

## DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200715053Z)

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### RESPONSE TO FURTHER QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") ON THE ANNOUNCEMENT OF FINAL DIVIDEND OF 2.00 SINGAPORE CENTS PER ORDINARY SHARE (ONE-TIER TAX EXEMPT) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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The Board of Directors (the "**Board**") of Debao Property Development Ltd. (the "**Company**") wishes to announce the following in response to the queries raised by the SGX-ST on 5 November 2021 in relation to the announcement of payment of a tax exempt (one-tier) final dividend of 2.00 Singapore cents per ordinary share for the financial year ended 31 December 2017 (the "**FY2017 Final Dividend**") by the Company dated 24 September 2019 and the update announcements made by the Company on 19 May 2021 and 5 November 2021.

#### **SGX-ST's Query**

*Please immediately announce via SGXNet **by Monday, 8 November 2021**, a detailed explanation as to why the Company was unable to make payment of the FY2017 Final Dividend by 30 September 2021 as previously disclosed, and why it had not earlier disclosed that it was unable to do so. Also provide the basis for the Board's view as to why the Company can pay the FY2017 Final Dividend by 31 December 2021 when it was unable to do so by the previously indicated date of 30 September 2021. In addition, provide details of the Company's source of funds for the payment and details of its cash balance as at latest practicable date.*

#### **Company's Response**

It has become prevalent in the construction industry in China that subcontractors are not paid in a timely manner despite agreed payment schedules. In response, the Company's subcontractors had demanded that the payment deadlines be brought forward, otherwise, these subcontractors will not proceed with the construction works of the Company's Bay One development project (the "**Bay ONE Project**"). In order to complete the Bay ONE Project as per schedule and to avoid any liability in relation to not meeting the relevant completion deadlines, the Company acceded to the demands of its subcontractors and settled constructions cost payables amounting to approximately RMB20 million by 30 September 2021, which was two (2) months earlier than the payment date stated in the payment schedule. Accordingly, the Company was unable to make payment of the FY2017 Final Dividend amounting to approximately SGD1.5 million by 30 September 2021. The Company had inadvertently failed to release an announcement to update its shareholders of the abovementioned delay and reasons for the delay.

As the subcontractors' requests were met and the Company had renegotiated the payment schedule with its subcontractors, the Company expects that the payment of the FY2017 Final Dividend can be made by 31 December 2021. The Company intends to pay the FY2017 Final Dividend from the proceeds of the disposal of 19% of the total issued share capital of Profit Consortium Sdn. Bhd. and the properties sales revenue of the Bay ONE Project. In order to ensure payment, the Company will set aside the funds needed to be pay the FY2017 Final Dividend. As of 30 September 2021, the Company's cash and bank balance amounts to approximately RMB18.8 million.

The Company will make timely updates on the payment of the FY2017 Final Dividend accordingly and where necessary.

By Order of the Board

Zhong Yuzhao  
Executive Director and Chief Executive Officer  
8 November 2021