

**DEBAO PROPERTY DEVELOPMENT LTD.**  
(Incorporated in Singapore on 16 August 2007)  
(Registration Number: 200715053Z)

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**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED  
(THE "SGX-ST") ON THE ANNOUNCEMENT OF:  
(1) FURTHER DELAY IN PAYMENT OF THE FY2017 FINAL DIVIDEND; AND  
(2) UPDATE TO DELISTING NOTIFICATION.**

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The Board of Directors (the "**Board**") of Debao Property Development Ltd. (the "**Company**") refers to the Company's announcement dated 13 May 2022 in relation to the further delay in payment of the FY2017 Final Dividend and the announcement dated 13 May 2022 in relation to the notification of delisting announcement dated 3 March 2022 (the "**Announcements**") and wishes to announce the following in response to the queries raised by the SGX-ST on 1 June 2022 in relation to the Announcements.

**SGX-ST's Query 1**

*We refer to your announcement regarding the further delay in payment of the FY2017 Final Dividend which was due for payment on 31 May 2022 ("Further Payment Delay").*

*We note that one of the reasons cited for the Further Payment Delay is unexpected poor sales of the Bay ONE Project in 2021, which affected the revenue of the Group. As the poor sales in 2021 would have been known in 2021 and at the time of the Company's announcement of the 2017 dividend payment on 9 March 2022, please clarify when the Board became aware of the cash flow issue which caused the Further Payment Delay.*

**Company's Response**

The Board became aware of the cash flow issue in early to mid-May 2022 that would cause the Further Payment Delay. After the board discussion, we immediately released the announcement for further payment delay.

**SGX-ST's Query 2**

*Please also clarify with specific details of new developments which occurred on Bay ONE Project the between 9 March 2022 till 13 May 2022 that cause the 2017 dividend payment to be delayed. To also elaborate and quantify how much funds the Company requires for the Handover and how the Handover has resulted in the Further Payment Delay.*

**Company's Response**

The delay in dividend payment resulted from the development and hand over of properties were mainly due to the Water Supply Bureau and Electricity Supply Bureau unexpectedly requiring a payment in May 2022 amounting to approximately RMB 40 million in order for them to supply water and electricity to the properties for handing over. This amount was originally only due in July 2022. Also, additional gardening works as a result of requests from buyers to meet higher hand over standards cost approximately RMB 10 million in end May 2022.

**SGX-ST's Query 3**

*The Company disclosed that it is "handing over" more than a 1,000 units of the Bay ONE Project (the "Handover") and funds have been channelled towards this purpose in order to avoid any delay in Handover resulting in the Group having to pay liquidated damages." Please disclose how many units*

have been successfully handed over and the dates of these handing over. To also disclose how much funds has been received from the handing over of these units to date, the total amount to be received from the handing over of all 1,000 units and the date when the funds will be received. To provide a date when the 2017 Dividends will be paid to shareholders as previously approved by the Board and announced.

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

We are obligated and notified buyers for handing over of 907 units. As at May 2022, we have handed over 231 units. It should be noted that it is up to the buyers to decide when to complete the hand over process. The hand over will not create additional or speed up income stream as the buyers have already arranged mortgage or paid in full before the handover date. The Company will review its financial position after completion of the Handover which is expected in the third quarter of 2022 and the rollover of the loans. The Company will update shareholders in due course.

#### **SGX-ST's Query 4**

4. The Company disclosed that "In order to roll over the bank loans of RMB 15 million and RMB 20.8 million (the "Loans") which had expired on March 2022 and will expire on May 2022 respectively, the Group had to maintain a certain amount of cash balance". To disclose the name of the bank, the status of the bank loans which expired in March 2022 and May 2022 respectively, the amounts of the bank loans and the expiry dates to which these loans have been rolled over to.

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

<b><u>Name of Banks</u></b>	<b><u>Loan Amount (RMB million)</u></b>	<b><u>Original Expiry Date</u></b>	<b><u>Rolled over to</u></b>
Bank of Communications	15	27 March 2022	23 June 2022 (already arranged to roll over to 22 June 2023 when due)
	15.8	11 May 2022	17 May 2023 (the bank only completed its internal approval process on 31 May 2022)
Guangdong Nanyue Bank	5	31 May 2022	30 Nov 2022

#### **SGX-ST's Query 5**

The Company disclosed that "the Disposal has also not been completed as parties have been unable to agree on when the building plan can be submitted to Dewan Bandaraya Kuala Lumpur (the City Council of Kuala Lumpur) ("DBKL"). The Company is working with DBKL on a more concrete timeline for the building plan submission". Please:

- Elaborate on what this Disposal refers to.
- Explain why the Company did not disclose the non-completion of the Disposal when this constitutes material information and even resulted in the Company having to default on its 2017 Dividend payment.
- Provide details of who the parties negotiating the building plan are and the reasons for the disagreements and differences in view of the plans which led to a delay in the Disposal.
- Disclose how this resulted in the delay of the Disposal.

- (e) Clarify why the plan must be in place for the Disposal to occur and who is in control of the submission of the plan.
- (f) Disclose the long stop date of the Disposal agreement.

**Company's Response**

- (a) The disposal refers to the disposal of 19% shares in Profit Consortium Sdn Bhd.
- (b) The announcement on 24 September 2019 has already mentioned that the payment of the FY2017 Final Dividend will be delayed until after the completion of the disposal of 19% of the total issued share capital of Profit Consortium Sdn Bhd. On various announcements including the announcement dated 9 Mar 2022 and 30 December 2021, we disclosed that the proceeds from disposal of Profit Consortium will be used for paying the FY2017 dividend. We also disclosed the progress of the disposal of Profit Consortium in each quarterly results announcement.
- (c) We are negotiating with Perfect Praise Investments Limited on the payment terms of the disposal contract. One of the criteria for Company to receive disposal proceeds is after the building plan has been submitted by the purchaser. The purchaser cannot provide a definite date for submission. Since submission of the building plan by the purchaser, it is out of our control. We understand that the purchaser is stilling amending their building plan.
- (d) Please refer to (c) above.
- (e) Please refer to (c) above.
- (f) There is no long stop date.

**SGX-ST's Query 6**

*Please disclose why the Board had not set aside the amounts for the 2017 Dividends when the payment date was announced. To robustly justify with specific details as to whether or not the Board had made false and misleading claims to paying the 2017 Dividends on 31 May 2022 when it had not ensured that it will do so when they declared that this will be paid in their announcement on 9 March 2022. Kindly substantiate your response with the specific actions taken by the Board when making the announcement to ensure that the Company will pay the 2017 Dividends on 31 May 2022 as disclosed.*

**Company's Response**

The Board did set aside RMB 10 million to pay the dividend when the payment date was announced. However, due to unforeseen circumstances, namely unexpected payment requests from local authorities as stated in reply query #2 and the delayed approval of bank loan as stated in query #4, the Company was forced to utilize all its resources to fulfill the legal hand over commitment in order to avoid penalties and compensation from non-compliance of hand over date. We believe the Company did not make false and misleading claims but instead protected the shareholders' interest by preserving the Company's wealth and ensuring no late handover.

**SGX-ST's Query 7**

*7. We further refer to your update announcement dated 13 May 2022 regarding the Company's plans to provide an exit offer to shareholders pursuant to the receipt of the Delisting Notification. Please provide an update on the specific progress of the Company's negotiations with financial institutions and potential investors, and provide a detailed description with indicative timelines of the plans/steps taken that have been put together since. To indicate if the Company is considering appointing a liquidator to fulfil its obligations to make an exit offer, and if so, to provide the timeline of the steps the Board has taken/will take to this comply with the requirement to make an exit offer.*

**Company's Response**

Since the receipt of the Delisting Notification, the Company and its controlling shareholder are working with financial institutions in the People's Republic of China for funding support as well as possible investments or white knight. We are working with an overseas private investor for investment injection/fundings. No concrete plans are available at the moment and no liquidator has been appointed.

By Order of the Board

Zhong Yuzhao  
Executive Director and Chief Executive Officer  
2 June 2022