 123,020.66 sq.m.</p> <p>Phase I of the project (Building nos. 5 to 7 and underground spaces) was completed in July 2013. Phase II comprises two portions (completed portions and portions under construction). The completed portions of Phase II (Building nos. 8 to 11, 13, 14 and underground spaces) were completed in December 2015, and Building no. 12 of Phase II is currently under construction and is scheduled to be completed in August of 2016. Upon completion, Building no. 12 will be a retail/apartment development for commercial use.</p>	<p>Portions of the unsold retail units in Phase I are currently vacant for sale and the remaining portions in Phase I are leased to a tenant for retail use.</p> <p>The unsold retail/residential units and car parking spaces in Phase II (except Building no. 12) are currently vacant for sale or investment. Building no. 12 of Phase II is currently under construction.</p>	<p>439,697,000</p>



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The property comprises the unsold retail units in Phase I for sale and for investment (**Group I**); the completed unsold residential/retail units and car parking spaces in Phase II for sale and for investment (**Group II**); and Building no. 12 of Phase II under construction (**Group III**). The details of the GFA are set out in notes 9 and 16.

As advised by Jiaying Boyuan, the total construction cost of Building no. 12 of Phase II is estimated to be approximately RMB102,790,000, of which RMB97,272,000 had been incurred up to the valuation date.

The land use rights of Phase I of the project have been granted for terms expiring on 28 August 2081 for residential use and 28 August 2051 for commercial use, and the land use rights of Phase II of the project have been granted for terms expiring on 13 August 2083 for residential use and 13 August 2053 for commercial use.

Notes:

Phase I

1. Pursuant to a State-owned Land Use Rights Certificate – Jia Xiu Zhou Guo Yong (2011) Di No. 23620 (嘉秀洲國用(2011)第23620號), the land use rights of a parcel of land with a site area of approximately 24,520 sq.m., on which Phase I of Project Jiayuan Central Plaza is situated, have been granted to Jiaying Boyuan for terms expiring on 28 August 2081 for residential use and 28 August 2051 for commercial use.
2. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 330411201100121 in favour of Jiaying Boyuan, Phase I of Project Jiayuan Central Plaza with a total GFA of approximately 44,631.55 sq.m. has been approved for construction.
3. Pursuant to a Construction Work Commencement Permit – No. 330402201112150101 in favour of Jiaying Boyuan, permission by the relevant local authority was given to commence the construction of Phase I with a total GFA of approximately 44,818.32 sq.m.
4. Pursuant to a Pre-sales Permit – Jia Xiu Zhou Shou Xu Zi (2011) Di No. 34 in favour of Jiaying Boyuan, Jiaying Boyuan is entitled to sell portions of Phase I (representing a total GFA of approximately 28,632.61 sq.m.) to purchasers.
5. Pursuant to 3 Construction Work Completion and Inspection Certificates – Nos. 31400120131227101, 31400120131227102 and 31400120131227103 in favour of Jiaying Boyuan, the construction of Phase I with a total GFA of approximately 44,722.61 sq.m. has been completed and passed the acceptance inspection.



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6. Pursuant to 193 Building Ownership Certificates and 193 State-owned Land Use Rights Certificates, 193 retail units of the property in Phase I with a total GFA of approximately 21,011.65 sq.m. are owned by Jiaxing Boyuan and the land use rights with a total apportioned site area of approximately 9,112.7 sq.m. have been granted to Jiaxing Boyuan for a term expiring on 28 August 2051 for commercial use.
7. We have not been provided with relevant title documents to the remaining retail units (including the underground retail space) of the property in Phase I with a total GFA of approximately 9,969.01 sq.m.
8. As advised by Jiaxing Boyuan, 12 retail units of the property in Phase I with a total GFA of approximately 747.28 sq.m. have been pre-sold to various third parties at a total consideration of RMB8,164,631. Such portions of the property have not been legally and virtually transferred and therefore we have included the above mentioned units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
9. According to the Building Ownership Certificates and Real Estate Survey Reports provided by Jiaxing Boyuan, the GFA details of the property in Phase I are set out as below:

Group	Usage	Building No.	Level	GFA (sq.m.)	Note
Group I	Retail	5, 6, 7	L1-L2	7,042.48	176 units
Group II	Retail	5, 6, 7	L1-L5	14,262.47	28 units
	Retail	5, 6, 7	B1	9,675.71	N/A
Total:				30,980.66	

10. Pursuant to a Tenancy Agreement, 28 unsold retail units and the underground retail space in Phase I for investment with a total GFA of approximately 23,938.18 sq.m. were leased to an independent third party for 10 years expiring on 31 December 2024. The annual rental in the first year was RMB4,100,000 with an increase of 5% each year.

Phase II

11. Pursuant to a State-owned Land Use Rights Certificate – Jia Xiu Zhou Guo Yong (2013) Di No. 34696 (嘉秀洲國用(2013)第34696號), the land use rights of a parcel of land with a site area of approximately 23,941 sq.m., on which Phase II of Project Jiayuan Central Plaza is situated, have been granted to Jiaxing Boyuan for terms expiring on 13 August 2083 for residential use and 13 August 2053 for commercial use.
12. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 330411201300094 in favour of Jiaxing Boyuan, Phase II of Project Jiayuan Central Plaza with a total GFA of approximately 78,221.58 sq.m. (inclusive of 65,127.33 sq.m. for overground and 13,094.25 sq.m. for underground) has been approved for construction.
13. Pursuant to a Construction Work Commencement Permit – No. 330402201311010201 in favour of Jiaxing Boyuan, permission by the relevant local authority was given to commence the construction of Phase II with a total GFA of approximately 78,267.05 sq.m.
14. Pursuant to 2 Pre-sales Permits – Jia Xiu Zhou Shou Xu Zi (2013) Di No. 39 and Jia Xiu Zhou Shou Xu Zi (2014) Di No. 13 in favour of Jiaxing Boyuan, Jiaxing Boyuan is entitled to sell portions of Phase II (representing a total GFA of approximately 38,404.02 sq.m.) to purchasers.
15. Pursuant to a Construction Work Completion and Inspection Certificate – No. 31400120151229101 in favour of Jiaxing Boyuan, portions of the construction of Phase II (Buildings nos. 8 to 11, 13 and 14) with a total GFA of approximately 30,848.4 sq.m. has been completed and passed the acceptance inspection.
16. According to various Real Estate Survey Reports provided by Jiaxing Boyuan, the GFA details of the property in Phase II are set out as below:



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Group	Usage	Building No.	Level	GFA (sq.m.)	Notes
Group I	Residential	8, 9	L5-L9	412.07	3 units
	Retail	10, 11, 13, 14	L1-L3	4,526.83	58 units
	Car parking spaces		B1	290.48	11 spaces
Group II	Retail	8, 10, 11, 13, 14	L1-L5	8,527.92	11 units
Group III*	Retail	12	L1-L4	12,543.35	53 units
	Apartment	12	L6-L22	21,527.58	440 units
	ancillary	12	L1	204.68	N/A
Total:				48,032.91	

**Approximately 8,242.61 sq.m. of the retail units and approximately 9,213.38 sq.m. of the apartment units are for investment purpose.*

17. As advised by Jiaxing Boyuan, 3 residential units and 13 retail units with a total GFA of approximately 1,708.79 sq.m. and 3 car parking spaces in Phase II (except Building no. 12) have been pre-sold to various third parties at a total consideration of RMB16,329,686. Besides, 34 retail units and 144 apartment units with a total GFA of approximately 9,841.03 sq.m. of Building No. 12 in Phase II have been pre-sold to various third parties at a total consideration of RMB60,316,699. Such portions of the property have not been legally and virtually transferred and therefore we have included the above-mentioned units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
18. According to a Letter of Intent dated 9 March 2016, the unsold retail units in Phase II (Group II) and the retail/apartment units in Building no. 12 of Phase II for investment purpose (refer to note 16) with a total GFA of approximately 25,983.91 sq.m. were intended to be leased to a third party for 10 years. The commencement and expiry dates of the leasing activity as well as the annual rental will be confirmed and stated in a formal agreement which will be signed within 8 months from 9 March 2016.
19. The market value of Building no. 12 in Phase II as if completed as at the valuation date is estimated to be approximately RMB180,177,000.
20. Our valuation has been made on the following basis and analysis:
 - a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB4,000 to RMB5,400 per sq.m. for residential units, RMB8,000 to RMB17,000 per sq.m. for retail units, RMB2,800 to RMB5,000 per sq.m. for apartment units and RMB58,000 to RMB60,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, decoration and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;
 - b. we have considered the actual rent in the existing tenancy agreement and also compared with similar developments as the subject property for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing lease of the retail units in Phase I; and (2) the receivable rental income of retail units for investment of Phase II;
 - c. the monthly rent of these comparable properties ranges from RMB17 to RMB46 per sq.m. for Level 1 of retail units, exclusive of management fee; and
 - d. based on our research on retail markets in the similar area of the property, the stabilized market yield ranges from 3% to 5% as at the valuation date. Considering the location and other characteristics of the property, we have applied market yield of 3.5% as the capitalization rate in the valuation.
21. We have prepared our valuation on the following assumptions:
 - a. all land premium payments and other costs such as resettlement and ancillary utilities services have

been paid in full and there is no requirement for payment of further land premium or other onerous payments to the government; and

- b. the property can be freely transferred, leased or mortgaged by the Company without payment of any further land premium or transfer fee.
22. Based on our analysis, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Phase	Market value in existing state as at the valuation date (RMB)
Group I	Phase I & Phase II	125,158,000
Group II	Phase I & Phase II	143,334,000
Group III *	Phase II	171,205,000*
Total:		439,697,000

*The market value as at the valuation date of the portion for investment in Group III is RMB82,032,000.

23. In the valuation of this property, we have not obtained relevant title documents to the retail units of Phase I in note 7 and 11 car parking spaces in Phase II. We attributed no commercial value to the foresaid spaces. However, for reference purpose, we are of the opinion that the market value of the spaces as at the valuation date would be RMB34,068,000.

LIMITING CONDITIONS

1. No structural survey or engineering test has been made and no responsibility is assumed for the soundness of the structure or the condition of the services.
2. We have assumed that the conditions of the properties are consistent with the information provided to us. We take no responsibility for the accuracy of such information.
3. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation, with reference to the properties described herein, unless prior arrangements have been made.
4. Our valuation is based upon various assumptions. Market conditions and assumptions where up our valuation is based may vary from conditions and circumstances of real life transactions; therefore it is reasonable that the transacted price in the real life market may vary from our valuation. No responsibility is accepted from any party for any subsequent effects arising from the difference between our valuation and transacted price of the property.
5. Except for the inclusion in the Prospectus of the Company, neither the whole nor any part of this report or any reference thereto may be included in any other document, circular or statement without our prior written approval of the form and context in which it will appear.

* * * * *

VALUER’S PROFESSIONAL DECLARATION

We, the following valuers, hereby certify, to the best of our knowledge and belief, that:

- Information in this report has been obtained from sources that are believed to be reliable. All facts which have a bearing on the value concluded have been considered by the valuer and no important facts have been intentionally disregarded.
- The reported analysis, opinions, and conclusions are subject to the assumptions and limiting conditions as stated in the report and based on our personal, unbiased professional analysis, opinions, and conclusions.
- We are external valuers, independent from the client and the owners of the subject property interests and property related interests, their subsidiaries and jointly controlled entities (collectively, the “Group”) and their respective directors and controlling shareholder and that we do not have any direct or indirect material interests in the securities or assets of the Group, its connected persons, or any associate of the Group and we have no bias with respect to the parties involved.
- Our professional fee is not contingent upon the amount of the value assessed, the attainment of a stipulated result, the occurrence of a subsequent event, or the reporting of a predetermined value or direction in value that favours the cause of the client.
- The under mentioned persons provided professional assistance in the compilation of this report.

Eddie Yiu

National Director

Echo Li

Local Director

Chris Yu

Manager

Doris Zhang

Assistant Analyst

* * * * *

6. Board, management and corporate governance

6.1 Board of Directors

The Board of the Company has a broad experience base covering property development and financial management in Australia and China. The Board is well positioned to implement the Company's strategic objectives. The following table provides information regarding the Directors, including their ages and positions.

Name	Age	Position	Independence ¹
Dr Saliba Sassine	62	Independent Chairman	Yes
Yading Wan	52	Chief Executive Officer	No
David Paul Batten	52	Independent Director	Yes
Xiaofeng Chen	52	Independent Director	Yes
Shum Tin Ching (also known as Shen Yuxing)	57	Executive Director	No

Note:

1. The Board considers that a Director is an independent director where that Director is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of the Director's judgement. The Board has also assessed the independence of its Directors regarding the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.

6.2 Details of Directors

Details of each of the Directors are set out below.

Dr Saliba Sassine	
Role	Chairman, Independent, Non-Executive Director (appointed 22 October 2015)
Expertise	<p>Dr Saliba 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, Southeast Asian countries, etc.</p> <p>Dr Sassine has experience in corporate governance and compliance at publicly listed company level as well as private level.</p> <p>Dr Sassine previously held director positions in various current and past ASX-listed companies, including Biotech International Limited, Phylogica Limited and Helicon Group Limited.</p> <p>Dr Sassine is a graduate of the University of Western Australia with First Class Honours in Economics and a Doctor of Philosophy.</p>
Independence or affiliations	Dr Sassine is independent.

Interests and remuneration	Nil Shares A\$50,000 per annum as Director fees
Legal or disciplinary action	Nil
Insolvent companies	Nil

Yading Wan	
Role	Chief Executive Officer and Executive Director (appointed 22 October 2015)
Expertise	<p>Yading Wan has over 25 years' experience in real estate development and management, and has developed a number of real estate projects in Zhejiang Province, China.</p> <p>Yading Wan is a dual resident of China and Australia, and has lived in Australia since 2009. Yading Wan is the General Manager of Camphor Wood Holdings Pty Ltd where he manages a proposed development of a vacation village in the Hunter Valley region. Yading Wan has been managing multiple property developments in Australia, through Cyan Stone Pty Ltd, an entity he has a 15% interest in.</p> <p>He is the chairman of Australian Jiaxing Association.</p>
Independence or affiliations	Yading Wan is not an independent Director.
Interests and remuneration	<p>Direct interest: Nil Shares</p> <p>Indirect interest: Citron Investment Pty Ltd holds 36,000,000 Shares comprising 14.4% of the entire issued capital of the Company at the date of the Prospectus in its capacity as trustee of the Wan Family Trust. Citron Investment Pty Ltd is controlled by Yading Wan. Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.</p> <p>A\$50,000 per annum in remuneration under the terms of an executive services agreement with the Company - refer to section 6.3.</p>
Legal or disciplinary action	Nil
Insolvent companies	Nil

David Paul Batten	
Role	Non-Executive Director, Independent (appointed 22 October 2015)
Expertise	<p>David Batten has over 25 years of experience in financial markets with more than half of those years spent in a managerial role. His specialty has been in derivatives where he has experience in the bullion, equities, commodities, foreign exchange and interest rate markets.</p> <p>David Batten has primarily worked for large foreign banking institutions such as Bankers Trust Australia, Goldman Sachs, JBWere and the Republic Bank of New York (both in Sydney and New York) within the corporate arena.</p>

	<p>David Batten is currently the non-executive chairman of ASX-listed business advisory and enterprise management consulting business, Victor Group Holdings Limited, and the non-executive director of ASX-listed dairy business, China Dairy Corporation Limited.</p> <p>David holds a double degree in Health and Physical Education from the University of Wollongong and a Post Graduate Diploma in Business Finance from Curtin University.</p>
Independence or affiliations	David Batten is independent.
Interests and remuneration	<p>Nil Shares</p> <p>A\$40,000 per annum as Director fees</p>
Legal or disciplinary action	Nil
Insolvent companies	Nil

Xiaofeng Chen	
Role	Non-Executive Director, Independent (appointed 22 October 2015)
Expertise	<p>Xiaofeng Chen has over 20 years of experience in financial investment, and has held positions in senior management in multiple corporations.</p> <p>He specialises in the technology sector with extensive experience in business administration and law. He was awarded the "Top Ten Entrepreneurs in 30 years of Reform" by Association of Chinese Economic Press in conjunction with other organisations in 2009, and "Top Ten Financial Leaders in Zhejiang" by Zhejiang Financial Investment Forum Committee in 2015.</p> <p>Xiaofeng 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.</p> <p>Xiaofeng Chen has a double degree in Engineering and Law from Zhejiang University. He also holds a Masters degree in EMBA from China Europe International Business School (CEIBS). Xiaofeng Chen is a qualified senior economist in China.</p>
Independence or affiliations	Xiaofeng Chen is independent.
Interests and remuneration	<p>Nil Shares</p> <p>A\$30,000 per annum as Director fees</p>
Legal or disciplinary action	Nil
Insolvent companies	Nil

Shum Tin Ching (also known as Shen Yuxing)	
Role	Executive Director (appointed 22 October 2015)
Expertise	<p>Shum Tin Ching (also known as Shen Yuxing) is a PRC and Hong Kong resident and has more than 25 years experience in all aspects of the real estate sector.</p> <p>He is currently the chairman of the board of Zhejiang Jiayuan Real Estate Group Co., Ltd, which ranks as the 40th largest Chinese real estate development corporation in 2016.</p> <p>He is also the chairman of the board of Jiayuan International Group, a Hong Kong listed property developer.</p> <p>He has been awarded and recognised as one of the “The Twelfth Five-Year Plan: Top Ten Leaders of Zhejiang Real Estate Industry” by Zhejiang Daily, Zhejiang Real Estate Association and The Centre for Real Estate Study (CRES) of Zhejiang University in 2016.</p>
Independence or affiliations	Shum Tin Ching (also known as Shen Yuxing) is not an independent Director.
Interests and remuneration	<p>Direct interest: Nil Shares</p> <p>Indirect interest: 204,000,000 Shares comprising 81.6% of the entire issued capital of the Company at the date of the Prospectus through Hong Kong Jiayuan Investment Limited, a company controlled by Shum Tin Ching (also known as Shen Yuxing).</p> <p>A\$50,000 per annum in remuneration under the terms of an executive services agreement with the Company - refer to section 6.3</p>
Legal or disciplinary action	Nil
Insolvent companies	Nil

6.3 Services agreements and letters of appointment

Services Agreements–Executive Directors

A summary of the key terms of the Services Agreements with the Company’s Executive Directors are set out below.

Name	Details of the Director’s Service Agreement
Shum Tin (also known as Shen Yuxing) Executive Director	<p>Shum Tin Ching (also known as Shen Yuxing) (Mr Shum/Shen) and the Company entered into an executive services agreement on 8 June 2016 which has the following terms:</p> <ul style="list-style-type: none"> • Mr Shum/Shen’s appointment as Executive Director on a part-time basis. • Mr Shum/Shen’s appointment will continue until terminated in accordance with the executive services agreement. • The Company may suspend Mr Shum/Shen’s appointment at any time and for any duration if he has committed a serious breach of the executive services agreement or at law.

Name	Details of the Director's Service Agreement
	<ul style="list-style-type: none"> • Either the Company or Mr Shum/Shen may terminate the executive services agreement at any time by providing the other party with one month's written notice of termination. • The Company may terminate Mr Shum/Shen's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Mr Shum/Shen commits any act of serious misconduct or fraud, is charged with any offence or is declared bankrupt. • An annual gross salary of A\$50,000 is payable to Mr Shum/Shen by the Company. • Mr Shum/Shen is also entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company.
<p>Yading Wan Chief Executive Officer and Executive Director</p>	<p>Yading Wan and the Company entered into an executive services agreement on 8 June 2016 which has the following terms:</p> <ul style="list-style-type: none"> • Mr Wan's appointment as Chief Executive Officer and Executive Director on a part time basis. • Mr Wan's appointment will continue until terminated in accordance with the executive services agreement. • 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. • An annual gross salary of A\$50,000 is payable to Mr Wan by the Company. • Mr Wan is also entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company.

Letters of Appointment–Non-Executive Directors

Each of the Company's Non-Executive Directors has entered into Letters of Appointment with the Company to serve as Non-Executive Directors. Each of the Letters of Appointment provide that amongst other things, in consideration for their services, the Company will pay the following fees to the Non-Executive Directors.

Name	Position	Amount Per Annum
Dr Saliba Sassine	Non-Executive, Independent Chairman	A\$50,000
David Paul Batten	Non-Executive, Independent Director	A\$40,000
Xiaofeng Chen	Non-Executive, Independent Director	A\$30,000

6.4 Management

Jinfa Jin	
Role	General Manager
Expertise	<p>Jinfa Jin is the General Manager of Jiaxing Boyuan and is responsible for overseeing the general operation of the business.</p> <p>Jinfa Jin has held several senior management positions in a number of corporations in the PRC.</p> <p>Prior to joining Jiaxing Boyuan, he was the General Manager of Pinghu Jinyuan Real Estate Development Co., Ltd.</p> <p>He has also had experience in the paper manufacturing industry where he served as a consultant to Pinghu Jingxing Paper Co., Ltd.</p>
Independence or affiliations	Not Independent
Interests and remuneration	<p>Direct interest: Nil Indirect interest: Nil</p> <p>RMB108,000 (A\$21,136) per annum in remuneration</p>
Legal or disciplinary action	Nil
Insolvent companies	Nil
Summary of terms of engagement	<p>Jinfa Jin and Jiaxing Boyuan entered into an employment agreement on 10 June 2016 which has the following terms:</p> <ul style="list-style-type: none"> • Mr Jin's appointment as General Manager on a full time basis (commencing on 11 June 2016). • Mr Jin's appointment has a term of one year. • Either Jiaxing Boyuan or Mr Jin may terminate the employment agreement at any time by providing the other party with three day's notice of termination. • A monthly salary of RMB9,000 is payable to Mr Jin by Jiaxing Boyuan.

Xiqiang (Steven) Jiang	
Role	Chief Financial Officer and Company Secretary
Expertise	<p>Xiqiang (Steven) Jiang has extensive accounting, secretary and management experience in both Australian private and listed companies.</p> <p>Steven is currently the Chief Financial Officer and a director of the ASX-listed, Victor Group Holdings Limited, where he is responsible for financial reporting and compliance matters as well as liaison with the Board.</p> <p>Steven holds a Masters of Commerce degree from the University of Sydney and a Bachelor of Commerce degree from the University of Melbourne.</p>
Independence or affiliations	Not Independent

Interests and remuneration	Direct interest: Nil Indirect interest: Nil A\$65,000 per annum in remuneration
Legal or disciplinary action	Nil
Insolvent companies	Nil
Summary of terms of engagement	Xiqiang (Steven) Jiang and the Company entered into an executive services agreement on 5 August 2016 which has the following terms: <ul style="list-style-type: none"> • Steven's appointment as Chief Financial Officer and Company Secretary on a part-time basis, commencing on 5 August 2016 (Commencement Date). • Steven's appointment will continue for a period of 12 months unless terminated earlier in accordance with the executive services agreement. The term of the executive services agreement may be extended by agreed in writing between the parties. • The Company may suspend Steven's appointment at any time and for any duration if he has committed a serious breach of the executive services agreement or at law. • Steven's appointment will automatically terminate 12 months from the Commencement Date. • The Company may terminate Steven's appointment at any time with immediate effect without notice or payment in lieu of notice in certain circumstances, including, amongst others, if Steven commits any act of serious misconduct or fraud, is charged with any offence or is declared bankrupt. • Steven is also entitled to be reimbursed for reasonable business expenses incurred in carrying out his duties to the Company.

6.5 Corporate governance

The Board is responsible for the overall corporate governance of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company.

The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. In general the Board assumes the following responsibilities:

- providing leadership and setting the strategic objectives of the Company;
- appointing and when necessary, replacing the Executive Directors and Chief Executive Officer;
- approving the appointment and when necessary, replacement of other senior executives;
- undertaking appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election, as a director;
- overseeing management's implementation of the Company's strategic objectives and its performance generally;
- approving operating budgets and major capital expenditure;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- ensuring that the Company has in place an appropriate risk management framework, and setting the risk appetite within which the Board expects management to operate; and
- monitoring the effectiveness of the Company's governance practices.

In conducting business, the Board's objective is to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company's corporate governance principles and policies are structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**ASX Corporate Governance Principles**), which are as follows:

Recommendation 1	Lay solid foundations for management and oversight
Recommendation 2	Structure the board to add value
Recommendation 3	Act ethically and responsibly
Recommendation 4	Safeguard integrity in corporate reporting
Recommendation 5	Make timely and balanced disclosure
Recommendation 6	Respect the rights of security holders
Recommendation 7	Recognise and manage risk
Recommendation 8	Remunerate fairly and responsibly

The following is a summary of policies and procedures that have been adopted by the Company and in accordance with the ASX Corporate Governance Principles and lodged with the ASIC.

Board Charter

The Board Charter sets out the functions and responsibilities of the Board.

Audit and Risk Committee Charter

The Company has established an Audit and Risk Committee which operates under the Audit and Risk Committee Charter. The Audit and Risk Committee Charter sets out the role of the Audit and Risk Committee which oversees the processes for financial reporting, internal control, financial and non-financial risk management, external audit and monitors the Company's compliance with laws, regulations and its own policies and evaluates the adequacy of processes and controls established to identify and manage areas of potential risk. The Audit and Risk Committee is comprised of three Directors, all of whom are Non-Executive Directors.

Nomination and Remuneration Committee Charter

The Company has established a Nomination and Remuneration Committee which operates under the Nomination and Remuneration Committee Charter. The Nomination and Remuneration Committee Charter sets out the role of the Nomination and Remuneration Committee, its composition, responsibilities, meeting requirements and reporting procedures. The Nomination and Remuneration Committee is comprised of three Directors, two of whom are Non-Executive Directors.

Code of Conduct

The Code of Conduct provides a set of guiding principles which are to be observed by all employees of the Group and addresses matters that are relevant to the Company's legal and ethical obligations to its Shareholders. The Code of Conduct outlines requirements in respect of the Directors' discharge of their duties, relationships, compliance with laws and ethics, conflicts of interest and confidentiality.

Share Trading Policy

The Share Trading Policy sets out the Company's policy with regard to trading in the Company's securities. The Share Trading Policy applies to all directors, key management personnel and other employees of the Company and their associates. The Share Trading Policy outlines the general prohibition on insider trading, restrictions on trading, how permission to trade must be sought, what are trading windows and closed periods for trading, and how proposed trading in securities must be notified to the Company.

Diversity Policy

The Diversity Policy provides a framework for the Company to set measurable objectives for achieving diversity and sets out the procedures by which the Board can report the progress of these objectives in order to achieve

a diverse and skilled workforce.

Continuous Disclosure and Shareholder Communications Policy

The Continuous Disclosure and Shareholder Communications Policy sets out how the Company will comply with the continuous disclosure requirements of the ASX Listing Rules and how Shareholders are to be informed of all material developments in respect of the Company. Copies of these charters, codes and policies are available in full on the Company's website at http://www.boyuan.com.au/corporate_governance/. The Company will also send you a free paper copy of its charters and policies should you request a copy during the Offer Period.

ASX Corporate Governance Principles

The Board has evaluated the Company's current corporate governance policies and practices in light of the ASX Corporate Governance Principles.

The Board considers that the Company complies with the ASX Corporate Governance Principles and therefore has no departures to report.

6.6 Board Skills Matrix

The mix of skills and diversity currently represented on the Board as at 12 September 2016 is as follows:

Category	Skill/Quality	Percentage
Professional Skills	Property development industry in PRC	15%
	Property development industry in Australia	15%
	Financial	10%
	Management and operations	15%
	Investment	10%
	Corporate Governance	15%
	Audit and Risk Management	10%
	Strategy	10%
Professional Skills	Female	0%
	Male	100%

7. Risk factors

7.1 Overview

An investment in the Company will be exposed to a number of risks.

Risks that the Directors believe are key risks are described under the headings "Risks related to the Company's business and risks related to the industry in which the Company operates" (see section 7.2 of this Prospectus), risks related to doing business in China (see section 7.3 of this Prospectus) and "Risks related to the Offer and an investment in Shares" (see section 7.4 of this Prospectus).

The key risks are the risks that senior management and the Directors focus on when managing the business of the Group and have the potential, if they occurred, to result in significant consequences for the Group and an investment in it.

There are also risks that are common to all investments in shares and which are not specific to an investment in the Company; for example, the general volatility of share prices including as a result of general economic conditions (including monetary and fiscal policy settings as well as exchange and interest rates) in Australia, China and elsewhere and other events outside the usual course of the Group's business such as acts of terrorism or war.

Investors should note that the occurrence or consequences of some of the risks described in this section of the Prospectus are partially or completely outside the control of the Company, its Directors and senior management. Further, investors should note that this description focuses on the risks referred to above and does not purport to list every risk that the Company may have now or in the future. It is also important to note that there can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements or forecasts contained in this Prospectus will be realised or otherwise eventuate.

Investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section of the Prospectus, and have regard to their own investment objectives, financial circumstances and taxation position before investing in the Company. If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in Shares or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional advisor before deciding whether to invest.

7.2 Risks related to the Company's business and risks related to the industry in which the Company operates

The risks related to the Company's business and risks related to the industry in which the Company operates are detailed below.

Risks related to the Group's business and risks related to the industry in which the Company operates	
Risk	Description of Risk
Title Risk	<p>The Group has the right to possess, use and develop the land the subject of the Jiaxing Project through two land use right certificates obtained from the Bureau of Land and Resources of Jiaxing City for the purposes of mixed use commercial and residential property development. The land use right in respect of commercial use has a term of 50 years, and the land use right in respect of residential use has a term of 70 years.</p> <p>The term of the land use right in respect of the residential use of the property renews automatically on the expiry of the term.</p> <p>In respect of the commercial use of the property, the Group may submit an application for renewal of the term to the Bureau of Land and Resources of Jiaxing City at least one year prior to the expiration of the relevant term, and the Bureau of Land and Resources of Jiaxing</p>

	<p>City shall approve the renewal unless the Bureau of Land and Resources of Jiaxing City determines to withdraw the land use rights in respect of the property in the social and public interest. If the Bureau of Land and Resources of Jiaxing City makes a determination that it is in the social and public interest to withdraw the commercial land use rights, the Group will not be able to undertake its business as it currently does, and will suffer loss as a result.</p>
<p><i>Property investment risk in the PRC</i></p>	<p>The value of an investment in the Company may decline due to adverse changes in the property market.</p> <p>As a result of government policies and changes in economic conditions in the PRC, the performance of the property market in the city in which the Group develops its property development projects has fluctuated in the past few years.</p> <p>Accordingly, investors will be exposed indirectly to property market risk. The value of the Group's interests in the real property assets underlying its investments may fluctuate depending on market conditions.</p> <p>Economic and regulatory factors which are beyond the control of the Group may have an impact on market conditions. The economic and regulatory factors include changes in the social, political, economic and legal environment of the PRC, changes in the PRC government's fiscal and monetary policies, changes in zoning or statutory laws affecting usage and property values, increases in property and transaction taxes, the lack of a mature and active secondary market for residential properties and the limited availability of mortgage loans to individuals in the PRC.</p> <p>In some cases, the value of properties the subject of the Group's investments may fall lower than the outstanding amount of any loan in respect of those properties. In such an instance, if a property has to be liquidated (sold), the Group may not receive a full return of all monies owed to it.</p>
<p><i>Property investment risk in Australia</i></p>	<p>The value of property in Australia may decline due to, amongst other factors, a downturn in local property markets in Australia, changes in property yields and the performance of the residential and commercial property sector in Sydney. These factors are beyond the control of the Company and investors should note that the Company's financial position and performance may be adversely impacted as a result.</p>
<p><i>General property investment risk</i></p>	<p>An investment in the Company is subject to certain risks associated with the ownership of property and the property industry in general. These risks include:</p> <ul style="list-style-type: none"> • declines in property income due to rental market conditions (which will vary according to the supply and demand for similar space in the respective markets for each property); • inability or unwillingness of tenants to meet their lease commitments; • inability to secure tenants as required to provide rental income; • changes in occupancy levels of the property assets including extended vacancies; • appropriate planning consents not being obtained or, if obtained are not properly adhered to; • operating and third party expenses being greater than estimated;

	<ul style="list-style-type: none"> • delays due to factors beyond the Company's control; • any property development manager or subcontractor appointed to manage or undertake any services in respect of any off the Company's property development does not perform their role to a satisfactory standard or acts or fails to act in breach of contract; • failures in internal controls; • post-completion warranty claims against the Group; • the supply of competing existing or new properties, which may reduce the ability to secure lease renewals or obtain new tenants; • costs resulting from the clean up of, and liability to third parties for damages resulting from, environmental problems or issues, casualty or condemnation losses, uninsured damage from floods, earthquakes or other natural disasters; • general market forces prevailing at the time of the sale of property assets, including demand by investors for property investments; and • development risk, where developments are intended to be conducted in relation to future acquisition of interests in property. <p>All of the above factors may affect the earnings of the Group and the market price of the Company's Shares.</p>
<p><i>Property acquisition</i></p>	<p>The Group may make additional investments (funded by way of debt or equity) in property or acquire additional properties in the future.</p> <p>As the details of any future properties are unknown, there is risk that the acquisition of additional properties may have a detrimental effect on the Group. Payment of fees and expenses associated with future acquisitions or disposals of property may affect distributions in the periods that they are paid. There can be no guarantee that any proposed acquisition or development will be completed or be successful. If the proposed acquisition or development is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Group.</p> <p>In addition, the PRC government may introduce policies to regulate the acquisition of land and properties in the PRC. The policies introduced by the PRC government may have a material adverse impact on the Group's business and cost of property acquisition.</p> <p>The Company's future plans and growth strategies (set out in section 3.6) involve numerous risks, including but not limited to, the allocation of substantial capital expenditure and financial resources. In addition, the Company's ability to grow its business is expected to be dependent on its ability to identify further commercial or residential real estate development locations and opportunities, apply or adapt its real estate development business model to those new locations and opportunities and changing market trends, and successfully complete any future property development in accordance with its future plans and growth strategies. There is a risk that the Company may not be able to successfully execute its growth strategies or that the implementation of its growth strategies will have an adverse impact on the business of the Group.</p>

	<p>If an acquisition or development is completed, the Company will need to reassess, at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/ or the raising of additional capital (if available). There is no assurance that these strategies and plans will achieve revenue that will be commensurate with the Company's investment costs, or that the Company will be successful in securing more property development. If the Company fails to achieve a sufficient level of revenue or fails to manage costs efficiently, this may have an adverse impact on the Company's future financial performance.</p>
<p><i>Material differences between valuation report and actual value realised upon sale of the Group's properties</i></p>	<p>Valuations ascribed to property will be influenced by a number of assumptions and factors including but not limited to:</p> <ul style="list-style-type: none"> • prevailing market conditions; • risk appetite; • volume of sales; • fluctuating occupancy levels; • pricing of competing properties; • increased competition from new or existing properties; and • increases in supply of or decreases in demand for property. <p>The value of, and returns from, properties the subject of the Company's property developments may fluctuate depending on property market conditions. Demand for property may change as investor preferences for particular sectors and asset classes change over time and can be influenced by general economic factors such as interest rates and industry cycles.</p> <p>From time to time, unanticipated events occur that affect the value of land which may in turn affect the financial returns from property development and real estate businesses. For example, land resumption, major infrastructure requirements or unanticipated environmental issues may affect financial returns.</p> <p>Property values may fall if the underlying assumptions on which the property valuations are based differ in the future.</p>
<p><i>Adverse publicity regarding the Company's reputation and brand</i></p>	<p>The Group relies on its reputation and brand to attract potential consumers to purchase its properties. If the Group is subject to any negative publicity in relation to its properties, this may have a material adverse effect on the Group's business and financial condition.</p>
<p><i>Certificates, licences, permits and governmental approvals required to carry out property development projects</i></p>	<p>The property industry in the PRC is heavily regulated. Accordingly, the Group is required to obtain and maintain various certificates, licences, permits and governmental approvals during various stages of its property development projects.</p> <p>If the PRC government introduces new laws, rules and regulations from time to time in respect of the property development industry,</p>

	<p>this may result in significant delays for the Group's projects in obtaining or renewing the relevant certificates, licences or permits.</p> <p>Further, if the Group is unable to obtain the relevant certificates, licences or permits required by the PRC government, the Group will not be able to continue its property development projects. This will have a material adverse effect on the Group's business and financial condition.</p>
<i>Delays in completion of property development projects</i>	<p>The progress of the Group's property development projects may be materially and adversely affected by various factors, including delays in obtaining the necessary permits or government approvals, delays in the delivery of land, changes in government policies, changes in market conditions, labour disputes, poor work quality of construction contractors, construction accidents and adverse weather conditions in the PRC. Any such delays may adversely affect the Group's business and financial conditions.</p>
<i>Actions of competitors</i>	<p>The Group may face competition from other entities in the real estate sector who may have significant advantages including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential clients and greater financial, marketing and other resources.</p> <p>Larger agencies enjoy wider recognition and superior economies of scale. Any significant competition may adversely affect the Group's ability to meet its objectives</p>
<i>Restrictive covenants under loan facilities</i>	<p>The Group has entered into a loan facility which contains a number of restrictive covenants. In particular, under the loan facility, the Group's subsidiaries are restricted from carrying out mergers, material asset transfers, a reduction in its registered capital and incurring further debts without the prior consent of the lender.</p> <p>If the Group and its subsidiaries fail to comply with these restrictive covenants, the relevant lender is entitled to accelerate payment of all or any part of the amounts owing under the loan agreement and enforce any securities provided under the loan agreement. This may have a material adverse effect on the Company's business and financial condition.</p>
<i>Financing</i>	<p>The Group's business is dependent on obtaining financing to invest in property and property development in Australia. There is a risk that financing may not be available on commercially acceptable terms, including interest rates, financial covenants and security.</p> <p>Gearing has the potential to multiply gains and losses and prospective investors should be aware that the returns from a geared investment will generally be more volatile than the returns from a less highly geared investment or an ungeared investment. There is a risk that financing is not available on terms consistent with Group's target gearing rate of no more than 65% of gross assets. This may negatively impact upon the implementation of the Group's strategy and the Group's financial performance. If a financing facility cannot be</p>

	<p>entirely refinanced on expiry, the Group may be required to raise additional capital or sell assets to partially repay the facility. If there is an increase in the interest rates, there may be a higher interest burden as a result. This may impact on returns to Shareholders.</p>
<p><i>Risk that the Company's management and key personnel may discontinue their services</i></p>	<p>The Company's business and future success heavily depends upon the continued services of management and other key personnel. If one or more of the Company's management or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. The Company's business may be severely disrupted, its financial condition and results of operations may be materially adversely affected, and it may incur additional expenses to recruit, train and retain personnel.</p>
<p><i>Enforcement of Contracts in Foreign Jurisdictions</i></p>	<p>The Company and/or its subsidiaries have entered into contracts which are material to its business and governed by the laws of PRC.</p> <p>Should a contractual dispute result in court action or should the Company be in a position to require the enforcement of the security interests it holds, the procedure in courts in PRC may be different than in Australia.</p> <p>As with any contract, there is a risk that the business could be disrupted in situations where there is a disagreement or dispute in relation to a term of the contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.</p>
<p><i>Reliance on relationships and alliances</i></p>	<p>The Group has relationships with government, technical and advisory parties and other stakeholders in the industry. The Group's success, in part, depends upon continued successful relations with these parties.</p> <p>The loss of one or more of these relationships or a change in the nature or terms of one or more of these relationships may have a material adverse impact on the financial position and prospects of the Group.</p>
<p><i>Payment of dividends</i></p>	<p>Payment of future dividends will depend on matters such as the future profitability and financial position of the Company, currency exchange rates and the other risk factors set out in this section 7. The Directors expect the Group be profitable for the period ending 31 December 2016 and intend to distribute approximately 12% to 15% of the net profits after tax from 31 December 2016 in accordance with the dividend policy set out in Section 3.7.</p> <p>Whilst the Company has produced net profits for each of the past three financial years as set out in the audited accounts in section 8, there can be no assurance that the Group will achieve profitability in the future and be able to pay dividends reliably.</p>

<p><i>Third party risk</i></p>	<p>The operations of the Group require the involvement of a number of third parties, including suppliers, contractors and clients. In particular, the Group engages a number of external construction contractors to provide construction works in relation to the Company's property development projects.</p> <p>If the Group expands into other geographical locations in the PRC, the Group cannot guarantee that it will be able to find high quality construction contractors.</p> <p>Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the operations and performance of the Group. It is not possible for the Company to predict or protect the Group against all such risks.</p>
<p><i>Insurance risk</i></p>	<p>The Group insures its operations in accordance with industry practice. However, in certain circumstances, the Group's insurance may not be of a nature or level to provide adequate insurance cover and in some circumstances appropriate insurance cover may not be available or financially viable for certain risks. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Group.</p>
<p><i>Related party transactions</i></p>	<p>The Company has entered into a number of related party transactions, details of which are set out in section 11.8. A summary of the terms of the contracts documenting the related party transactions are set out in sections 10.1, 10.5, 10.7, 10.8 and 10.9. Other than these contracts, there are no other related party transactions in respect of the Group or its business.</p> <p>There is a risk that the interest of a related party may influence the decision making of directors to the detriment of the interests of members of the entity as a whole when an entity is considering whether to enter into a transaction with a related party.</p>
<p><i>Operational risk</i></p>	<p>The operations of the Group may be affected by various factors including failures in internal controls and financial fraud. To the extent that such matters may be in the control of the Group, the Group will mitigate these risks through management and supervision controls.</p> <p>In addition, the investments of the Group may be affected by various factors which are beyond the control of the Company, including adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, plant and equipment, fire, explosions and other incidents beyond the control of the Group.</p> <p>The operations of the Group may also be affected by natural disasters, epidemics, terrorist attacks and other disasters which may materially and adversely affect the economy in the PRC and the Group's business.</p>

Environmental risks	The Group is subject to a number of PRC laws and regulations regarding the protection of the environment. In particular, property development projects may be severely restricted in certain environmentally sensitive regions in the PRC. As a result, the Group's compliance with various health and environmental laws in the PRC may result in delays in its property development project and increase the Group's compliance costs.
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7.3 Risks relating to doing business in the PRC

The risks related to doing business in the PRC are detailed below.

Risk relating to doing business in the PRC	
Risk	Description of Risk
<i>As the Company's revenue is derived from its operations in the PRC, the Company is exposed to fluctuations in the economic, legal, political and social conditions of the PRC which may affect its operating results and financial conditions</i>	<p>Since 1978, the PRC has implemented various reforms to its economic system. As a result of the reforms, the PRC's economy has been growing significantly for the past three decades. However, given the unprecedented and experimental nature of the reforms, they are potentially subjected to refinement and changes as the PRC government deem fit. Political, economic and social factors are also expected to play a role in refinement and changes of these policies. The possibility of such refinement and adjustment may consequently have a material impact on the Company's operations in the PRC and in turn its financial performance. Additionally, its performance may be affected by other key factors relating to changes in the law and regulations or the interpretation or implementation thereof.</p>
<i>Uncertainties with respect to the PRC legal system could have a material adverse effect on the Group</i>	<p>The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC Government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation since then has significantly enhanced the protections afforded to various forms of foreign investments in the PRC. The Company conducts its business primarily through its subsidiaries established in the PRC. These subsidiaries are generally subject to laws and regulations applicable to foreign investment in the PRC. However, as the PRC legal system continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit the legal protections available to the Group.</p> <p>Further, some regulatory requirements issued by certain PRC Government authorities may not be consistently applied. For example, the Group may have to resort to administrative and court proceedings to enforce a law or contract. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection in the PRC than in other more developed legal systems. These uncertainties may impede the Group's ability to enforce the contracts it has entered into with its business partners, customers and suppliers.</p> <p>Such uncertainties, including the inability to enforce contracts, together with any development or interpretation of PRC law that is adverse to the Group, could materially and adversely affect its business and operations. Furthermore, intellectual property rights</p>

	<p>and confidentiality protections in the PRC may not be as effective as in more developed countries.</p> <p>The Group cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof. These uncertainties could limit the legal protections available to the Group and other foreign investors. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of the Group's resources and management attention.</p>
Foreign exchange risk	<p>The Group has revenues, costs and expenses denominated in RMB, but its Shares trade in AUD.</p> <p>Accordingly, the Company's share price may be influenced by fluctuations in exchange rates between the AUD and RMB.</p>
Government control of currency conversion	<p>The PRC government imposes control on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. The Group receives all of its revenue in RMB. Under existing PRC foreign exchange regulations, payment of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without approval from the PRC State Administration of Foreign Exchange (SAFE), by complying with certain procedural requirements. Approval from or registration with appropriate government authorities is required where RMB are to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currencies to satisfy its foreign currency demands, it may not be able to pay dividends in foreign currencies to the Company's shareholders.</p>
PRC Enterprise Income Tax Law	<p>Under the PRC Enterprise Income Tax Law and its implementation regulations, a reduced withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors to the extent such dividends are sourced within the PRC. Under the Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income applicable in Hong Kong to income derived in any year of assessment commencing on or after 1 April 2007 and in mainland China to any year commencing on or after 1 January 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds an equity interest of 25% or more in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. As such, dividends paid to the Company by Jiaxing Boyuan through Hong Kong Boyuan Investment Holding Limited (Hong Kong Boyuan) may be subject to a reduced withholding tax at a rate of 5% under this arrangement, provided that Hong Kong Boyuan is deemed a "beneficial owner" of such income and that neither the Company nor Hong Kong Boyuan are deemed to be PRC tax resident enterprises.</p> <p>However, pursuant to the Notice on Interpretation and Determination of "beneficial owner" under tax treaties (Circular 601), the definition of "beneficial owner" is narrowed to individuals, enterprises or other organisations who "normally engage in substantive operations". The Circular 601 also introduced various factors to be considered in</p>

	determination of whether an entity is a “beneficial owner”. If Hong Kong Boyuan is not deemed a beneficial owner under the Circular 601, it may not be able to enjoy the 5% preferential tax treatment and as a result the dividends distributed by Jiaying Boyuan through Hong Kong Boyuan will be adversely affected.
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7.4 Risks relating to the Offer and an investment in Shares

The risks related to the Offer and an investment in Shares are detailed below.

Risks related to the Offer and an investment in Shares	
Risk	Description of Risk
<i>Risk of oppression of minority shareholders</i>	<p>Immediately after the Offer, the Existing Holders will beneficially own approximately 76.9% of the Company's issued capital assuming that the Minimum Subscription is raised and approximately 71.4% assuming the maximum number of Shares are issued under the Offer. As a result, these Existing Holders, if they act together, would be able to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval, including the election of Directors and approval of significant corporate transactions.</p> <p>This concentration of ownership may harm the market price of the Shares by delaying or preventing a change in control, even if a change is in the best interests of the Company's other Shareholders.</p>
<i>Liquidity and realisation risk</i>	<p>Under voluntary escrow arrangements of the ASX Listing Rules, those Existing Holders, who hold 68.6% based on the Maximum Subscription being raised (and 73.9% based on the Minimum Subscription being raised) will not, however, be able to trade their Shares for a period of between 12 and 24 months commencing from the date of quotation of the Company. Given the number of Shares restricted from trading, there will only be liquidity with respect to 31.4% of the Shares based on the Maximum Subscription being raised (and 26.1% of the Shares based on the Minimum Subscription being raised) until such time as the Existing Holder's Shares come out of escrow.</p> <p>The Shares issued under the Offer will only be listed on ASX and will not be listed for trading on any other securities exchanges in Australia or elsewhere. As such, there can be no guarantee that an active market in the Shares will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. Furthermore, the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in the Company's securities. When trading volume is low, significant price movement can be caused by trading in a relatively small number of shares.</p>
<i>Country risk and foreign operations</i>	<p>There are risks associated with operating in foreign countries. Country risks include exchange rate risk, economic risk, sovereign risk, political risk, and transfer risk.</p> <p>The Company's operating results and financial conditions are highly susceptible to changes in PRC's political, economic and social conditions as the Company's revenue is currently wholly derived from its operations in PRC.</p>

	<p>Given that the Company is incorporated in Australia but its business operations are in China, there is the risk of capital being restricted or frozen by government action.</p> <p>There can be no guarantee that the government regulations in Australia and China, in particular in relation to foreign investment, repatriation of foreign currency, taxation and the regulation of the information technology industry, will not be amended in the future to the detriment of the Company's business.</p>
<i>Stock market fluctuations</i>	<p>There are a number of risks associated with any stock market investment. The price of Shares may rise or fall in relation to the Offer Price and investors who decide to sell their Shares, after listing of the Company on ASX, may not receive the full amount of their original investment.</p> <p>The value of the Shares will be determined by the stock market and will be subject to a range of factors beyond the control of the Company and its Directors. These factors include movements in local and international stock exchanges, local interest rates and exchange rates, domestic and international economic and political conditions, government taxation, market supply, competition and demand and other legal, regulatory or policy changes.</p>
<i>Dependence on general economic conditions</i>	<p>The operating and financial performance of the Company will be influenced by a variety of general economic and business conditions. Any protracted down turn in the PRC and world economic situation could be expected to have a material adverse effect on the Company's financial performance, financial position and cash flows.</p>

8. Financial information

8.1 Introduction

(a) Background

This section contains a summary of the Pro forma Consolidated Historical Financial Information (“Financial Information”) for Boyuan Holdings Limited (“the Company”), together with its controlled entities (the “Group”).

The Financial Information has been prepared on the basis that the following companies are controlled by the Company:

- Hong Kong Boyuan Investment Holding Limited (“HK Co”)
 - Jiaxing Longyuan Enterprise Management Company Ltd (“WFOE”)
 - Jiaxing Boyuan Real Estate Development Co. Ltd (“Jiaxing Boyuan”)
 - Boyuan Investment Holding Pty Ltd (“Boyuan Investment”) and
 - Boyuan Real Estate Holding Pty Ltd (“Boyuan Real Estate”),
- collectively referred to as the “Subsidiaries”.

The Company was incorporated on 22 October 2015. HK Co was incorporated on 31 December 2015. The Company acquired 100% of the equity in HK Co in January 2016. WFOE was incorporated in March 2016. The Company undertook a restructure of the Group in May 2016 and through its WFOE, acquired the entire issued capital of Jiaxing Boyuan. Boyuan Investment was incorporated as a wholly owned subsidiary of the Company on 30 June 2016. Boyuan Real Estate was incorporated as a wholly owned subsidiary of the Company on 28 July 2016.

(b) Basis and method of preparation

The Financial Information presented comprises the following:

- Pro forma consolidated statements of profit or loss for the financial years ended 31 December 2013 (“2013”), 31 December 2014 (“2014”) and 31 December 2015 (“2015”);
- Pro forma consolidated statement of profit or loss for the five months ended 31 May 2016 (“2016 YTD”);
- Pro forma consolidated statements of cash flows for 2013, 2014 and 2015;
- Pro forma consolidated statement of cash flows for 2016 YTD;
- Pro forma consolidated statement of financial position as at 31 May 2016, including the completion of the restructure, purchase of the land in Australia, consolidation of the subsidiaries and completion of the offer; and
- Significant Accounting Policies

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Equivalents to International Financial Reporting Standards (“AIFRS”).

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AIFRS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

(c) Foreign currency conversion

The functional currency of the Company and the Subsidiaries is RMB. The presentation currency in the Prospectus is A\$. The currency conversions from RMB to A\$ in the Financial Information presented in this section have been undertaken using RMB to A\$ exchange rates as outlined in the table below:

RMB to A\$ exchange rate	2013	2014	2015	2016 YTD
Average exchange rates for the financial year ended 31 December and five months to 31 May 2016 (used for the pro forma consolidated statements of profit or loss and cash flows)	5.9531	5.5634	4.7275	4.7779
Spot exchange rate (used for the consolidated pro forma statement of financial position)	n/a	n/a	4.7442	4.7684

(d) Audit of historical financial information

Deloitte Touche Tohmatsu CPA LLP in Shanghai, China (“Deloitte China”) was engaged to complete an audit of Jiaxing Boyuan which comprises the statements of financial position as at 31 December 2013, 31 December 2014 and 31 December 2015, the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in equity for the financial years then ended, notes comprising a summary of significant accounting policies and other explanatory information. The audit opinion provided by Deloitte China on the financial statements was unmodified.

Deloitte Touche Tohmatsu Sydney, Australia (“Deloitte Australia”) was engaged to complete an audit of the Company which comprises the statements of financial position as at 31 December 2015, the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in equity for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information. The audit opinion provided by Deloitte Australia on the financial statements was unmodified. Deloitte Australia performed a review of the consolidated financial report of Boyuan Holdings Limited for the five month period ended 31 May 2016,. The review conclusion was unmodified.

Jiaxing Boyuan is the only entity in the Group that has traded. WFOE, HK Co., Boyuan Investment, Boyuan Real Estate and the Company are newly incorporated entities and have not traded. The financial accounts of WFOE, HK Co., Boyuan Investment and Boyuan Real Estate have not been subject to any form of audit or review.

The Financial Information should be read in conjunction with the Investigating Accountants Report set out in section 9.

8.2 Pro forma consolidated statements of financial performance

The Jiaxing Project occupies two parcels of land with a total area of land of approximately 48,500 square metres which is being developed into a complex comprising 10 commercial and residential buildings and underground spaces, including parking. The Group’s revenue is generated as follows:

- revenue from the sales of residential and commercial units within the Jiaxing Project; and
- rental income from the leases of commercial units within the Jiaxing Project.

The revenue of the Group has primarily been generated from sales of residential and commercial units within the Jiaxing Project. As each phase of construction of the Jiaxing Project has been completed, the Company’s source of income has transitioned from property development to rental income as a commercial landlord. The Directors believe that the Company’s property development activities have generally been more profitable than its property rental activities. Accordingly, the Directors believe that based on the reviewed accounts as at May 31 2016, the profits of the Company in FY2016 will significantly decrease compared to FY2015 reflecting this transition. Investors should note that upon completion of the property development phase of the Jiaxing Project, the Company expects to earn lower profits from the Jiaxing Project thereafter.

Set out in the tables below are the summarised pro forma consolidated statements of profit or loss for the Group for 2013, 2014, 2015 and 2016 YTD. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

Jiaxing Boyuan is the only entity in the Group that has traded. Therefore the pro forma consolidated statement of financial performance and the pro forma consolidated statements of cash flows have been derived from the audited historical financial performance of Jiaxing Boyuan. No adjustments have been made in respect of any changes to the cost base or effective tax rate of the Company going forward as a listed entity.

The consolidated statements of profit or loss have not been adjusted to reflect the expected on-going costs associated with running a listed entity. These are expected to be \$500,000 per year.

(a) Pro forma consolidated statement of profit or loss presented in RMB

	2013	2014	2015	2016 YTD
	RMB '000	RMB '000	RMB '000	RMB '000
Revenue ⁽¹⁾	27,881	60,168	94,284	25,923
Cost of sales	(16,038)	(31,781)	(59,494)	(17,726)
Gross profit	11,843	28,387	34,790	8,197
Other income and other gains and losses	126	787	(755)	3
Change in fair value of investment properties	8,451	7,149	17,007	1,203
Distribution and selling expenses	(1,289)	(1,344)	(607)	(1,103)
Administrative expenses	(2,877)	(3,256)	(3,778)	(1,183)
Profit before taxation	16,254	31,723	46,657	7,117
Income tax expense	(6,047)	(13,178)	(18,083)	(2,720)
Profit after taxation	10,207	18,545	28,574	4,397
Attributable to the owners of the Company	10,207	18,545	28,574	4,397

Notes:

1. Revenue represents income arising from sales of properties and property rental. An analysis of revenue from continuing operations is set out as below:

	Year ended 31 December			5 months to
	2013	2014	2015	31 May 2016
	RMB '000	RMB '000	RMB '000	RMB '000
Sales of properties	27,881	59,853	89,411	23,774
Property rental income	-	315	4,873	2,149
	27,881	60,168	94,284	25,923

(b) Pro forma consolidated statement of profit or loss presented in A\$

	2013	2014	2015	2016 YTD
	A\$ '000	A\$ '000	A\$ '000	A\$ '000
Revenue ⁽¹⁾	4,683	10,815	19,944	5,426
Cost of sales	(2,694)	(5,713)	(12,585)	(3,710)
Gross profit	1,989	5,102	7,359	1,716
Other income and other gains and losses	21	141	(160)	1
Change in fair value of investment properties	1,420	1,285	3,597	252
Distribution and selling expenses	(217)	(242)	(128)	(231)
Administrative expenses	(483)	(585)	(799)	(248)
Profit before taxation	2,730	5,701	9,869	1,490
Income tax expense	(1,016)	(2,369)	(3,825)	(570)
Profit after taxation	1,714	3,332	6,044	920
Attributable to the owners of the Company	1,714	3,332	6,044	920

8.3 Pro forma consolidated statements of cash flows

Set out in the tables below are the pro forma consolidated statements of cash flows for the Group for 2013, 2014, 2015 and 2016 YTD. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

(a) Pro forma consolidated statements of cash flows presented in RMB

	2013	2014	2015	2016 YTD
	RMB '000	RMB '000	RMB '000	RMB '000
OPERATING ACTIVITIES				
Profit for the year from continuing operations	10,207	18,545	28,574	4,397
Adjustments for:				
Income tax expense	6,047	13,178	18,083	2,720
Interest income	(8)	(32)	(12)	(2)
Depreciation of property and equipment	180	209	192	72
Change in fair value of investment properties	(8,451)	(7,149)	(17,007)	(1,203)
Operating cash flows before movements in working capital	7,975	24,751	29,830	5,984
(Increase) decrease in properties held for sale	(79,495)	31,781	(39,538)	17,534
Decrease (increase) in properties under development	10,337	(39,202)	48,757	(5,031)
(Increase) decrease in trade and other receivables, deposits and prepayments	(6,716)	(8,618)	(11,549)	(2,077)
(Increase) decrease in prepaid construction costs	-	-	-	14,256
(Increase) decrease in amounts due from related parties	(76)	76	(10,941)	(185)
Increase (decrease) in trade and other payables and accrued expenses	61,811	(33,868)	20,369	(10,091)
Increase (decrease) in provisions	-	-	786	-
(Decrease) increase in pre-sale deposits received	(23,007)	85,762	(52,808)	(13,739)
Increase (decrease) in amounts due to related parties	1,076	(1,502)	321	2,848
Decrease (increase) in prepaid other taxes	1,591	(4,631)	2,597	1,277
Cash (used in) from generated from operations	(26,504)	54,549	(12,176)	10,776
Income tax paid	(210)	(4,258)	(1,480)	(666)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(26,714)	50,291	(13,656)	10,110
INVESTING ACTIVITIES				
Additions of property and equipment	(92)	-	-	-
Additions of investment properties	(67,611)	(21,988)	(34,864)	(5,418)
Bank interest received	8	32	12	2
Withdrawal (placement) of restricted/pledged bank deposits	(5)	(1,389)	980	(52)
Purchase of financial assets at fair value through profit or loss	(50,000)	-	-	-
NET CASH USED IN INVESTING ACTIVITIES	(117,700)	(23,345)	(33,872)	(5,468)
FINANCING ACTIVITIES				

Proceeds from borrowings	15,000	45,000	100,000	-
Repayment of borrowings	(28,013)	(45,987)	(59,000)	-
Advances from related parties	273,671	109,485	228,708	-
Repayment to related parties	(132,495)	(120,017)	(202,034)	-
Interest paid	(5,820)	(5,609)	(7,166)	(3,264)
Advances from independent third parties	30,000	18,000	1,747	-
Repayments to independent third parties	(6,000)	(29,833)	(13,914)	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES	146,343	(28,961)	48,341	(3,264)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,929	(2,015)	813	1,378
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	256	2,185	170	983
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,185	170	983	2,361

(b) Pro forma consolidated statement of cash flows presented in A\$

	2013	2014	2015	2016 YTD
	RMB '000	RMB '000	RMB '000	RMB '000
OPERATING ACTIVITIES				
Profit for the year from continuing operations	1,715	3,333	6,044	920
Adjustments for:				
Income tax expense	1,016	2,369	3,825	569
Interest income	(1)	(6)	(3)	(0)
Depreciation of property and equipment	30	38	41	15
Change in fair value of investment properties	(1,420)	(1,285)	(3,597)	(252)
Operating cash flows before movements in working capital	1,340	4,449	6,310	1,252
(Increase) decrease in properties held for sale	(13,354)	5,713	(8,363)	3,670
Decrease (increase) in properties under development	1,736	(7,046)	10,313	(1,053)
(Increase) decrease in trade and other receivables, deposits and prepayments	(1,128)	(1,549)	(2,443)	(435)
(Increase) decrease in prepaid construction costs	-	-	-	2,984
(Increase) decrease in amounts due from related parties	(13)	14	(2,314)	(39)
Increase (decrease) in trade and other payables and accrued expenses	10,383	(6,088)	4,309	(2,112)
Increase (decrease) in provisions	-	-	166	-
(Decrease) increase in pre-sale deposits received	(3,865)	15,415	(11,170)	(2,876)
Increase (decrease) in amounts due to related parties	181	(270)	68	596
Decrease (increase) in prepaid other taxes	267	(832)	549	267
Cash (used in) from generated from operations	(4,453)	9,806	(2,575)	2,254
Income tax paid	(35)	(765)	(313)	(139)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(4,488)	9,041	(2,888)	2,115
INVESTING ACTIVITIES				
Additions of property and equipment	(15)	-	-	-
Additions of investment properties	(11,357)	(3,952)	(7,375)	(1,134)

Bank interest received	1	6	3	-
Withdrawal (placement) of restricted/pledged bank deposits	(1)	(250)	207	(10)
Purchase of financial assets at fair value through profit or loss	(8,399)	-	-	-
NET CASH USED IN INVESTING ACTIVITIES	(19,771)	(4,196)	(7,165)	(1,144)
FINANCING ACTIVITIES				
Proceeds from borrowings	2,520	8,089	21,153	-
Repayment of borrowings	(4,706)	(8,266)	(12,480)	-
Advances from related parties	45,971	19,680	48,378	-
Repayment to related parties	(22,256)	(21,573)	(42,736)	-
Interest paid	(978)	(1,008)	(1,516)	(683)
Advances from independent third parties	5,039	3,235	370	-
Repayments to independent third parties	(1,008)	(5,362)	(2,943)	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES	24,582	(5,205)	10,226	(683)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	324	(360)	173	288
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	40	404	33	207
FOREIGN EXCHANGE DIFFERENCE	40	(11)	2	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	404	33	207	495

8.4 Pro forma consolidated statements of financial position as at 31 May 2016

Set out in the table below is the pro forma consolidated statement of financial position for the Company as at 31 May 2016 after the completion of the restructure and acquisition of Jiaying Boyuan, as well as the Offer and related transactions disclosed in the Prospectus. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

The pro forma consolidated statements of financial position have been prepared to demonstrate the impact of a capital raising pursuant to this Prospectus of both A\$15.0 million and A\$20.0 million (i.e. presented in two separate tables).

The pro forma consolidated statements of financial position have been based on the consolidated statements of financial position of the Company (reviewed) and Jiaying Boyuan (reviewed) as at 31 May 2016 and pro forma entries associated with the completion of the restructure, purchase of the land in Australia, consolidation of the subsidiaries and completion of the offer.

Table A: Impact of the minimum Offer

		Group 31-May- 16	Impact of the offer	Pro Forma Group
	Note	A\$ '000	A\$ '000	A\$ '000
CURRENT ASSETS				
Cash assets	4,5,6	495	1,000	1,495
Inventories of properties	7			
— held for sale		14,621	-	14,621
— under development		23,084	-	23,084
Trade and other receivables	8	1,306	-	1,306
Prepaid other taxes		761	-	761
Amounts due from related parties	3.1	27,567	-	27,567
Restricted/pledged bank deposits		413	-	413
TOTAL CURRENT ASSETS		68,247	1,000	69,247
NON-CURRENT ASSETS				
Investment properties	9	54,269	-	54,269
Inventory - held for development	4	-	9,500	9,500
Property and equipment		17	-	17
Deferred tax assets		649	-	649
TOTAL NON-CURRENT ASSETS		54,935	9,500	64,435
TOTAL ASSETS		123,182	10,500	133,682
CURRENT LIABILITIES				
Trade and other payables and accruals	10	13,719	-	13,719
Provision		165	-	165
Pre-sale deposits received		16,307	-	16,307
Income tax payable		5,673	-	5,673
Amounts due to related parties		685	-	685
TOTAL CURRENT LIABILITIES		36,548	-	36,548
NON-CURRENT LIABILITIES				
Related party payable	3.2	21,435	-	21,435
Bank borrowings due after one year	6, 13	20,971	(2,819)	18,152
TOTAL NON-CURRENT LIABILITIES		42,406	(2,819)	39,588
TOTAL LIABILITIES		78,955	(2,819)	76,136
NET ASSETS				
		44,227	13,319	57,546
EQUITY				
Share capital		1	14,170	14,171
Retained profits		8,770	(851)	7,919
Other reserves		2,096	-	2,096
Foreign currency translation	11	7,383	-	7,383
Corporate reorganisation reserve	3	25,978	-	25,978
TOTAL EQUITY		44,227	13,319	57,546

Table B: Impact of the maximum Offer

		Group 31-May- 16	Impact of the offer	Pro Forma Group
	Note	A\$ '000	A\$ '000	A\$ '000
CURRENT ASSETS				
Cash assets	4,5,6	495	1,000	1,495
Inventories of properties	7			
— held for sale		14,621	-	14,621
— under development		23,084	-	23,084
Trade and other receivables	8	1,306	-	1,306
Prepaid other taxes		761	-	761
Amounts due from related parties	3.1	27,567	-	27,567
Restricted/pledged bank deposits		413	-	413
TOTAL CURRENT ASSETS		68,247	1,000	69,247
NON-CURRENT ASSETS				
Investment properties	9	54,269	-	54,269
Inventory - held for development	4	-	9,500	9,500
Property and equipment		17	-	17
Deferred tax assets		649	-	649
TOTAL NON-CURRENT ASSETS		54,935	9,500	64,435
TOTAL ASSETS		123,182	10,500	133,682
CURRENT LIABILITIES				
Trade and other payables and accruals	10	13,719	-	13,719
Provision		165	-	165
Pre-sale deposits received		16,307	-	16,307
Income tax payable		5,673	-	5,673
Amounts due to related parties		685	-	685
TOTAL CURRENT LIABILITIES		36,548	-	36,548
NON-CURRENT LIABILITIES				
Related party payable	3.2	21,435	-	21,435
Bank borrowings due after one year	6, 13	20,971	(7,699)	13,272
TOTAL NON-CURRENT LIABILITIES		42,406	(7,699)	34,708
TOTAL LIABILITIES		78,955	(7,699)	71,256
NET ASSETS				
		44,227	18,199	62,426
EQUITY				
Share capital		1	19,053	19,054
Retained profits		8,770	(855)	7,915
Other reserves		2,096	-	2,096
Foreign currency translation	11	7,383	-	7,383
Corporate reorganisation reserve	3	25,978	-	25,978
TOTAL EQUITY		44,227	18,199	62,426

Notes to the pro forma consolidated statement of financial position as at 31 May 2016:

1. The first column represents the reviewed position of the Group as at 31 May 2016.
2. The results of the balance sheet of the Jiaxing Boyuan has been translated into A\$ using the rates described earlier in this section.
3. Effective on 31 May 2016 the Group underwent a restructure (refer to section 3.1 of the Prospectus for further details) and through its WFOE acquired the entire issued capital of Jiaxing Boyuan from Jiaxing Jiayuan Real Estate Group Co., Ltd, for RMB 130 million. The result of this restructure is:
 - The assets and liabilities recognised and measured in the pro forma consolidated statement of financial position are at the carrying amounts of Jiaxing Boyuan rather than their fair value;
 - The retained earnings and other equity balances recognised in the pro forma consolidated statement of financial position are the existing retained earnings and other reserves of Jiaxing Boyuan. On the effective date, the Group voluntarily changed presentation currency to Australian dollars resulting in the retrospective adjustment to recognise a foreign currency translation reserve which arose since incorporation;
 - The amount recognised as issued equity instruments is the equity recorded in Boyuan Holding Limited's financial statements; and
 - No 'new' goodwill has been recognised as a result of the combination. The difference between the consideration paid and the equity 'acquired' is reflected in equity as a 'corporate reorganisation reserve'.

3.1 The restructure, described above, included the recognition of a receivable in Hong Kong Boyuan Investment Holding Limited (a controlled entity) from one of the Group's shareholder (Hong Kong Jiayuan Investment Limited). The receivable is due to be settled on 22 May 2017 and bears no interest. The time value of money has not been taken into account given the short term nature of this receivable. These shares were subsequently transferred to the Company as described in 2 above. For further information, refer to section 10.1

3.2 The consideration of RMB 130 million for Jiaxing Boyuan was funded through an equity transfer agreement with the Zhejiang Jiayuan Group. Refer to section 10.1 of the Prospectus for details of the arrangement. Under the terms of the equity transfer agreement, this interest-free debt of RMB130 million is to be repaid in four equal instalments of RMB25 million at the end of the calendar years ending 2018, 2019, 2020 and 2021, and one final instalment of RMB30 million at the end of the calendar year ending 2022. The present value of these payments has been recorded as a non-current other payable. The difference between the face value and present value (discounted at approximately 5%) has been recorded as a deemed distribution included in the Corporate re-organisation reserve.

4. Boyuan Investment has entered into transactions to acquire two parcels of land in the Hunter Valley, NSW, with a total purchase price of A\$2.5 million. Refer to section 10.5 of the Prospectus for details of the transaction. Boyuan Real Estate has entered into a transaction to acquire a parcel of land in Austral, NSW, with a total purchase price of A\$3.57 million. Refer to section 10.6 of the Prospectus for details of the transaction. These purchases have been reflected in non-current Inventories in the tables above. Stamp duty and incidental costs associated with the acquisition of land detailed above total A\$0.43 million, which has been capitalised into the value of Inventories. Completion of the above acquisitions is conditional on the successful admission of the Company to the official list of the ASX.

The Company entered into a share and unit purchase agreement with Cyan Stone, a related party, which allow the Company to acquire a piece of land located in Marsden Park, NSW for the purposes of subdivision and development. The purchase, which is conditional on the successful listing, is for A\$3.0m. Refer to section 10.7 for further details on this arrangement with Cyan Stone.

5. Impact of minimum Offer:

This represents the pro forma consolidated statement of financial position of the Company after the conduct of the minimum Offer to raise A\$15 million less estimated costs of the Offer of A\$1.681m. Costs of the Offer have been allocated as A\$0.830m to issued capital as being incidental to the issue of Shares and A\$0.851m to retained earnings.

Impact of maximum Offer:

This represents the pro forma consolidated statement of financial position of the Company after the conduct of the maximum Offer to raise A\$20 million less estimated costs of the Offer of A\$1.801m. Costs of the Offer have been allocated as A\$0.947m to issued capital as being incidental to the issue of Shares and A\$0.855m to retained earnings.

No deferred tax assets have been recognised in relation to the transaction costs. Given the early stages of the Australian development projects it is not probable that these will be recovered against future taxable profits.

6. Total cash assets in columns 2 and 3 comprises the following:

	A\$ '000	Minimum Offer	Maximum Offer
Offer Proceeds		15,000	20,000
Purchase of land for development		9,500	9,500
Reduction of debt - the Jiaxing Project		2,819	7,699
Costs of the Offer		1,681	1,801
Net Proceeds from Offer		1,000	1,000
Cash assets in Jiaxing Boyuan as at 31 May 2016		495	495
Total Cash assets		1,495	1,495

7. Inventories of properties held as at 31 May 2016 are situated in the Peoples Republic of China. All of the inventories of properties are stated at the lower of cost and net realisable value.

8. Trade and other receivables, deposits and prepayments as at 31 May 2016 comprises the following:

	RMB '000	A\$ '000
Rental receivables	3,206	672
Deposits	1,500	315
Other receivables	1,519	319
	6,225	1,306

9. Investment properties as at 31 May 2016 comprises the following:

	Completed investment properties	Investment properties under construction	Total
	RMB '000	RMB '000	RMB '000
FAIR VALUE			
At 1 January 2013	-	79,059	79,059
Additions	-	71,256	71,256
Transfer	140,493	(140,493)	-
Net change in fair value recognised in profit or loss	(16,585)	25,036	8,451
At 31 December 2013	123,908	34,858	158,766
Additions	938	26,138	27,076
Net change in fair value recognised in profit or loss	3,188	3,961	7,149
At 31 December 2014	128,034	64,957	192,991
Additions	-	39,365	39,365
Transfer	39,342	(39,342)	-
Net change in fair value recognised in profit or loss	8,915	8,092	17,007
At 31 December 2015 (RMB'000)	176,291	73,072	249,363
Additions	-	8,212	8,212
Net change in fair value recognised in profit or loss	455	748	1,203
At 31 May 2016	176,746	82,032	258,778
At 31 May 2016 (A\$'000)	37,065	17,203	54,269

JLL has provided an updated valuation as at 31 May 2016, a copy of which has been included as section 5 of this Prospectus. The total valuation of the investment property at 31 May 2016 is RMB 258.7 million (A\$54.3 million). The deferred tax liability associated with the fair value changes have been included in the deferred tax charge each period and is included in the net deferred tax asset included on the balance sheet.

10. Trade and other payables and accruals as at 31 May 2016 comprises the following:

	RMB '000	RMB '000
Trade payables ⁽¹⁾	19,648	4,120
Accrued charges ⁽²⁾	26,291	5,514
Advanced deposits for sales of properties	13,151	2,758
Payroll and other payables ⁽³⁾	6,330	1,327
	65,420	13,719

(1) Trade payables comprise construction costs and other project-related expenses which are payable based on project progress. The average credit period of trade payable is 180 days.

(2) Accrued charges mainly include construction cost accrued based on construction progress.

(3) Payroll and other payables mainly represent staff payroll payable and accrued loan interest.

11. The difference arising due to the translation of Jiaxing Boyuan to A\$ as recorded as foreign currency translation reserve.

12. As at 31 May 2016, Jiaxing Boyuan had the following commitments:

Commitments	RMB'000	A\$'000
Expenditure in respect of projects classified as properties under development for sale and investment properties under construction	5,677	1,191

13. On 30 July 2015, Jiaxing Boyuan and AVIC Trust Co., Ltd entered into a loan contract pursuant to which the Lender provided loans in the maximum amount of RMB 100 million (A\$20.97 million) to Jiaxing Boyuan for the purposes of the construction of the Jiaxing Project. A summary of the terms of the loan and security arrangements with the Lender is set out in section 10.3.

The loan of RMB 100 million (A\$20.97 million) is secured by two mortgages over a portion of the property the subject of the Jiaxing Project. Jiaxing Boyuan will pay interest of 13% per annum on the principal amount outstanding on the Trust Loan.

Assets pledged for borrowings as at 31 May 2016 in Jiaxing Boyuan comprises the following:

Assets pledged for borrowings	RMB'000	A\$'000
Investment properties	155,052	32,517
Inventories of properties	31,807	6,670

8.5 Significant Accounting Policies

Set out below are a number of significant accounting policies and other material accounting matters that have been used in the preparation of the Financial Information presented above.

The Financial Information has been prepared on the historical cost basis, except for the investment properties which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. These policies have been consistently applied throughout the relevant periods.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Group reorganisation

Effective on 31 May 2016, the Company undertook a restructure of the Group and through its WFOE, Jiaying Longyuan Enterprise Management Company Ltd, acquired the entire issued capital of Jiaying Boyuan from Jiaying Jiayuan Real Estate Group Co., Ltd, for RMB 130 million. Under the terms of the equity transfer agreement, the consideration of RMB 130 million was not paid in cash or by way of the issue of shares, but was recorded as a debt owed to the Zhejiang Jiayuan Group by Jiaying Longyuan Enterprise Management Company Ltd.

Accordingly, the pro forma consolidated statements of financial position as at 31 May 2016 include the financial position of the Group. This corporate reorganisation did not represent a business combination in accordance with AASB 3 'Business Combination'. Instead, the appropriate accounting treatment for recognising the new group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. Accordingly the financial statements are a continuation of the Jiaying Boyuan and as such:

- The assets and liabilities recognised and measured in the pro forma consolidated statement of financial position are at the carrying amounts of Jiaying Boyuan rather than their fair value;
- The retained earnings and other equity balances recognised in the pro forma consolidated statement of financial position are the existing retained earnings and other reserves of Jiaying Boyuan. On the effective date, the Group voluntarily changed presentation currency to Australian dollars resulting in the retrospective adjustment to recognise a foreign currency translation reserve which arose since incorporation;
- The amount recognised as issued equity instruments is the equity recorded in Boyuan Holding Limited's financial statements; and
- No 'new' goodwill has been recognised as a result of the combination. The difference between the consideration paid and the equity 'acquired' is reflected in equity as a 'corporate reorganisation reserve'.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related tax.

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

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

Deposits received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Property under construction or development for future use as an investment property is classified as investment property under development and is initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the carrying amount will be recognised in profit or loss in that period.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Properties under development

Properties under development which are intended to be held for sale are shown as current assets and carried at the lower of cost (includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised) and net realisable value.

Properties under development are transferred to investment property when the development is completed and there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised.

Properties held for sale are transferred to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. Net realisable value is determined based on prevailing market conditions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit before taxation' as reported in the consolidated statements of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured in accordance with the above general principles set out in AASB 112 Income taxes (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are deferred and expensed over the term of the respective agreement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign Currency translation reserve

The foreign currency translation reserve (FCTR) comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency.

9. Investigating Accountant's Report



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

29 August 2016

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT ON THE PRO FORMA HISTORICAL FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of Boyuan Holdings Limited ACN 608 897 963 (the Company) (the Directors) for inclusion in a Prospectus to be issued by the Company (the Prospectus) in respect of the offer of a minimum of 75,000,000 ordinary shares and a maximum of 100,000,000 ordinary shares in the capital of the Company to investors in Australia at A\$0.20 per share to raise a minimum of A\$15,000,000 and a maximum of A\$20,000,000 (the Offer), and the listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the *Corporations Act 2001* for the issue of this report.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review the:

- Pro forma consolidated statement of profit or loss for the financial years ended 31 December 2013, 31 December 2014, and 31 December 2015, and for the five month period from 1 January 2016 to 31 May 2016;
- Pro forma consolidated statement of cash flows for the financial years ended 31 December 2013, 31 December 2014, and 31 December 2015, and for the five month period from 1 January 2016 to 31 May 2016; and
- Pro forma consolidated statement of financial position as at 31 May 2016,

as set out in Tables A and B in Section 8.4 of the Prospectus (the Pro forma Historical Financial Information).

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

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The Pro forma Historical Financial Information has been derived from the following information:

- the financial report of Boyuan Holdings Limited for the period from its date of incorporation on 22 October 2015 to 31 December 2015, which was audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the financial report;
- the financial report of Jiaying Boyuan Real Estate Development Co., Ltd. for the years ended 31 December 2013, 31 December 2014, and 31 December 2015, which was audited by Deloitte Touche Tohmatsu CPA LLP in Shanghai, China ("Deloitte China") in accordance with the International Standards of Auditing. Deloitte China issued an unmodified audit opinion on the financial report;
- the consolidated financial report of Boyuan Holdings Limited for the five month period ended 31 May 2016, which was reviewed by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standard on Review Engagements. The review conclusion was unmodified; (collectively, the Historical Financial Information); and
- the pro forma adjustments applied to the to illustrate the effect of events and transactions related to the Offer on the Company (the Pro forma Adjustments).

The Pro forma Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the Pro forma Adjustments relate, as described in Section 8.4 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Pro forma Historical Financial Information, including the selection and determination of Pro forma Adjustments made to the Historical Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Pro forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro forma Historical Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Pro forma Historical Financial Information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Pro forma Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of Historical Financial Information of Boyuan Holdings Limited from its audited financial statements for the period from 22 October 2015 to 31 December 2015, and reviewed consolidated financial statements for the five month ended 31 May 2016;
- consideration of work papers, accounting records and other documents, including those dealing with the extraction of Historical Financial Information of Jiaying Boyuan Real Estate Development Co., Ltd. from its audited financial statements for the years ended 31 December 2013, 31 December 2014, and 31 December 2015;
- review of the conversion of the Historical Financial Information of Jiaying Boyuan Real Estate Developments Co., Ltd denominated in Chinese Renminbi (RMB) into Australian Dollars at the exchange rates set out in Table 8.1(c) in the Prospectus;
- consideration of the appropriateness of Pro forma Adjustments described in Section 8.4 of the Prospectus;
- enquiry of Directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the Company and its auditors; and
- a review of the accounting policies adopted and used by the Company over the period for consistency of application.

Conclusions

Pro forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 8.1(b) of the Prospectus.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 8.1 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours sincerely

DELOITTE CORPORATE FINANCE PTY LIMITED



AG Collinson

Authorised Representative
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR Number 468674

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (DCF), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu. We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Service
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1800 367 287
	Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 883 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited

10. Material Contracts

PRC Material Contracts

10.1 Equity transfer agreement

On 31 May 2016, Jiaxing Longyuan Enterprise Management Co., Ltd (**Jiaxing Longyuan**) entered into the equity transfer agreement with Zhejiang Jiayuan Real Estate Group Co., Ltd (**Zhejiang Jiayuan**) pursuant to which Jiaxing Longyuan acquired the entire issued capital of Jiaxing Boyuan for the consideration of RMB130 million (A\$25.44 million). Under the terms of the equity transfer agreement, the consideration of RMB130 million (A\$25.44 million) was not paid in cash or by way of the issue of shares, but was recorded as a debt owed to Zhejiang Jiayuan by Jiaxing Longyuan.

On 25 August 2016, Jiaxing Longyuan and Zhejiang Jiayuan entered into a supplemental agreement to set out the terms of payment for the consideration of RMB130 million (A\$25.44 million). Under the terms of the supplemental agreement, the interest-free debt of RMB130 million (A\$25.44 million) must be repaid by Jiaxing Longyuan to Zhejiang Jiayuan in four equal instalments of RMB25 million (A\$4.89 million) at the end of the calendar years ending 2018, 2019, 2020 and 2021, and one final instalment of RMB30 million (A\$5.87 million) at the end of the calendar year ending 2022.

Zhejiang Jiayuan is controlled by Shum Tin Ching (also known as Shen Yuxing), who is an Executive Director of the Company.

Part of the acquisition of Jiaxing Boyuan included the recording of a receivable in the amount of RMB 130,000,000 (A\$27,567,000) in Hong Kong Boyuan Investment Holding Limited from Hong Kong Jianyuan Investment Limited, which is controlled by Shum Tin Ching (also known as Shen Yuxing), in exchange for newly issued equity in Hong Kong Boyuan Investment Holding Limited. The receivable is due to be settled on 22 May 2017 and bears no interest.

The supplemental agreement further provided that the payment of the interest free debt of RMB 130,000,000 (A\$25.44 million) by Jiaxing Longyuan Enterprise Management Co., Ltd is conditional on the receipt by Hong Kong Boyuan Investment Holding Limited of the amount of RMB 130,000,000 (A\$27,567,000) from Hong Kong Jianyuan Investment Limited and should the amount of RMB 130,000,000 (A\$27,567,000) not be received by Hong Kong Boyuan Investment Holding Limited on the due date, Zhejiang Jiayuan would waive its right to receive the first cash instalment on 31 December 2018. The earliest date that Zhejiang Jiayuan will receive payment under the supplemental agreement will be within 30 days after Hong Kong Boyuan Investment Holding Limited receives payment in full from Hong Kong Jianyuan Investment Limited.

For more information about the accounting treatment in respect of this liability, refer to section 8.4.

The equity transfer agreement and the supplemental agreement are governed by the laws of the PRC.

10.2 Agreements in respect of land use rights

- (a) Contract for State-Owned Construction Land Use Right Assignment between the Bureau of Land and Resources of Jiaxing City and Zhejiang Jiayuan dated 28 June 2011 and Supplementary Contract between Bureau of Land and Resources of Jiaxing City, Zhejiang Jiayuan and Jiaxing Boyuan dated 19 July 2011

On 28 June 2011, the Bureau of Land and Resources of Jiaxing City and Zhejiang Jiayuan entered into a land use right assignment contract (**Initial Contract**) pursuant to which Zhejiang Jiayuan obtained the right to possess, use and develop the land located at the eastern side of No.07 Provincial Highway and northern side of Changhong Road, Wangjiangjing Town, Jiaxing City, Zhejiang Province, PRC (**Changhong Property**) for the purposes of mixed use commercial and residential property development. The area of the land is 24,520 square metres.

On 19 July 2011, the Bureau of Land and Resources of Jiaxing City, Zhejiang Jiayuan and Jiaxing Boyuan entered into a supplementary contract pursuant to which Zhejiang Jiayuan assigned all of its rights and obligations under the Initial Contract to Jiaxing Boyuan.

The land use right in respect of commercial use of the Changhong Property expires on 28 August 2051 (term of 40 years) and the land use right in respect of residential use of the Changhong Property expires on 28 August 2081 (term of 70 years). At least 47% of the Changhong Property must be for commercial use.

In respect of the commercial use of the Changhong Property, Jiaxing Boyuan may submit an application for renewal of the term to the Bureau of Land and Resources of Jiaxing City at least one year prior to the expiration of the relevant term.

The Bureau of Land and Resources of Jiaxing City shall approve the renewal unless the Bureau of Land and Resources of Jiaxing City determines to withdraw the land use rights in respect of the Changhong Property from Jiaxing Boyuan in the social and public interest.

The term of the land use right in respect of the residential use of the Changhong Property renews automatically on the expiry of the term.

Jiaxing Boyuan was required to pay a land use right fee of RMB55,292,600 (A\$10,820,762) in two instalments of RMB27,646,300 (A\$5,410,381) in July and August 2011. The final instalment of the land use right fee was paid by Jiaxing Boyuan on 29 August 2011, following which Jiaxing Boyuan was issued with a land use right certificate in respect of the Changhong Property on 21 September 2011.

Subject to payment of the land use right fee and obtaining a land use right certificate in respect of the Changhong Property, Jiaxing Boyuan may transfer, lease or mortgage the land use rights under the agreement to a third party, except that Jiaxing Boyuan may only transfer or lease the land use rights in respect of 50% of the commercial buildings on the Changhong Property.

The Bureau of Land and Resources of Jiaxing City may terminate the agreement if Jiaxing Boyuan fails to pay any part of the land use right fee after 60 days. However, we note that the land use right fee in respect of the Changhong Property have been paid by Jiaxing Boyuan in full. Jiaxing Boyuan may request the Bureau of Land and Resources of Jiaxing City to terminate the agreement at any time during the term of the agreement. If Jiaxing Boyuan fails to complete the construction on the Changhong Property before 30 June 2015 or such other date as agreed by the parties, Jiaxing Boyuan must pay a penalty of 0.2% of the total land use right fee for each day of delay.

Jiaxing Boyuan is also required to pay certain penalties if Jiaxing Boyuan fails to meet certain minimum investment requirements, construction standards and environmental targets.

The agreement is governed by the laws of the PRC.

(b) Contract for State-Owned Construction Land Use Right Assignment between Bureau of Land and Resources of Jiaxing City and Jiaxing Boyuan dated 24 May 2013

On 24 May 2013, the Bureau of Land and Resources of Jiaxing City and Jiaxing Boyuan entered into a land use right assignment contract pursuant to which Jiaxing Boyuan obtained the right to possess, use and develop the land located at the eastern side of No.07 Provincial Highway and the southern side of Jiaxing Qijiayi Property Co., Ltd, Wangjiangjing Town, Jiaxing City, Zhejiang Province, PRC (**Qijiayi Property**) for the purposes of mixed use commercial and residential property development. The area of the land is 23,941 square metres.

The land use right in respect of commercial use of the Qijiayi Property expires on 13 August 2053 (term of 40 years) and the land use right in respect of residential use of the Qijiayi Property expires on 13 August 2083 (term of 70 years). At least 69% of the Qijiayi Property must be for commercial use and no more than 31% of the Qijiayi Property must be for residential use.

In respect of the commercial use of the Qijiayi Property, Jiaxing Boyuan may submit an application for renewal of the term to the Bureau of Land and Resources of Jiaxing City at least one year prior to the expiration of the relevant term. The Bureau of Land and Resources of Jiaxing City shall approve the renewal unless the Bureau of Land and Resources of Jiaxing City determines to withdraw the land use rights in respect of the Qijiayi Property from Jiaxing Boyuan in the social and public interest.

The term of the land use right in respect of the residential use of the Qijiayi Property renews automatically on the expiry of the term.

Jiaxing Boyuan was required to pay a land use right fee of RMB55,064,300 (A\$10,776,084) in two instalments of RMB27,532,150 (A\$5,388,042) in June and July 2013. The final instalment of the land use right fee was paid by Jiaxing Boyuan on 9 August 2013, following which Jiaxing Boyuan was issued with a land use right certificate in respect of the Qijiayi Property on 22 August 2013. Jiaxing Boyuan was also required to pay a performance bond of RMB5,000,000 (A\$978,500).

Subject to payment of the land use right fee and obtaining a land use right certificate in respect of the Qijiayi Property, Jiaxing Boyuan may transfer, lease or mortgage the land use rights under the agreement to a third party, except that Jiaxing Boyuan may only transfer or lease the land use rights in respect of 50% of the commercial buildings on the Qijiayi Property.

The Bureau of Land and Resources of Jiaxing City may terminate the agreement if Jiaxing Boyuan fails to pay any part of the land use right fee after 60 days. However, we note that the land use right fee in respect of the Qijiayi Property have been paid by Jiaxing Boyuan in full.

Jiaxing Boyuan may request the Bureau of Land and Resources of Jiaxing City to terminate the agreement at any time during the term of the agreement.

If Jiaxing Boyuan fails to complete the construction on the Qijiayi Property before 31 May 2017, Jiaxing Boyuan must pay a penalty of 0.2% of the total land use right fee for each day of delay.

Jiaxing Boyuan is also required to pay certain penalties if Jiaxing Boyuan fails to meet certain minimum investment requirements, construction standards and environmental targets.

The agreement is governed by the laws of the PRC.

10.3 Trust loan and security agreements

(a) Trust Loan Contract between Jiaxing Boyuan and AVIC Trust Co., Ltd dated 30 July 2015

On 30 July 2015, Jiaxing Boyuan and AVIC Trust Co., Ltd (**Lender**) entered into a loan contract pursuant to which the Lender provided loans in the maximum amount of RMB 100,000,000 (A\$19,570,000) (**Trust Loan**) to Jiaxing Boyuan for the purposes of the construction of the Jiaxing Project (**Trust Loan Contract**).

The Trust Loan is repayable two years from the date on which it was drawn down.

Jiaxing Boyuan may make prepayments of the Trust Loan no earlier than 18 months after the date on which it was drawn down.

Jiaxing Boyuan will pay interest of 13% per annum on the principal amount outstanding on the Trust Loan. If Jiaxing Boyuan does not apply the funds advanced under the Trust Loan Contract for the purposes of the construction of the Jiaxing Project, the Lender may require Jiaxing Boyuan to pay default interest of up to an additional 13% on the amount not applied for this purpose.

If Jiaxing Boyuan does not repay any outstanding amount advanced under the Trust Loan Contract (including interest) within the time required for repayment under the agreement, the Lender may require Jiaxing Boyuan to pay default interest of up to an additional 6.5% on the overdue amount.

The obligations of Jiaxing Boyuan under the Trust Loan Contract are secured by two mortgages granted by Jiaxing Boyuan in favour of the Lender. A summary of the terms of the mortgages are set out in sections 10.3(b) and 10.3(c).

Jiaxing Boyuan may not grant security over or otherwise encumber the Jiaxing Project in favour of any third party during the term of the Trust Loan Contract without the written consent of the Lender.

The Trust Loan Contract provides for a number of events of default typical for a contract of this nature, including not applying the Trust Loan towards the agreed purpose, failing to repay any amount outstanding under the Trust Loan or if Jiaxing Boyuan suffers an insolvency event. If an event of default occurs, the Lender may, amongst other avenues of recourse, terminate the Trust Loan Contract and require Jiaxing Boyuan to immediately repay all amounts then outstanding under the Trust Loan.

Jiaxing Boyuan and the Lender are not related parties.

Jiaxing Boyuan may not assign any of its rights or obligations under the Trust Loan Contract without the written consent of the Lender.

The Trust Loan Contract is governed by the laws of the PRC.

As at 31 December 2015, Jiaxing Boyuan has drawn down RMB100 million (A\$21,078,000) under the Trust Loan.

(b) Real Estate Mortgage Contract between Jiaxing Boyuan and the Lender dated 10 August 2015

On 10 August 2015, Jiaxing Boyuan and the Lender entered into the real estate mortgage contract pursuant to which Jiaxing Boyuan granted a mortgage over land and buildings covering 8,414.48 square metres of the

On 10 August 2015, Jiaxing Boyuan and the Lender entered into the real estate mortgage contract pursuant to which Jiaxing Boyuan granted a mortgage over land and buildings covering 8,414.48 square metres of the Changhong Property (**Changhong Mortgaged Property**) in favour of the Lender as security for Jiaxing Boyuan's obligations under the Trust Loan Contract up to a maximum of RMB 50,000,000 (A\$9,785,000) (**Changhong Mortgage**).

The term of the Changhong Mortgage corresponds with the term of the Trust Loan Contract.

The Changhong Mortgage is registered with the Real Estate Management Bureau of Xiuzhou, Jiaxing.

Jiaxing Boyuan may not deal with the Changhong Mortgaged Property (including by assigning or leasing the Changhong Mortgaged Property) without the prior written consent of the Lender.

If the Changhong Mortgaged Property is expropriated by the Bureau of Land and Resources of Jiaxing City, Jiaxing Boyuan must provide the Lender with an alternative security.

The Lender may enforce the Changhong Mortgage in certain circumstances typical for a security of this nature, including if Jiaxing Boyuan defaults in fulfilling its obligations under the Trust Loan Contract. If the Changhong Mortgaged Property is insufficient to satisfy the Lender's claims under the Trust Loan Contract, the Lender may require Jiaxing Boyuan to satisfy its claims by realising any other property owned by Jiaxing Boyuan. If Jiaxing Boyuan breaches certain terms under the Changhong Mortgage, including if Jiaxing Boyuan fails to perform any obligations under the Changhong Mortgage or any warranty provided by Jiaxing Boyuan under the Changhong Mortgage is misleading or inaccurate, then the Lender may, amongst other avenues of recourse available to it, require Jiaxing Boyuan to pay liquidated damages of 10% of the principal amount under the Trust Loan.

Jiaxing Boyuan and the Lender are not related parties.

Jiaxing Boyuan may not assign any of its rights or obligations under the Changhong Mortgage without the written consent of the Lender.

The Changhong Mortgage is governed by the laws of the PRC.

(c) Real Estate Mortgage Contract between Jiaxing Boyuan and the Lender dated 22 September 2015

On 22 September 2015, Jiaxing Boyuan and the Lender entered into the real estate mortgage contract pursuant to which Jiaxing Boyuan granted a mortgage over land and buildings covering 25,130.71 square metres of the Qijiayi Property (**Qijiayi Mortgaged Property**) in favour of the Lender as security for Jiaxing Boyuan's obligations under the Trust Loan Contract up to a maximum of RMB 50,000,000 (A\$9,785,000) (**Qijiayi Mortgage**).

The term of the Qijiayi Mortgage corresponds with the term of the Trust Loan Contract.

The Qijiayi Mortgage is registered with the Real Estate Management Bureau of Xiuzhou, Jiaxing.

Jiaxing Boyuan may not deal with the Qijiayi Mortgaged Property (including by assigning or leasing the Qijiayi Mortgaged Property) without the prior written consent of the Lender.

If the Qijiayi Mortgaged Property is expropriated by the Bureau of Land and Resources of Jiaxing City, Jiaxing Boyuan must provide the Lender with an alternative security.

The Lender may enforce the Qijiayi Mortgage in certain circumstances typical for a security of this nature, including if Jiaxing Boyuan defaults in fulfilling its obligations under the Trust Loan Contract. If the Qijiayi Mortgaged Property is insufficient to satisfy the Lender's claims under the Trust Loan Contract, the Lender may require Jiaxing Boyuan to satisfy its claims by realising any other property owned by Jiaxing Boyuan. If Jiaxing Boyuan breaches certain terms under the Qijiayi Mortgage, including if Jiaxing Boyuan fails to perform any obligations under the Qijiayi Mortgage or any warranty provided by Jiaxing Boyuan under the Qijiayi Mortgage is misleading or inaccurate, then the Lender may, amongst other avenues of recourse available to it, require Jiaxing Boyuan to pay liquidated damages of 10% of the principal amount under the Trust Loan.

Jiaxing Boyuan and the Lender are not related parties.

Jiaxing Boyuan may not assign any of its rights or obligations under the Qijiayi Mortgage without the written consent of the Lender.

The Qijiayi Mortgage is governed by the laws of the PRC.

10.4 Shop Rental Contract

On 1 January 2015, Jiaxing Boyuan and Jiaxing City Wanbohui Commerce Management Co., Ltd (**Master Lessee**) entered into the shop rental contract pursuant to which Jiaxing Boyuan agreed to lease shops covering approximately 23,938.18 square metres, located at No. 235, Su Jia Road within the Jiaxing Project (**Leased Property**) to the Master Lessee (**Shop Rental Contract**).

The term of the Shop Rental Contract is 10 years. The Master Lessee may seek to renew the Shop Rental Contract by submitting a written application to Jiaxing Boyuan at least two months before the expiration of the term.

The Master Lessee will pay rent of RMB 4,100,000 (A\$802,370) per annum. The rent will increase by 5% per annum.

The Master Lessee is responsible for all costs relating to the management of the shops within the Leased Property.

The Master Lessee may sublet the Leased Property to third parties. The Master Lessee must ensure that at least 60% of the Leased Property is occupied at any time during the term.

To the extent Jiaxing Boyuan is yet to deliver any part of the Leased Property to the Master Lessee, if Jiaxing Boyuan fails to deliver the Leased Property to the Master Lessee at the agreed date, the Master Lessee may terminate the Shop Rental Contract. If the Leased Property fails to meet the minimum standards required by the Master Lessee, the Master Lessee can require Jiaxing Boyuan to rectify any defects at the cost of Jiaxing Boyuan.

Jiaxing Boyuan may immediately terminate the Shop Rental Contract in certain circumstances, including if the Master Lessee fails to make any payment by no later than 30 days after the due date for such payment or the occupation of the Leased Property is less than 60%. In such circumstances, Jiaxing Boyuan may require the Master Lessee to pay a penalty calculated to be the greater of RMB 100,000 (A\$19,570) or the amount of the loss suffered by Jiaxing Boyuan as a result.

Jiaxing Boyuan and the Master Lessee are not related parties.

Australian Material Contracts

10.5 Hunter Valley Project contracts

(a) 819 Hermitage Road, Pokolbin

On 17 August 2016, Boyuan Investment Holding Pty Ltd entered into a contract with Cyan Stone Pty Ltd to purchase the property located at 819 Hermitage Road, Pokolbin, New South Wales.

The price for the property is \$750,000. The purchase price for the property is the same as the purchase price paid by Cyan Stone Pty Ltd to a third party vendor to acquire the property earlier this year. Accordingly, the Board determined that the acquisition of this property from Cyan Stone Pty Ltd is being undertaken on arms' length commercial terms.

Completion of the acquisition of the property is conditional on the following:

- (i) receipt by the Company of a conditional admission letter from the ASX in respect of its application for admission to the official list of the ASX;
- (ii) the board of directors of the Company resolving that the conditions contained in the conditional admission letter are capable of being satisfied by the Company; and
- (iii) the release of application monies in trust in accordance with the terms of the Company's initial public offering of shares.

If the conditions are not satisfied by 31 December 2016, Boyuan Investment Holding Pty Ltd may rescind the contract.

The vendor may terminate the contract if an insolvency event occurs in respect of Boyuan Investment Holding Pty Ltd.

This contract is conditional on the completion of the contract for 861A Hermitage Road, Pokolbin, which will complete simultaneously with the completion of the acquisition of this property.

The contract otherwise contains terms, including representations and warranties usual for a contract of this nature.

The contract is governed by the laws of New South Wales.

The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.

(b) 861A Hermitage Road, Pokolbin

On 17 August 2016, Boyuan Investment Holding Pty Ltd entered into a contract with Cyan Stone Pty Ltd to purchase the property located at 861A Hermitage Road, Pokolbin, New South Wales.

The price for the property is \$1,750,000.

The purchase price for the property is the same as the purchase price paid by Cyan Stone Pty Ltd to a third party vendor to acquire the property earlier this year. Accordingly, the Board determined that the acquisition of this property from Cyan Stone Pty Ltd is being undertaken on arms' length commercial terms.

Completion of the acquisition of the property is conditional on the following:

- (i) receipt by the Company of a conditional admission letter from the ASX in respect of its application for admission to the official list of the ASX;
- (ii) the board of directors of the Company resolving that the conditions contained in the conditional admission letter are capable of being satisfied by the Company; and
- (iii) the release of application monies in trust in accordance with the terms of the Company's initial public offering of shares.

If the conditions are not satisfied by 31 December 2016, either party may rescind the contract.

The vendor may terminate the contract if an insolvency event occurs in respect of Boyuan Investment Holding Pty Ltd.

This contract is conditional on the completion of the contract for 819 Hermitage Road, Pokolbin, which will complete simultaneously with the completion of the acquisition of this property.

The contract otherwise contains terms, including representations and warranties usual for a contract of this nature.

The contract is governed by the laws of New South Wales

The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.

10.6 Austral Project contract

On 22 August 2016, Boyuan Real Estate Holding Pty Ltd entered into a contract with TCAP Kelly St Pty Ltd, an unrelated party, to purchase the property located at 40 Kelly Street, Austral, New South Wales.

The price for the property is \$3,570,000.

Completion of the acquisition of the property is conditional on the following:

- (a) receipt by the Company of a conditional admission letter from the ASX in respect of its application for admission to the official list of the ASX;
- (b) the board of directors of the Company resolving that the conditions contained in the conditional admission letter are capable of being satisfied by the Company; and
- (c) the release of application monies in trust in accordance with the terms of the Company's initial public offering of shares.

If the conditions are not satisfied by 31 December 2016, either party may rescind the contract.

The vendor may terminate the contract if an insolvency event occurs in respect of Boyuan Real Estate Holding Pty Ltd

Boyuan Real Estate Holding Pty Ltd warrants that the provisions of the Foreign Acquisitions and Takeovers Act 1975 (Cth) do not apply to it and indemnifies the vendor against any penalties, fines, legal costs, claims, loss or damage suffered by the vendor in connection with that breach.

The contract otherwise contains terms, including representations and warranties usual for a contract of this nature.

The contract is governed by the laws of New South Wales.

10.7 Share and Unit Purchase Agreement - Heritage Land (Marsden Park)

On 5 August 2016, the Company entered into a share and unit purchase agreement with Blue Cedar Development Pty Limited and Cyan Stone Pty Ltd (together, the **Vendors**) and Cyan Stone Clydesdale Pty Ltd (**Cyan Stone Clydesdale**), pursuant to which the Company has agreed to acquire 100 fully paid ordinary shares in Cyan Stone Clydesdale, comprising the entire issued capital of Cyan Stone Clydesdale (**Cyan Shares**) and 100 units in the Cyan Stone Clydesdale Trust, comprising all of the units in the Cyan Stone Clydesdale Trust (**Cyan Units**) from the Vendors.

Cyan Stone Clydesdale is party to the Deed of Put and Call Option (see summary below), pursuant to which it, amongst others, holds the option to acquire the property located at 1270 Richmond Road, Marsden Park, New South Wales (**Marsden Park Project**) for the purposes of subdivision and development. Refer to the summary below and section 10 of this Prospectus for further details.

The consideration payable by the Company to the Vendors for the Cyan Shares is A\$100. The consideration payable by the Company to the Vendors for the Cyan Units is \$2,800,000. The consideration for each of the Cyan Shares and the Cyan Units is payable by the Company on completion of the agreement.

The consideration for the Cyan Units is the same as the consideration paid by Cyan Stone Clydesdale under the Deed of Put and Call Option earlier this year. Accordingly, the Board determined that the acquisition of the Cyan Shares and the Cyan Units from Cyan Stone Pty Ltd is being undertaken on arms' length commercial terms.

Completion of the agreement is conditional on the successful admission of the Company to the official list of the ASX. If this condition cannot be satisfied or is not satisfied or waived by the parties on or before 31 December 2016, or such other date as agreed by the parties in writing, each party may terminate the agreement by not less than two business days written notice.

The agreement is governed by the laws of New South Wales.

The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust. Yading Wan is a director of Cyan Stone Clydesdale Pty Ltd..

10.8 Deed of Put and Call Option

Cyan Stone Clydesdale Pty Ltd (**Cyan Stone Clydesdale**), in its capacity as trustee of the Cyan Stone Clydesdale Trust, is party, amongst others (together the **Grantees**), to the deed of put and call option with Clydesdale Property Development Group Pty Ltd (**Grantor**) dated 19 January 2016 (**Deed of Put and Call Option**).

Under the terms of the Deed of Put and Call Option, the Grantor granted to the Grantees a call option to purchase the Marsden Park Project, and the Grantees granted to the Grantor a put option to require the Grantees to purchase the Marsden Park Project.

Under the terms of the Deed of Put and Call Option, it is proposed that the Marsden Park Project be subdivided into six super lots, one of which is known as Lot 4 and marked as heritage land (**Heritage Land**), and that Cyan Stone Clydesdale's entitlement under the option is in respect of the Heritage Land.

The call option may be exercised by the Grantees between 18 April 2016 and 5 December 2016.

The call option must be unanimously exercised by all of the Grantees. If the option is exercised before the subdivision of the Marsden Park Project, the Grantees will enter into a single contract of sale. If the option is exercised after the subdivision of the Marsden Park Project, each Grantee will enter into a separate contract of sale in respect of its subdivided lot, however all contracts of sale will be interdependent, settlement of the contracts of sale will be simultaneous and a breach of one contract will result in a breach of all the contracts of sale.

The put option may be exercised by the Grantor between 6 December 2016 and 20 December 2016.

In accordance with the terms of the Deed of Put and Call Option:

- the Grantees obtained approval from the Foreign Investment Review Board on 5 April 2016;
- Cyan Stone Clydesdale, and the other Grantees, registered a caveat on the title to the Marsden Park Project;
- on behalf of the Grantees, Cyan Stone Pty Ltd paid a security deposit in the amount of A\$42,140,000 to the Grantor. If the option is exercised, the security deposit will be applied towards the purchase price of the Marsden Park Project; and
- Cyan Stone Clydesdale's portion of the security deposit is \$2,800,000.

If a party defaults in performance under the Deed of Put and Call Option, the other parties' rights are limited to the right to receive interest and the right to sue for money owing, until the defaulting party is served with a notice of default and fails to comply with the notice of default.

All unpaid money under the Deed of Put and Call Option becomes immediately payable to the Grantor if the default has been made by any of the Grantees and is not remedied.

The Deed of Put and Call Option is terminated immediately if:

- the notice of default also states that unless the default is remedied and the Grantor's costs and interest are paid, the deed will be terminated; and
- the default is not remedied and the reasonable costs and interest are not paid by the end of the period stated in the notice of default.

If the Deed of Put and Call Option is terminated by any of the Grantees, the Grantor must refund to the Grantees the Security Deposit within five Business Days.

If the Deed of Put and Call Option is terminated by the Grantor as a result of a breach by any of the Grantees, the Grantor may retain \$13,880,000 from the security deposit as liquidated damages. The Grantor is also entitled to retain the balance of the security deposit as security for any amount recoverable by the Grantor as a result of the default for a period of 12 months (from the date of termination) or where proceedings are commenced by the Grantor against the Grantees within the 12 month period, until those proceedings are concluded. The Grantor is entitled to sue the Grantees for any shortfall on resale of the Marsden Park Project within 12 months from the termination of the Deed of Put and Call Option and to recover damages for breach of contract.

Attached to the Deed of Put and Call Option is a contract for sale in respect of the Heritage Land. It contains terms that are usual for a contract for sale of property in New South Wales. The purchase price for the Heritage Land is A\$2,800,000.

The Deed of Put and Call Option (and contract of sale if the option is exercised) is governed by the laws of New South Wales.

The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.

10.9 Sales and marketing agreement

On 27 July 2016, the Company entered into a sales and marketing agreement with Cyan Stone Pty Ltd (**Cyan Stone**) pursuant to which Cyan Stone appointed the Company as its sales and marketing agent in respect of two property projects in New South Wales, the first being a residential property project in Lindfield (**Lindfield Project**) and the second being a residential property project in Marsden Park (**Marsden Park Project**).

Under the terms of the agreement, the Company will, amongst other things, promote the sales of properties within the Lindfield Project and the Marsden Park Project in China.

In consideration for its services under the agreement, Cyan Stone will pay to the Company a service fee calculated to be 3% of the sale price of any property within the Lindfield Project and Marsden Park Project sold through the efforts of the Company.

Cyan Stone will reimburse the Company for its marketing expenses incurred in promoting the sales of properties within the Lindfield Project and the Marsden Park Project in China.

The Company must indemnify Cyan Stone Pty Ltd against all claims, actions, suits, demands and injuries that may arise out of the Company's use of the office premises.

The Company agrees to indemnify Cyan Stone against any actions, suits, proceedings, claims, demands, costs, expenses, liability or damage connected with the provision of the services by the Company under this agreement, incurred by Cyan Stone in respect of any breach of the agreement or any act or omission by the Company or which may be made against Cyan Stone in the course of it exercising any of its powers, duties or authorities under the agreement. The Company releases Cyan Stone from any liability in relation to the services under the agreement.

The agreement is governed by the laws of New South Wales.

The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.

10.10 Licence agreement

The Company entered into a licence agreement with Cyan Stone Pty Ltd on 13 July 2016 pursuant to which Cyan Stone Pty Ltd granted the Company a licence to occupy office premises located at Martin Place, Sydney. The licence commenced on 18 July 2016 and has a term of three years. Under the terms of the licence agreement, the Company will pay to Cyan Stone Pty Ltd a fee of A\$4,000 (including GST) per month.

The Company must indemnify Cyan Stone Pty Ltd against all claims, actions, suits, demands and injuries that may arise out of the Company's use of the office premises.

Cyan Stone Pty Ltd may terminate the agreement if the Company fails to remedy a breach of any term of the agreement within 14 days of receipt of written notice from Cyan Stone Pty Ltd. Such breaches may include an act of insolvency occurring in relation to the Company or the Company undertaking a substantial and material change to its use of the office premises without the written consent of Cyan Stone Pty Ltd.

The agreement otherwise contains terms that are usual for an agreement of this nature.

While this agreement is not material, because of Yading Wan's relationship with the Company and Cyan Stone Pty Ltd, the Company has determined to disclose the terms of this agreement.

10.11 Mandate Letter

Jiaxing Boyuan entered into a mandate letter with BlueMount Capital (Sydney) Pty Ltd (**Lead Manager**) on 9 May 2015 pursuant to which the Lead Manager was appointed as lead manager to provide services to Jiaxing Boyuan (and effectively the Group) with respect to the IPO (**Mandate Letter**).

Under the terms of the Mandate Letter, the Lead Manager will be paid a fixed fee of A\$1,050,000 payable quarterly in instalments of A\$262,000, with the final payment to be made seven days after the listing of the Company on the ASX. Under the terms of the Mandate Letter, the fixed fee covers all service costs involved in having the Company admitted to the official list of the ASX, but excludes capital raising costs, stockbroker fees and property revaluation costs (if required).

The Lead Manager is also entitled to be paid a success fee comprising 1% of the total raised under the IPO payable in cash and A\$300,000 in cash.

In addition, the Lead Manager is entitled to be paid a success fee of 6% of capital raised directly by the Lead Manager under any capital raising undertaken by the Company during the term of the Mandate Letter and for a period of one year after expiry of the Mandate Letter.

Either party may terminate the Mandate Letter after the first anniversary of the Mandate Letter by providing the other with one month's written notice.

The Mandate Letter is governed by the laws of New South Wales, Australia.

10.12 No other material contracts

Other than as disclosed in this section and elsewhere in this Prospectus, there are no other material contracts relating to the Business or the Group.

11. Additional information

11.1 Incorporation

The Company was incorporated in Victoria as a public company limited by shares on 22 October 2015.

11.2 Rights attaching to shares

The shares to be issued under this Prospectus will rank equally with the issued fully paid ordinary shares in the Company.

The rights attaching to Shares are:

- (a) set out in the Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, Listing Rules, ASX Settlement Operating Rules and the general law.

A summary of the significant rights attaching to the Shares on Offer pursuant to the Prospectus and a description of other material provisions of the Constitution is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

Voting at a general meeting

Subject to any rights or restrictions for the time being attached to any class or classes of shares in the Company (at present, there is only one class of shares), whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

Meetings of members

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act or the Listing Rules.

Dividends

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment.

Transfer of Shares

Subject to the Constitution and to any restrictions attached to a member's Shares, Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, Listing Rules or ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares:

- (a) only if that refusal would not contravene the Listing Rules or the ASX Operating Rules;
- (b) subject to the Corporations Act, the Listing Rules and the ASX Operating Rules, if the registration of the transfer would create a new holding of an unmarketable parcel of Shares;
- (c) subject to section 259C of the Corporations Act, to a subsidiary of the Company; and
- (d) if the Corporations Act, the Listing Rules or the ASX Operating Rules forbid registration.

If the Board refuses to register a transfer, the Company must, within five Business Days after the date on which the transfer was delivered to it, give the lodging party notice of the refusal and the reasons for the refusal.

Issue of further Shares

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Board may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Board decides.

Winding up

If the Company is wound up, then subject to any rights or restrictions attached to a class of Shares, any surplus assets of the Company remaining after payments of debts must be divided amongst Shareholders in proportion to the number of Shares held by them.

Unmarketable parcels

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

Share buy-backs

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, the Company may buy back Shares in itself.

Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- (a) with the written consent of the holders of 75% of the issued shares of the affected class; or
- (b) by a special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding any managing Director) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. Alternatively, if the Board appoint a casual vacancy, that Director may not hold office without re-election beyond the next general meeting.

Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors entitled to vote on the resolution. In the case of an equality of votes on a resolution, the chairman of the meeting does not have a second or casting vote and the matter is decided in the negative.

Directors – remuneration

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. The maximum amount determined by Shareholders at a general meeting is A\$220,000.

Variation of the Constitution

The Constitution can only be amended by special resolution passed by at least 75% of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company. The Company must give at least 28 days' written notice of a general meeting of the Company's members.

11.3 Litigation

The Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Group.

11.4 Escrow arrangements

The following shareholders of the Company (**Security Holders**) have agreed to enter into voluntary escrow agreements to restrict their ability to deal in the following escrow securities (**Escrow Securities**):

Shareholder	Escrow Period	Number of Shares	Shareholding at date of Prospectus	Shareholding (Minimum Subscription)	Shareholding (Maximum Subscription)
Hong Kong Jianyuan Investment Limited	24 months	204,000,000	81.6%	62.8%	58.3%
Citron Investment Pty Ltd	12 months	36,000,000	14.4%	11.1%	10.3%
Total		240,000,000	96.0%	73.9%	68.6%

The Escrow Securities comprise 68.6% of the Shares on issue on completion of the Offer, assuming the Maximum Subscription is raised under the Offer, and 73.9% of the Shares on issue on completion of the Offer assuming the Minimum Subscription is raised under the Offer.

The Escrow Period for the Escrow Securities commences on the date on which the Company is admitted to the official list of the ASX and expires as indicated in the table above. The Escrow Securities may be released earlier than this on:

- (a) the acceptance of a bona fide takeover bid made under Chapter 6 of the Corporations Act in respect of a proportion or all of the shares on issue in the Company, provided the holders of at least half of the shares on issue in the Company have accepted the offer made under that bona fide takeover bid. The transfer or cancellation of shares as part of a scheme of arrangement under Part= 5.1 of the Corporations Act is also an exception. The Escrow Securities must be returned to escrow if the bid does not become unconditional or the scheme of arrangement does not take effect; or
- (b) the shares ceasing to be quoted on the ASX.

The Company has applied to ASIC for case specific relief to modify section 609 of the Corporations Act so that the Company does not have a relevant interest in the Escrow Securities merely because they are subject to a voluntary escrow arrangement. This relief was sought to avoid the escrow arrangements giving rise to a breach of the takeover provisions in Chapter 6 of the Corporations Act. ASIC granted the relief on 17 August 2016.

The relief enables the Company to disregard the restrictions contained in the escrow agreement when determining the voting power of the Security Holders. The interests of the Company extend only to the right to restrict the sale of the Escrow Securities. The Company has no right to control, or influence the control of, the right to vote attached to any of the Escrow Securities.

Other than the above Shares which are subject to voluntary escrow, there are no Shares subject to escrow, either voluntarily or ASX imposed.

11.5 Interests of directors

Other than as set out below or elsewhere in the Prospectus, no Director:

- (a) has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or in the Offer; and
- (b) has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either

to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Executive Directors' fees and remuneration

Refer to section 6.3 of this Prospectus for a summary of the fees and remuneration which are paid by the Company to certain of its Executive Directors and officers.

Each Executive Director is also entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board and any committee on which he or she serves.

Non-Executive Director compensation

Refer to section 6.3 of this Prospectus for a summary of the fees which are paid by the Company to its Non-Executive Directors and each Non-Executive Director who serves as the chairman of the Audit and Risk Management Committee and Remuneration and Nomination Committee. The fees and remuneration paid by the Company to its Non-Executive Directors is in accordance with the Non-Executive Director compensation package adopted by the Board.

11.6 Directors' interests in securities

The table below sets out the interests of the Directors as at the date of this Prospectus and on completion of the Offer. Refer to section 6 of this Prospectus for further details.

Director	Number of Shares held directly	Number of Shares held indirectly	% of issued Shares at the date of the Prospectus	% of issued Shares after the Offer based on the Maximum Subscription
Dr Saliba Sassine	Nil	Nil	Nil	Nil
David Paul Batten	Nil	Nil	Nil	Nil
Yading Wan	Nil	36,000,000*	14.4%	11.1%
Xiaofeng Chen	Nil	Nil	Nil	Nil
Shum Tin Ching (also known as Shen Yuxing)	Nil	204,000,000**	81.6%	62.8%

Notes:

* Citron Investment Pty Ltd holds 36,000,000 Shares comprising 14.4% of the entire issued capital of the Company at the date of the Prospectus in its capacity as trustee of the Wan Family Trust. Citron Investment Pty Ltd is controlled by Yading Wan. Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust.

** Shum Tin Ching (also known as Shen Yuxing) has an indirect interest in 204,000,000 Shares comprising 81.6% of the entire issued capital of the Company at the date of the Prospectus through Hong Kong Jianyuan Investment Limited, a company he controls.

11.7 Indemnification of Directors and officers

The Company, to the extent permitted by the Corporations Act, indemnifies each Director against any liability incurred by that person as an officer of the Company or its Related Bodies Corporate including as a liability incurred as a result of appointment or nomination by the Company or subsidiary as trustee or as an officer of another corporation, unless the liability arises out of conduct involving a lack of good faith.

The Company, subject to the Corporations Act, may enter into, and pay premiums on, a contract insuring a Director against any liability incurred by that person as an officer of the Company or its Related Bodies Corporate.

11.8 Related party interests

As disclosed above in relation to the material contracts of the Company, the Company (or its operating subsidiary, Jiaxing Boyuan) is party to a number of related party contracts, including the following:

- equity transfer agreement and supplemental agreement in relation to the acquisition of Jiaxing Boyuan from Zhejiang Jiayuan, an entity controlled by Shum Tin Ching (also known as Shen Yuxing), who is an Executive Director of the Company;
- the property acquisition agreements in respect of the Hunter Valley Project with Cyan Stone Pty Ltd. The shareholders of Cyan Stone Pty Ltd are Citron Investment Pty Ltd (as trustee for the Wan Family Trust) and Hong Kong Jianyuan Investment Limited, both of whom are majority shareholders in the Company. Citron Investment Pty Ltd is controlled by Yading Wan and Hong Kong Jianyuan Investment Limited is controlled by Shum Tin Ching (also known as Shen Yuxing). Yading Wan, his spouse and son are the beneficiaries under the Wan Family Trust;

- the share and unit purchase agreement in respect of the acquisition of all of the shares in Cyan Stone Clydesdale and all of the units in the Cyan Stone Clydesdale Trust from Blue Cedar Development Pty Limited and Cyan Stone Pty Ltd;
- the sales and marketing agreement with Cyan Stone Pty Ltd; and
- the licence agreement with Cyan Stone Pty Ltd.

A summary of the terms of these contracts is set out in section 10.

Other than these contracts, there are no other related party transactions in respect of the Group or its business.

The non-related Directors of the Company have carefully considered the terms of each of the above arrangements and have determined that they are on arm's length terms and on that basis, shareholder approval did not need to be sought for them.

In particular, with respect to the Hunter Valley Project, the non-related Directors noted that the purchase price for each of the properties is the same as the purchase price paid by Cyan Stone Pty Ltd to a third party vendor to acquire the properties earlier this year. Accordingly, the non-related Directors determined that the acquisition of the Hunter Valley Project from Cyan Stone Pty Ltd is being undertaken on arms' length commercial terms.

With respect to the share and unit purchase agreement, the non-related Directors noted that the consideration for the units in the Cyan Stone Clydesdale Trust is the same as the consideration paid by Cyan Stone Clydesdale under the Deed of Put and Call Option earlier this year. Accordingly, the non-related Directors determined that the acquisition of the shares in Cyan Stone Clydesdale and the units in the Cyan Stone Clydesdale Trust from Cyan Stone Pty Ltd is being undertaken on arms' length commercial terms.

There is a risk that the interest of a related party may influence the decision making of Directors to the detriment of the interests of members of the entity as a whole when an entity is considering whether to enter into a transaction with a related party.

The Board has put in place a policy to deal with conflicts of interest within its Code of Conduct. In respect of any transactions going forward, the Board will apply its conflicts policy to determine how such transactions may proceed.

11.9 Taxation implications of investing under the Offer

The taxation consequences of any investment in shares in the Company will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should seek your own professional advice. This overview is based on legislation as currently enacted. The following is general in nature and should not be relied upon or used as advice.

Australian tax implications

(a) For the Company

The Company was incorporated in Australia and is a resident of Australia for taxation purposes. The Company controls various subsidiary companies incorporated in overseas jurisdictions.

Unless specifically exempted under the tax legislation, the worldwide income of the Company is subject to Australian income tax. Income derived in the overseas subsidiary companies will only be subject to Australian taxation if the foreign subsidiaries derive certain types of passive or non-arm's length income or income derived from Australian residents (**attributed income**). Attributed income is subject to taxation when derived by the overseas subsidiary, regardless if it has been paid to the Company. Income from foreign subsidiaries that is not attributed to the Company is not subject to any Australian taxation when ultimately received by the Company.

There are no Australian income tax implications for the Company arising from the IPO of shares and listing on the ASX.

(b) For the shareholder

The following summary provides an overview of the Australian tax implications of the Offer for investors who are residents of Australia for tax purposes and who hold their Securities as capital assets. This summary is based on the law in effect as at the date of this Prospectus, is general in nature and should not be relied on by potential investors as tax advice. Potential investors should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

This section does not consider the Australian tax consequences for particular types of investors, including those:

- whose Shares or options are held as trading stock or otherwise on revenue account;
- that may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organizations, trusts (except where expressly stated), superannuation funds (except where expressly stated), or temporary residents;

- who are tax resident of any jurisdiction other than Australia (except where expressly stated); or
- who are subject to the Australian Taxation of Financial Arrangement rules under Division 230 of the Income Tax Assessment Act 1997 (Cth).

Dividends from the Company received by Australian tax resident individuals must be included in their assessable income in the year the dividend is paid.

To the extent that franking credits are attached to the dividend, Australian resident Shareholders should also include the franking credits in their assessable income. Where Shareholders include franking credits in their assessable income, Shareholders should be entitled to a corresponding tax offset against their tax payable for the relevant income year.

In order for Shareholders to qualify for franking credits and the corresponding tax offset, Shareholders must satisfy the 'holding period' rules which require Shareholders to hold their Shares 'at risk' for a period of not less than 45 days, not counting the day of acquisition or disposal. The 'holding period' rules do not apply to Shareholders who are individuals who are entitled to tax offsets (for all franked distributions received by the particular Shareholder in the relevant income year) of not greater than \$5,000 for the relevant income year.

Where the holding period rule is satisfied:

- Shareholders that are individuals or complying superannuation funds should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend. Where these Shareholders have franking credits in excess of their income tax liability they may be entitled to a refund equal to the excess.
- Shareholders that are companies should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend. Accordingly, these Shareholders should not pay any additional tax on the dividend to the extent that it is franked. Any excess tax offset may be able to be converted to a carry forward tax loss. A credit should arise in the franking account of these Shareholders equal to the amount of the franking credits attached to the dividend

Where Shares are held by Australian resident trusts or partnerships, and the dividend is passed through to Australian resident beneficiaries or partners, the benefit of the franking credit attached to the dividend may also pass through to those Australian resident beneficiaries or partners. The income tax treatment of the dividends including any franking credits in the hands of those beneficiaries or partners should depend upon the tax status of the beneficiaries or partners.

There will be no Australian income tax implications for non-Australian tax resident individuals receiving dividends if the dividend is either:

- Fully franked, or
- Paid as a distribution from income derived by the Company from foreign sources (e.g dividends from foreign subsidiaries), provided the Company has maintained a Conduit Foreign Income Account and the dividend is allocated as being paid from that account.

Fully franked dividends and income paid that is designated as Conduit Foreign Income are not subject to dividend withholding tax when paid to a non- Australian tax residents.

(c) Capital gains tax (CGT) from Disposal of Shares

The disposal of Shares will give rise to a CGT event for Australian resident Shareholders. Shareholders will:

- make a capital gain if the capital proceeds received on the disposal of their Shares are greater than the cost base of those Shares; or
- make a capital loss if the capital proceeds received on the disposal of their Shares are less than the reduced cost base of those Shares.

The capital proceeds received on disposal of Shares should generally be equal to the money received in respect of the disposal.

The cost base of Shares subscribed for under the Offer should generally be equal to the Issue Price plus any incidental costs. The reduced cost base should be the same as the cost base, subject to some modifications.

To the extent Shareholders derive a capital gain on disposal of the Shares in the Company, Shareholders that are individuals, trusts or complying superannuation funds that have held their Shares for more than 12 months should be eligible to a CGT discount in respect of the capital gain of 50% for individuals and trusts and 33 1/3% for complying superannuation funds. Prior to applying the CGT discount Shareholders may offset their capital gain against any available capital losses incurred in the relevant income year or any carry forward net capital losses. The net capital gain (after applying any losses and the CGT discount) should be included in their assessable income in the relevant income year.

To the extent Shareholders incur a capital loss on disposal of the Shares in the Company, Shareholders may offset their capital loss against any capital gains derived in the relevant income year. Where the capital losses incurred in the relevant income year exceed the capital gains derived in the relevant income year, Shareholders may be entitled to carry forward the excess (referred to as a 'net capital loss') to future income years subject to the application of the loss recoupment rules in certain cases. Shareholders cannot offset their net capital losses against their ordinary income.

If a return of capital is made by the Company, the cost base and reduced cost base of a Shareholder's Shares for CGT purposes should be reduced by the amount of the return of capital, with any excess over the cost base resulting in a capital gain.

The disposal of Shares by non-Australian tax residents will not be taxable in Australia as the Company currently does not have any real property in Australia. Therefore the Shares are not taxable Australian property. A non-Australian tax resident will be subject to capital gains tax in Australia on disposal of Shares where the interest sold is an indirect interest in Australian real property, which occurs where the non-Australian resident and any associates of that Shareholder hold 10% or more of Company and the value of the Company is principally attributable to Australian real property.

This is provided the Shares in the Company are held on capital account. If held on revenue account then the gain on disposal will be included in assessable income of Australian resident taxpayers. We would recommend that advice is sought to determine appropriate characterisation on disposal.

Other Australian tax implications

(d) Goods and Services Tax

No GST is payable in respect of the acquisition of Shares, nor should there be any GST liability arising from the receipt of dividends in respect of the Shares. An Australian resident that is registered or required to be registered for GST seeking to claim input tax credits on related transaction costs should seek their own independent tax advice in this regard.

(e) Stamp Duty

No stamp duty should be payable on the issue, transfer or redemption of a Share.

(f) Quotation of Tax File Number ("TFN") or Australian Business Number ("ABN")

Shareholders are not required to quote their TFN to the Company. If Shareholders do not quote their TFN or other relevant exemption details, tax may be required to be withheld by the Company from certain distributions at the top marginal rate plus the Medicare levy.

Republic of China (PRC) tax implications

The Company's subsidiaries in China will derive China sourced income and be liable for tax in China. The Company itself will derive China sourced income from its subsidiaries in China, which may be in the form of dividends, management income, administrative reimbursements, interest or royalties. All transactions between the Company and its subsidiaries in China will have to comply with China's transfer pricing laws.

(g) PRC Tax Law and Hong Kong tax implications on dividends received by the Company

The Company wholly owns a subsidiary company in Hong Kong, which in turn holds 100% of the issued capital in two Chinese companies that operate in China. Dividend income received from overseas corporations is regarded as having a non-Hong Kong source and therefore is also not subject to Hong Kong profits tax.

PRC tax law prescribes a withholding tax (WHT) of 10% on dividends and other PRC sourced passive income of PRC non-resident enterprises, unless there is a tax treaty in place which sets out otherwise. Pursuant to a treaty between Hong Kong and China effective 21 August 2006, a company incorporated in Hong Kong will be subject to WHT of 5% on dividends it receives from its PRC subsidiary if it holds more than 25% interest in the PRC subsidiary (otherwise it remains at 10%).

The State Administrative of Taxation of China (SAT) published a tax notice on 27 October 2009 which provides the tax treaty benefit will be denied to "conduit" or shell companies without business substance, and a beneficial ownership analysis will be used based on a 'substance over form' principal to determine whether or not to grant tax treaty benefits.

On this basis the immediate holding company (a company incorporated in Hong Kong) of the Chinese incorporated companies operating in China should only be subject to 5% WHT on the dividends it receives from

its PRC subsidiaries, however this is subject to confirmation from the PRC tax authorities and is not automatically applied. Should confirmation not be provided, then the dividends received by the Company's Hong Kong subsidiary from its PRC subsidiaries would be subject to WHT of 10%.

Hong Kong does not levy withholding tax on dividends paid to non-Hong Kong residents. No withholding taxes should therefore be deducted from dividends paid to the Company by its Hong Kong subsidiary.

The above tax comments are designed to be general information in nature and do not constitute tax advice. Shareholders should seek professional advice on how the matters considered above apply to them.

11.10 Interests of experts and advisors

Other than as set out below, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- (a) has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or the Offer; or
- (b) has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

BlueMount Capital (Sydney) Pty Ltd has acted as the Lead Manager to the Offer. The Company has agreed to pay a fixed fee of A\$1,050,000 payable quarterly in instalments of A\$262,000, with the final payment to be made seven days after the listing of the Company on the ASX and a success fee comprising 1% of the total raised under the IPO payable in cash and A\$300,000 in cash to BlueMount Capital (Sydney) Pty Ltd upon completion of the Offer. Under the terms of its mandate with the Company, the fixed fee covers all service costs involved in having the Company admitted to the official list of the ASX, but excludes capital raising costs, stockbroker fees and property revaluation costs (if required). In addition, BlueMount Capital (Sydney) Pty Ltd is entitled to be paid a success fee of 6% of capital raised directly by BlueMount Capital (Sydney) Pty Ltd under any capital raising undertaken by the Company during the term of the Mandate Letter and for a period of one year after expiry of the Mandate Letter. Fees and commissions relating to capital raising are payable to BlueMount Capital (Sydney) Pty Ltd in accordance with the terms set out in section 10.10.

Deloitte Corporate Finance Pty Limited has acted as the Australian Investigating Accountant to the Company and provided the Investigating Accountant's Report under the heading "Investigating Accountant's Report" in section 9 of this Prospectus. The Company has paid or agreed to pay an amount of approximately A\$87,050 in respect of these services. Further amounts may be paid to Deloitte Australia in accordance with time-based charges.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited has acted as the independent property valuer to the Company and provided the Property Valuation Report in section 5 of the Prospectus. The Company has paid or agreed to pay an amount of approximately HKD240,800 (A\$40,358) in respect of these services.

HWL Ebsworth Lawyers has acted as the Australian legal advisor to the Offer and performed work in relation to due diligence enquiries on Australian legal matters. The Company has paid or agreed to pay an amount of A\$365,000 (plus disbursements) in respect of these services. Further amounts may be paid to HWL Ebsworth Lawyers in accordance with time-based charges.

AHL Legal (Sydney) has acted as the commercial lawyers for the Company in Australia and performed work in relation to cross-cultural related commercial and legal issues. The Company has paid or agreed to pay an amount of A\$30,000 in respect of these services. Further amounts may be paid to AHL Legal (Sydney) in accordance with time-based charges.

Jingtian & Gongcheng (Shanghai) has acted as PRC legal advisor to the Company and performed work in relation to due diligence enquiries on PRC legal matters. The Company has paid or agreed to pay an amount of approximately RMB300,000 (A\$58,710) in respect of these services. Further amounts may be paid to Jingtian & Gongcheng (Shanghai) in accordance with time-based charges.

Hall Chadwick Corporate (NSW) Limited has acted as accountancy and taxation advisor to the Offer and the Company has paid, or agreed to pay, approximately A\$30,000 for the above service.

Boardroom Pty Limited has acted as share registry to the Company and performed work in relation to share registry services. The Company has paid or agreed to pay an amount of approximately A\$7,500 (plus GST and disbursements) in respect of these services.

11.11 Offer expenses

The Company will pay all of the costs associated with the Offer.

The table below outlines the expenses of the Offer.

Estimated cost (exclusive of GST)	Minimum Subscription A\$15,000,000	Maximum Subscription A\$20,000,000
Lead Manager ¹	480,000	480,000
Capital raising costs ²	350,000	466,667
ASX and ASIC Fees ³	127,758	131,058
Accounting, legal and other advisor fees ⁴	688,544	688,544
Printing, design and miscellaneous	35,000	35,000
Total	1,681,302	1,801,269

Notes:

- Lead manager fees cover the fees payable to the Lead Manager and cover the management of the IPO process; the selection and management of other advisors; co-ordination and advice on the presentation and marketing of the Company; advice on the offer structure, the amount of equity to be offered, restrictions on equity trading and Share structure, the dividend policy and capital structure post IPO; advice on the timing and likely pricing of the Offer; participation in the due diligence process; preparation of the IPO prospectus and related documentation and assistance in dealings with ASX and ASIC in relation to the IPO.
- Capital raising fees are payable to the Lead Manager and calculated by reference to the amount of capital raised under the IPO
- ASX fees are based on the issue price of the shares and the anticipated issued share capital of the Company after allotment of the Shares.
- Accounting, legal and other advisor fees include fees paid to advisors in A\$, RMB and HKD. These have been converted to A\$ using exchange rates as at the Conversion Date.

11.12 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Each of the parties referred to below has not caused the issue of this Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below:

Name of entity	Named as	Reports or statements
BlueMount Capital (Sydney) Pty Ltd	Lead Manager	No
Deloitte Corporate Finance Pty Limited	Investigating Accountant	Investigating Accountant's Report on Historical and Pro Forma Financial Information in section 9
Deloitte Touche Tohmatsu	Auditor of the Company	No
Deloitte Touche Tohmatsu CPA LLP	Auditor of Jiaxing Boyuan	No
HWL Ebsworth Lawyers	Australian legal advisor to the Offer	No

Jingtian & Gongcheng (Shanghai)	PRC legal advisor to the Offer	Statements in the Investment Overview and Company Overview sections in respect of title to the Jiaxing Project
AHL Legal (Sydney)	Commercial Lawyer to the Company	No
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent Property Valuer	Property Valuation Report for the Offer in section 5
Hall Chadwick Corporate (NSW) Limited	Accountancy and taxation advisor	Tax implications of investing under the Offer in section 11.9
BoardRoom Pty Limited	Share Registry for the Company	No

11.13 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Lead Manager on 1300 70 70 10 (from within Australia) or +61 2 9252 2122 (from outside Australia) between 8:30am and 5:00pm AEST and the Lead Manager will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

11.14 Governing law

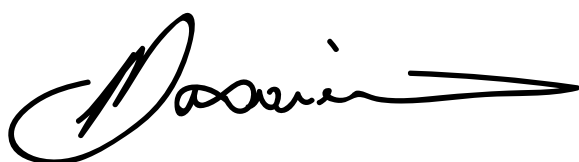
This Prospectus and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

11.15 Statement of Directors

The Directors report that after due enquiries by them, in their opinion since the date of the audited financial statements disclosed in "Financial information" in section 8 of this Prospectus, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company by:



Dr Saliba Sassine
Independent Chairman

12. Glossary

In this Prospectus, the following terms and abbreviations have the following meanings, unless the context otherwise requires:

A\$ or AUD	The lawful currency of Australia.
AEST	Australian Eastern Standard Time in Sydney.
Allotment Date	The date on which Shares are allotted under the Offer.
Applicant	Person who submits a valid Application Form pursuant to this Prospectus.
Application	A valid application to subscribe for Shares under the Offer pursuant to this Prospectus.
Application Form	The application form attached to or accompanying this Prospectus for investors.
Application Monies	Money submitted by applicants under the Offer in respect of their applications for Shares.
ASIC	The Australian Securities and Investments Commission.
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532).
ASX Settlement Operating Rules	The settlement rules of the settlement facility provided by ASX Settlement.
ASX	ASX Limited (ABN 98 008 624 691) or the securities market it operates, as the context requires.
ASX Corporate Governance Principles	The ASX Corporate Governance Principles and Recommendations (3rd Edition) of the ASX Corporate Governance Council as at the date of this Prospectus.
Board	The board of Directors of the Company.
Chairman	Dr Saliba Sassine.
CHESS	The Clearing House Electronic Sub-Register System of share transfers operated by ASX Settlement.
Closing Date	The date the Offer closes.
Company	Boyuan Holdings Limited ACN 608 897 963.
Conversion Date	12 August 2016.

Corporations Act	The Corporations Act 2001 (Cth).
Directors	Directors of the Company as at the date of this Prospectus.
Executive Director	A Director appointed as an executive director of the Company.
Existing Holders	Those persons or entities who are holders of securities of the Company as at the date of this Prospectus.
Exposure Period	The seven day period after the date of lodgement of the Prospectus with ASIC. This period may be extended by ASIC for a further period of up to seven days.
GFA	Gross floor area.
Group	the Company and each entity within the group, details of which are set out in section 3.1.
GST	Goods and services tax, being a tax charged on the sale of most goods and services in Australia.
HKD	Hong Kong Dollar being the official currency of Hong Kong.
IAR	Investigating Accountant's Report prepared by Deloitte Corporate Finance Pty Limited and included in section 9 of this Prospectus
IPO	the Company's initial public offering of its Shares.
JLL	Jones Lang LaSalle Corporate Appraisal and Advisory Limited.
Lead Manager	BlueMount Capital (Sydney) Pty Ltd (AFSL Authorised Representative number 00400409).
Letters of Appointment	The letter of appointment entered into by each of the Non-Executive Directors.
Listing Rules	The official Listing Rules of the ASX as amended from time to time.
Material Contracts	Those contracts listed and summarised in "Material Contracts" in section 10 of this Prospectus.
Maximum Subscription	The maximum subscription amount being sought by the Company under the Offer, being A\$20,000,000.
Minimum Subscription	The minimum subscription amount being sought by the Company under the Offer, being A\$15,000,000.
New Shareholder	An investor who subscribes for Shares under the Offer.
Non-Executive Director	A Director appointed as a non-executive director of the Company.
Offer	The invitation in this Prospectus to subscribe for Shares.
Offer Information Line	The offer information line operated by the Share Registry being 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia).

Offer Period	The period during which investors may subscribe for Shares under the Offer.
Offer Price	A\$0.20 per Share.
Opening Date	The date the Offer opens.
PRC or China	People's Republic of China, which for the purposes of this Prospectus, excludes Hong Kong and Macau Special Administrative Regions of the PRC, and Taiwan.
PRC Legal Advisor	Jingtian & Gongcheng (Shanghai).
Prospectus	This document which replaces the prospectus dated 29 August 2016 issued by the Company.
Related Body Corporate	Has the meaning ascribed to that term in the Corporations Act.
RMB	Renminbi (¥) being the official currency of the PRC.
Services Agreement	The employment agreement entered into by each of the Executive Directors.
Shareholder	A holder of Shares.
Shares	Shares of fully paid ordinary shares in the capital of the Company.
Share Registry	Boardroom Pty Limited ACN 003 209 836.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.

These instructions are cross-referenced to each section of the Application Form.

Instructions

- A. If applying for shares insert the **number** of shares for which you wish to subscribe at Item **A** (not less than 10,000 and then in multiples of 1,000). Multiply by **\$0.20** to calculate the total for shares and enter the **dollar amount** at B.
- C. Write your **full name**. Initials are not acceptable for first names.
- D. Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHESS account exactly.
- F. Enter your Australian **tax file number** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G. Complete **cheque details** as requested. Make your cheque payable to "**Boyuan Holdings Limited**", cross it and mark it "**Not negotiable**". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- H. Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I. Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct Forms of Registrable Title

Note that ONLY legal entities can hold the shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

Mailing address:

Boyuan Holdings Limited
C/- Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

Boyuan Holdings Limited
C/- Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
SYDNEY NSW 2000

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 02 9290 9600 outside Australia.

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a Shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your Shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/Privacy.html>).

Corporate directory

Company

Boyuan Holdings Limited
ACN 608 897 963
Suite 1, Level 16
5 Martin Place
Sydney 2000 Australia

Board of Directors

Name	Position
Dr Saliba Sassine	Chairman, Independent
Yading Wan	Chief Executive Officer
David Paul Batten	Non-Executive Director, Independent
Xiaofeng Chen	Non-Executive Director, Independent
Yuxing Shen	Executive Director

Company Secretary

Xiqiang (Steven) Jiang

Proposed ASX Code

BHL

Lead Manager - Australia

BlueMount Capital (Sydney) Pty Ltd
Level 22 Grosvenor Place
225 George Street
Sydney NSW 2000 Australia

Investigating Accountant

Deloitte Corporate Finance Pty Limited
Level 9, Grosvenor Place
225 George Street
Sydney NSW 2000 Australia

PRC Auditor

Deloitte Touche Tohmatsu
30/F Bund Center
222 Yan An Road East
Shanghai 200002 PRC

Lawyer to the Offer - Australia

HWL Ebsworth Lawyers
Level 14, Australia Square
264-278 George Street
Sydney NSW 2000 Australia

Commercial Lawyers - Australia

AHL Legal (Sydney)
World Tower (Commercial), Suite 1204-1207
Level 12, 87-89 Liverpool Street
Sydney, NSW 2000 Australia

Legal Advisors - China

Jingtian & Gongcheng (Shanghai)
Suite 1202-1204 K.Wah Centre
1010 Huaihai Road (M), XuHui District
Shanghai 200031, China

Taxation Advisor

Hall Chadwick Corporate (NSW) Limited
Level 40, 2 Park Street
Sydney NSW 2000 Australia

Share Registry

Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000 Australia

Website

www.boyuan.com.au