

## DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200715053Z)

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### RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") IN RELATION TO ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 ("FY2018")

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The Board of Directors (the "**Board**") of Debao Property Development Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") would like to provide the following information in response to queries from the SGX-ST on 27 November 2019 in relation to the Company's Annual Report for FY2018, specifically the disclaimer of opinion due to going concern issues highlighted by the independent auditor on the audit of the financial statements for FY2018.

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

The auditor has highlighted going concern issues of the Company and the Group. Please provide an update by the Board on the following:

- (a) Status of the approval for the extension of time from the non-financial institution to meet the material terms of the Loan Agreement, as disclosed on page 98 of the Annual Report;
- (b) Status of the Group's request for lender's approval to roll over all its loans which are due in financial year 2019;
- (c) Update on the Group's sale of development properties and timing of receipt of proceeds. Please also disclose the names of the property projects; and
- (d) With regard to the divestment of the Company's equity interests in Profit Consortium Sdn. Bhd., explain how the disposal (raising sale proceeds of only RMB 6 million) will help address the going concern issues.

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

- (a) The Loan Agreement is related to Bay ONE project. The Bay ONE project commenced pre-sales in October 2019 and the Group has received an informal verbal approval from the non-financial institution's management granting an extension of time to meet the construction completion terms.

The delay in construction completion is mainly due to the late receipt of approval (for construction commencement) in 2018, from the local authorities. The Group is now working with the non-financial institution to revise the construction completion deadline and will come up a supplementary agreement on revised construction completion deadline.

From the audited report signed-off on 11 October 2019 and as at 30 November 2019, the non-financial institution further released an addition RMB 20 million loan based on the loan release schedule.

- (b) All lenders have agreed to roll over all its loan which are due in financial year 2019.

- (c) **Bay ONE**  
As at 30 November 2019, 119 apartments have been sold. The total sales amounted to approximately RMB 37 million, of which RMB 14 million has been received. The remaining RMB 23 million will be received in 3 months when the buyers obtained mortgage loans from their banks.
- Project Imbi**  
As at 30 November 2019, 21 apartments have been sold. Total sales is approximately RM 28.4 million, of which RM 2.8 million had been received. The remaining RM 25.6 million will be received in 5 years based on the percentage of completion as required by Malaysian laws and regulations.
- (d) The disposal of Profit Consortium Sdn. Bhd., other than the RMB 6 million share price, will also enable the Group to collect the amount payable to us by Profit Consortium Sdn. Bhd., which amounting to RM 106.5 million as at 30 November 2019. Based on the shares transfer agreement, approximately RMB 20 million can be collected immediately after completion of share transfer.

By Order of the Board

Zhong Yuzhao  
Executive Director and Chief Executive Officer  
4 December 2019