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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014 ("2Q2014 and 1H2014")

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY ("1Q", "2Q", "3Q" & "4Q"), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) *An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Please read the Consolidated Financial Statements in conjunction with the explanatory notes at the end of items 1(a)(i) and 1(b)(i)

Actual Consolidated Statement of Comprehensive Income

	Actual CFS (As defined herein)					
	2Q2014	2Q2013	% Change	1H2014	1H2013	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	14,263	8,883	61%	67,086	54,796	22%
Cost of sales	(7,269)	(3,106)	134%	(29,551)	(29,237)	1%
Gross profit	6,994	5,777	21%	37,535	25,559	47%
Other income	1,030	670	54%	2,612	4,550	(43%)
Selling and distribution expenses	(9,745)	(3,032)	221%	(15,760)	(4,638)	240%
Administrative expenses	(11,319)	(11,577)	(2%)	(24,573)	(22,538)	9%
Share of a jointly controlled operation profit	1,010	7,140	(86%)	3,659	14,032	(74%)
Finance costs	(23,059)	(15,478)	49%	(42,270)	(38,043)	11%
Loss before income tax	(35,089)	(16,500)	113%	(38,797)	(21,078)	84%
Income tax credit(expenses)	2,313	(250)	(1025%)	(3,787)	(9,199)	(59%)
Net loss for the period	(32,776)	(16,750)	96%	(42,584)	(30,277)	41%
Other comprehensive income (loss)						
Currency translation difference	862	(323)	(367%)	2,614	(555)	(571%)
Total Comprehensive loss for the period	(31,914)	(17,073)	87%	(39,970)	(30,832)	30%
Loss attributable to:						
Equity holders of the Company	(30,792)	(16,407)	88%	(36,604)	(29,811)	23%
Non-controlling interest	(1,984)	(343)	478%	(5,980)	(466)	1183%
	(32,776)	(16,750)	96%	(42,584)	(30,277)	41%
Total comprehensive loss attributable to:						
Equity holders of the Company	(29,930)	(16,730)	79%	(33,990)	(30,366)	12%
Non-controlling interest	(1,984)	(343)	478%	(5,980)	(466)	1183%
	(31,914)	(17,073)	87%	(39,970)	(30,832)	30%



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1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (continued).

Proforma Consolidated Statement of Comprehensive Income

	Proforma CFS (As defined herein)					
	2Q2014	2Q2013	% Change	1H2014	1H2013	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	14,263	8,883	61%	67,086	54,796	22%
Cost of sales	(7,148)	(2,883)	148%	(28,415)	(27,788)	2%
Gross profit	7,115	6,000	19%	38,671	27,008	43%
Other income	1,030	670	54%	2,612	4,550	(43%)
Selling and distribution expenses	(9,745)	(3,032)	221%	(15,760)	(4,638)	240%
Administrative expenses	(11,262)	(11,450)	(2%)	(24,460)	(22,284)	10%
Share of a jointly controlled operation loss	1,042	7,388	(86%)	3,765	14,508	(74%)
Finance costs	(23,059)	(15,478)	49%	(42,270)	(38,043)	11%
Loss before income tax	(34,879)	(15,902)	119%	(37,442)	(18,899)	98%
Income tax credit (expenses)	2,224	(336)	(762%)	(4,144)	(9,624)	(57%)
Net loss for the period	(32,655)	(16,238)	101%	(41,586)	(28,523)	46%
Other comprehensive income (loss)						
Currency translation difference	862	(323)	(367%)	2,614	(555)	(571%)
Total Comprehensive loss for the period	(31,793)	(16,561)	92%	(38,972)	(29,078)	34%
Loss attributable to:						
Equity holders of the Company	(30,671)	(15,895)	93%	(35,606)	(28,057)	27%
Non-controlling interest	(1,984)	(343)	478%	(5,980)	(466)	1183%
	(32,655)	(16,238)	101%	(41,586)	(28,523)	46%
Total comprehensive loss attributable to:						
Equity holders of the Company	(29,809)	(16,218)	84%	(32,992)	(28,612)	15%
Non-controlling interest	(1,984)	(343)	478%	(5,980)	(466)	1183%
	(31,793)	(16,561)	92%	(38,972)	(29,078)	34%



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1(a)(i) *An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (continued).*

Explanatory Notes:

As a result of the restructuring exercise of our Company and its subsidiaries (the “**Group**”) (the “**Restructuring Exercise**”) for the purpose of the Company's listing on the SGX-ST (the “**Invitation**”), common control over our operating subsidiaries in the People's Republic of China (“**PRC**”) by our shareholders prior to the Invitation could not be established from the start of 1 January 2006 due to changes in legal ownership of our operating subsidiaries.

Please refer to the section titled “*Restructuring Exercise*” in our Prospectus dated 31 March 2010 (the “**Prospectus**”) for more details on the Restructuring Exercise.

The application of the purchase method under the Singapore Financial Reporting Standards 103 (the “**SFRS 103**”) for the acquisition of the PRC subsidiaries by our Group requires, *inter alia*, the development properties and property held for sale by the respective PRC subsidiary to be recorded at fair value at the respective dates of acquisition by our Group.

As a result, our gross profits and earnings for the second quarter and half year ended 30 June 2013 (“**2Q2013 and 1H2013**”) and for the second quarter and half year ended 30 June 2014 (“**2Q2014 and 1H2014**”), as well as future financial periods/years based on the Actual Consolidated Financial Statements (as defined in the Prospectus) would be lower than those that would be prepared under the Proforma Consolidated Financial Statements (as defined in the Prospectus).

Please refer to the risk factor titled “*Our gross profits and earnings for FY2009 and future financial periods/years based on the Actual Consolidated Financial Statements would be lower than those that would be prepared under the Proforma Consolidated Financial Statements mainly due to fair value adjustments to our future cost of property development sales in the Actual Consolidated Financial Statements as a result of application of Singapore Financial Reporting Standards 103 – Business Combinations (“SFRS 103”)*” in our Prospectus for more details.

Accordingly, besides the unaudited consolidated financial statements for 2Q2013, 1H2013, 2Q2014 and 1H2014 (the “**Actual Consolidated Financial Statements**” or “**Actual CFS**”), our Company had also prepared the proforma consolidated financial statements for 2Q2013, 1H2013, 2Q2014 and 1H2014 (the “**Proforma Consolidated Financial Statements**” or “**Proforma CFS**”) **for illustrative purposes only**, based on certain assumptions and after making certain adjustments to show what the financial results of our Group would have been, if it had been in place since 1 January 2006.

Notwithstanding the above, such notional accounting adjustments (the “**Notional Adjustment**”) have no bearing on the operating cash flow or the cash position of our Group.



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1(a)(ii) Profit before income tax is arrived at after charging/ (crediting):-

	Actual Consolidated Statement of Comprehensive Income					
	2Q2014	2Q2013	% Change	1H2014	1H2013	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	767	2,539	(70%)	1,545	4,915	(69%)
Amortisation	20	244	(92%)	40	506	(92%)
Interest expense	23,059	15,478	49%	42,270	38,043	11%
Interest income	(1,369)	(852)	61%	(2,463)	(4,253)	(42%)

	Proforma Consolidated Statement of Comprehensive Income					
	2Q2014	2Q2013	% Change	1H2014	1H2013	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	710	2,412	(71%)	1,432	4,661	(69%)
Amortisation	20	244	(92%)	40	506	(92%)
Interest expense	23,059	15,478	49%	42,270	38,043	11%
Interest income	(1,369)	(852)	61%	(2,463)	(4,253)	(42%)



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1(b)(i) A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group				Company	
	Actual CFS		Proforma CFS		Actual CFS	
	30.6.2014 RMB'000	31.12.2013 RMB'000	30.6.2014 RMB'000	31.12.2013 RMB'000	30.6.2014 RMB'000	31.12.2013 RMB'000
ASSETS						
Current assets						
Cash and bank equivalents	81,164	76,168	81,164	76,168	49	48
Restricted cash and cash equivalents	176,295	268,155	176,295	268,155	-	-
Trade and other receivables	178,193	179,723	178,193	179,723	-	-
Amount due from related parties	2,681	5,698	2,681	5,698	-	-
Due from subsidiaries	-	-	-	-	690,202	672,587
Amount due from customers for contract work	644	11,852	644	11,852	-	-
Inventories	264	249	264	249	-	-
Property held for sales	365,515	391,354	354,681	380,279	-	-
Development properties	1,761,689	1,611,940	1,492,772	1,342,128	-	-
Prepaid land use right	223	223	223	223	-	-
Dividends receivable	-	-	-	-	23,190	22,458
Total current assets	2,566,668	2,545,362	2,286,917	2,264,475	713,441	695,093
Non-current Assets						
Prepaid land use right	4,991	5,031	4,991	5,031	-	-
Property, plant and equipment	26,454	27,454	23,012	23,899	-	-
Investment properties	974,276	957,032	974,276	957,032	-	-
Investment in a joint controlled operation	22,672	24,513	22,049	23,784	-	-
Trade and other receivables	10,000	10,000	10,000	10,000	-	-
Investment in subsidiaries	-	-	-	-	1,018	1,018
Other investment	1,800	1,800	1,800	1,800	-	-
Deferred tax assets	9,871	9,871	9,871	9,871	-	-
Goodwill	4,192	4,192	4,192	4,192	-	-
Total non-current assets	1,054,256	1,039,893	1,050,191	1,035,609	1,018	1,018
Total assets	3,620,924	3,585,255	3,337,108	3,300,084	714,459	696,111
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Bank and other loans	1,002,521	951,211	1,002,521	951,211	-	-
Trade and other payables	527,778	430,227	527,778	430,227	7,985	9,063
Long term payable-current portion	12,442	12,442	12,442	12,442	-	-
Amount due to related parties	94,588	97,201	94,588	97,201	-	-
Due to subsidiaries	-	-	-	-	36,064	34,854
Tax payables	71,665	72,114	71,665	72,114	-	-
Total current liabilities	1,708,994	1,563,195	1,708,994	1,563,195	44,049	43,917
Non-current liabilities						
Bank and other loans	337,389	404,826	337,389	404,826	-	-
Trade and other payables	20,663	20,663	20,663	20,663	-	-
Long term payable	159,590	159,590	159,590	159,590	-	-
Deferred tax liabilities	169,737	172,460	100,237	102,603	-	-
Total non-current liabilities	687,379	757,539	617,879	687,682	-	-
Shareholders' equity	1,224,551	1,264,521	1,010,235	1,049,207	670,410	652,194
Total liabilities and Shareholders' equity	3,620,924	3,585,255	3,337,108	3,300,084	714,459	696,111



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1(b)(i) *A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year (continued).*

Explanatory Notes :

The main differences in the balance sheet between the Actual Consolidated Financial Statements and the unaudited Proforma Consolidated Financial Statements relate to (i) the recording of the attributed fair values of certain assets (such as investment properties, development properties and investments in jointly controlled operations as well as the associated tax effect on the fair value of these tangible assets) as at the respective dates of legal completion of the acquisitions of each PRC subsidiary as the book values of these assets in the Actual Consolidated Financial Statements, as compared with the unaudited Proforma Consolidated Financial Statements where the corresponding values of these assets were based on the historical purchase costs of the respective assets by the PRC subsidiaries; and (ii) the impact of the different comprehensive income statements between Actual Consolidated Financial Statements and the unaudited Proforma Consolidated Financial Statements as mentioned in the preceding section. Please refer to item 1(a)(i) Explanatory Notes for more details.

1(b)(ii) *Aggregate amount of group's borrowings and debt securities*

	Group (Actual CFS)	
	30.6.2014	31.12.2013
	RMB'000	RMB'000
Amount repayable in one year on less, or on demand:-		
Secured (a) (b)	1,002,521	951,211
Unsecured (c)	-	-
Sub-total (1)	1,002,521	951,211
Amount repayable after one year		
Secured (a) (b)	319,110	386,547
Unsecured (c)	18,279	18,279
Sub-total (2)	337,389	404,826
Total debt (1)+(2)	1,339,910	1,356,037



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1(b)(ii) *Aggregate amount of group's borrowings and debt securities (continued)*

Explanatory Notes:

- (a) Bank loans amounting to RMB42,145,000 (2013: RMB45,372,000) with an effective interest rate of 6.55% (2013: 6.55%) per annum are repayable from 2014 to 2019 and were secured by certain investment properties and land use rights as well as guaranteed by certain directors of the Group. The current portion of these loans amounted to RMB7,035,000 (2013: RMB6,825,000) and are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB35,110,000 (2013: RMB38,547,000).

Bank loan amounting to RMB45,000,000 (2013: RMB67,500,000) with an interest rate of 8.40% (2013: 6.16% to 7.20%) per annum, are repayable in 2015, secured by land use rights of the Group.

Bank loan amounting to RMB129,500,000 (2013: RMB125,000,000) with an interest rate of 6% (2013: 6%) per annum, are repayable in 2015, secured by certain land use rights and property of the Group and restricted cash and cash equivalents of RMB 80,000,000.

Bank loan amounting to RMB100,000,000 (2013: RMB100,000,000) with an interest rate of 7.50% (2013: 6.15% to 7.50%) per annum, are repayable in 2014 or repayable upon demand and were secured by certain land use rights of the Group.

Bank loan amounting to RMB Nil (2013: RMB16,000,000) with an interest rate of 7.80% (2013: 7.80%) per annum, has been repaid in 2014, and secured by certain properties of a contractor.

Bank loan amounting to RMB Nil (2013: RMB12,000,000) with an interest rate of 7.50% (2013: 7.50%) per annum, has been repaid in 2014, and secured by investment property of the Group.

Bank loan amounting to RMB75,000,000 (2013: RMB67,000,000) with an interest rate of 7.80% (2013: 5.60% to 7.80%) per annum, are repayable in 2014 and 2015, secured by land use rights of the Group and restricted cash and cash equivalents of RMB 20,600,000.

Bank loan amounting to RMB72,000,000 (2013: RMB106,900,000) with an interest rate of 6% to 6.30% (2013: 5.60% to 7.80%) per annum, are repayable in 2015, secured by land use rights of the Group.

Bank loan amounting to RMB Nil (2013: RMB12,000,000) with an interest rate of 7.20% (2013: 5.60% to 7.80%) per annum, has been repaid in 2014, secured by land use rights of the Group, as well as guaranteed by two directors of the Group.

Bank loan amounting to RMB50,000,000 (2013: RMB95,000,000) with an interest rate of 6.44% (2013: 6.30% to 7.87%) per annum, are repayable in 2014, secured by investment properties of the Group and restricted cash and cash equivalents of RMB 20,650,000.

Bank loan amounting to RMB27,000,000 (2013: RMB32,500,000) with an interest rate of 6% (2013: 6%) per annum, are repayable in 2015, secured by land use rights and property of the Group.

Bank loan amounting to RMB72,500,000 (2013: RMB92,500,000) with an interest rate of 6% to 6.15% (2013: 6% to 6.15%) per annum, are secured by land use rights of the Group and restricted cash and cash equivalents of RMB 50,000,000. The current portion of these loans amounted to RMB22,500,000 (2013: 42,500,000) and are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB50,000,000 (2013: 50,000,000).



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1(b)(ii) *Aggregate amount of group's borrowings and debt securities (continued)*

Bank loan amounting to RMB90,000,00 (2013: RMB90,000,000) with an interest rate of 6.15% to 6.77% (2013: 6.15% to 6.77%) per annum, are repayable in 2015, secured by land use rights of the Group and restricted cash and cash equivalents of RMB 10,000,000.

Bank loan amounting to RMB60,000,00 (2013: RMB60,000,000) with an interest rate of 8.79% (2013: 8.79%) per annum, are secured by land use rights of the Group. The current portion of these loans amounted to RMB Nil (2013: RMB6,000,000) and are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB60,000,000(2013: RMB54,000,000).

Bank loan amounting to RMB50,000,00 (2013: RMB20,019,000) with an interest rate of 7% (2013: 7%) per annum, are repayable in 2014, secured by land use rights and investment property of the Group, as well as guaranteed by one director of the Group.

Bank loans raised in 1Q2014 amounting to RMB85,000,000 bears an interest rate of 7% per annum, are repayable in 2015, secured by land use rights of the Group, as well as guaranteed by one director of the Group.

New bank loans raised in 2Q2014 with an aggregate amount of RMB25,000,000 bears an interest rate of 8.40% per annum, are repayable in 2015, secured by investment property of the Group.

Loans raised together with a contractor for a total of RMB212,425,000 (2013: RMB191,694,000) with an interest rates ranging from prime rate to 140% on prime rate, repayable within one (1) to ten (10) years, secured by certain land use rights and an investment property of the Group as well as guaranteed by a director of the Group. RMB150,486,000 (2013: RMB135,967,000) has been advanced to the Group and approximately RMB44,977,000 (2013: RMB44,977,000)has been used to pay interest. The loans are repayable on demand.

- (b) Other loans amounting to RMB140,000,000 (2013: RMB140,000,000) with an effective interest rate of approximately 17.38% (2013: 17.38%) per annum, repayable from December 2014 to 2015 and secured by certain land use rights of the Group. The current portion of these loans amounted to RMB140,000,000 (2013: 70,000,000) are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB Nil (2013: RMB70,000,000).

Another loan amounting to RMB108,000,000 (2013: RMB120,000,000) with an effective interest rate of approximately 15.80% (2013: 15.80%)per annum, repayable from August 2014 to 2015, secured by land use rights of the Group and guaranteed by a director of the Group. The current portion of these loans amounted to RMB24,000,000 (2013: RMB36,000,000) are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB84,000,000 (2013: RMB84,000,000).

- (c) Another loan amounting to RMB18,279,000 (2013: RMB18,279,000) with an effective interest rate of 18% (2013: 18%) per annum, are repayable in 2015 and unsecured.



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1(c) A cashflow statement (for the group), together with a comparative statement for the corresponding period for the immediately preceding financial year.

	Actual CFS			
	2Q2014	2Q2013	1H2014	1H2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Loss before tax	(35,089)	(16,500)	(38,797)	(21,078)
Adjustments for:				
Depreciation and amortisation	787	2,783	1,585	5,421
Interest expense	23,059	15,478	42,270	38,043
Interest income	(1,369)	(852)	(2,463)	(4,253)
Share of a joint controlled operation profit	(1,010)	(7,140)	(3,659)	(14,032)
Operating (loss) profit before working capital changes	(13,622)	(6,231)	(1,064)	4,101
Trade and other receivables	4,534	(705)	1,498	(12,020)
Development properties	(95,938)	(26,260)	(133,753)	(31,912)
Property held for sales	5,248	3,338	25,839	26,872
Amount due from customers for contract work	-	(406)	11,208	6,320
Inventories	(8)	(2)	(15)	(239)
Trade and other payables	90,111	60,297	96,545	52,292
Amounts due to related parties	2,156	548	(2,613)	548
Net cash (used in) from operations	(7,519)	30,579	(2,355)	45,962
Interest paid	(31,478)	(18,461)	(54,507)	(39,740)
Interest received	1,369	625	2,463	4,026
Income taxes paid	(1,571)	(1,885)	(6,959)	(4,527)
Net cash (used in) from operating activities	(39,199)	10,858	(61,358)	5,721
Cash flows from investing activities				
Repayment from jointly controlled operation	5,500	22,000	5,500	38,500
Purchases of properties, plant and equipment	(372)	-	(544)	-
Addition in investment property	(12,340)	(281)	(17,244)	(501)
Interest received	-	227	-	227
Net cash (used in) from investing activities	(7,212)	21,946	(12,288)	38,226
Cash flows from financing activities				
Amounts due from related parties	(346)	518	3,017	185
Fixed deposit	4,094	(72,198)	91,860	27,042
Proceeds from bank and other loans	44,019	196,000	167,000	303,500
Repayment of bank and other loans	(19,412)	(129,391)	(183,127)	(345,471)
Net cash from (used in) financing activities	28,355	(5,071)	78,750	(14,744)
Net (decrease) increase in cash and cash equivalents	(18,056)	27,733	5,104	29,203
Cash and cash equivalents at the beginning of the periods	99,096	121,010	76,168	119,817
Effects of exchange rate changes on the balance of cash held in foreign currency	124	(277)	(108)	(554)
Cash and cash equivalents at the end of the periods	81,164	148,466	81,164	148,466



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1(c) A cashflow statement (for the group), together with a comparative statement for the corresponding period for the immediately preceding financial year (continued).

	Proforma CFS			
	2Q2014	2Q2013	1H2014	1H2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Loss before tax	(34,879)	(15,902)	(37,442)	(18,899)
Adjustments for:				
Depreciation and amortisation	730	2,656	1,472	5,167
Interest expense	23,059	15,478	42,270	38,043
Interest income	(1,369)	(852)	(2,463)	(4,253)
Share of a joint controlled operation profit	(1,042)	(7,388)	(3,765)	(14,508)
Operating (loss) profit before working capital changes	(13,501)	(6,008)	72	5,550
Trade and other receivables	4,534	(705)	1,498	(12,020)
Development properties	(96,056)	(48,094)	(134,648)	(32,724)
Property held for sales	5,245	24,949	25,598	26,235
Amount due from customers for contract work	-	(406)	11,208	6,320
Inventories	(8)	(2)	(15)	(239)
Trade and other payables	90,111	60,297	96,545	52,292
Amounts due to related parties	2,156	548	(2,613)	548
Net cash (used in) from operations	(7,519)	30,579	(2,355)	45,962
Interest paid	(31,478)	(18,461)	(54,507)	(39,740)
Interest received	1,369	625	2,463	4,026
Income taxes paid	(1,571)	(1,885)	(6,959)	(4,527)
Net cash (used in) from operating activities	(39,199)	10,858	(61,358)	5,721
Cash flows from investing activities				
Repayment from jointly controlled operation	5,500	22,000	5,500	38,500
Purchases of properties, plant and equipment	(372)	-	(544)	-
Addition in investment property	(12,340)	(281)	(17,244)	(501)
Interest received	-	227	-	227
Net cash (used in) from investing activities	(7,212)	21,946	(12,288)	38,226
Cash flows from financing activities				
Amounts due from related parties	(346)	518	3,017	185
Fixed deposit	4,094	(72,198)	91,860	27,042
Proceeds from bank and other loans	44,019	196,000	167,000	303,500
Repayment of bank and other loans	(19,412)	(129,391)	(183,127)	(345,471)
Net cash from (used in) financing activities	28,355	(5,071)	78,750	(14,744)
Net (decrease) increase in cash and cash equivalents	(18,056)	27,733	5,104	29,203
Cash and cash equivalents at the beginning of the periods	99,096	121,010	76,168	119,817
Effects of exchange rate changes on the balance of cash held in foreign currency	124	(277)	(108)	(554)
Cash and cash equivalents at the end of the periods	81,164	148,466	81,164	148,466

Explanatory Notes:

Notwithstanding the fair value adjustments to the cost of property development sales of our existing development properties during our Restructuring Exercise, such fair value adjustments does not affect the operating cash flows from existing development properties.



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group - Actual CFS								
	Issued Capital RMB'000	Retained Earnings RMB'000	Translation Reserve RMB'000	Statutory Reserve RMB'000	Capital Reserve RMB'000	Revaluation Reserve RMB'000	Attributable to equity holders of the Company RMB'000	Non-Controlling Interests RMB'000	Total RMB'000
Balance as at 1 January 2013	909,831	197,361	2,901	23,887	396	-	1,134,376	4,055	1,138,431
Total comprehensive loss for the period	-	(13,404)	(232)	-	-	-	(13,636)	(123)	(13,759)
Balance as at 31 March 2013	909,831	183,957	2,669	23,887	396	-	1,120,740	3,932	1,124,672
Total comprehensive loss for the period	-	(16,407)	(323)	-	-	-	(16,730)	(343)	(17,073)
Balance as at 30 June 2013	909,831	167,550	2,346	23,887	396	-	1,104,010	3,589	1,107,599
Balance as at 1 January 2014	909,831	285,279	1,821	23,887	396	17,788	1,239,002	25,519	1,264,521
Total comprehensive (loss) profit for the period	-	(5,812)	1,752	-	-	-	(4,060)	(3,996)	(8,056)
Balance as at 31 March 2014	909,831	279,467	3,573	23,887	396	17,788	1,234,942	21,523	1,256,465
Total comprehensive (loss) profit for the period	-	(30,792)	862	-	-	-	(29,930)	(1,984)	(31,914)
Balance as at 30 June 2014	909,831	248,675	4,435	23,887	396	17,788	1,205,012	19,539	1,224,551



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued).

	Group - Proforma CFS									
	Issued Capital RMB'000	Retained Earnings RMB'000	Translation Reserve RMB'000	Proforma Reserve RMB'000	Statutory Reserve RMB'000	Capital Reserve RMB'000	Revaluation Reserve RMB'000	Attributable to equity holders of the Company RMB'000	Non-Controlling Interests RMB'000	Total RMB'000
Balance as at 1 January 2013	909,831	113,386	2,901	(148,414)	31,442	396	-	909,542	4,055	913,597
Total comprehensive loss for the period	-	(12,162)	(232)	-	-	-	-	(12,394)	(123)	(12,517)
Balance as at 31 March 2013	909,831	101,224	2,669	(148,414)	31,442	396	-	897,148	3,932	901,080
Total comprehensive loss for the period	-	(15,895)	(323)	-	-	-	-	(16,218)	(343)	(16,561)
Balance as at 30 June 2013	909,831	85,329	2,346	(148,414)	31,442	396	-	880,930	3,589	884,519
Balance as at 1 January 2014	909,831	206,905	1,821	(148,414)	31,442	396	21,707	1,023,688	25,519	1,049,207
Total comprehensive (loss) profit for the period	-	(4,935)	1,752	-	-	-	-	(3,183)	(3,996)	(7,179)
Balance as at 31 March 2014	909,831	201,970	3,573	(148,414)	31,442	396	21,707	1,020,505	21,523	1,042,028
Total comprehensive (loss) profit for the period	-	(30,671)	862	-	-	-	-	(29,809)	(1,984)	(31,793)
Balance as at 30 June 2014	909,831	171,299	4,435	(148,414)	31,442	396	21,707	990,696	19,539	1,010,235



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued).

	Company			
	Share capital RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
Balance as at 1 January 2013	909,831	(292,962)	28,609	645,478
Total comprehensive loss for the period	-	(598)	(12,558)	(13,156)
Balance as at 31 March 2013	909,831	(293,560)	16,051	632,322
Total comprehensive loss for the period	-	(1,149)	(17,760)	(18,909)
Balance as at 30 June 2013	909,831	(294,709)	(1,709)	613,413
Balance as at 1 January 2014	909,831	(245,208)	(12,429)	652,194
Total comprehensive (loss) profit for the period	-	(1,419)	21,186	19,767
Balance as at 31 March 2014	909,831	(246,627)	8,757	671,961
Total comprehensive (loss) profit for the period	-	(1,560)	9	(1,551)
Balance as at 30 June 2014	909,831	(248,187)	8,766	670,410

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

There are no treasury shares as at 31 December 2013 and 30 June 2014 respectively.

Number of ordinary shares and share capital of the Company as at the balance sheet dates:

	30.6.2014		31.12.2013	
	No of shares	S\$'000	No of shares	S\$'000
Issued and fully paid	1,125,000,000	187,147	1,125,000,000	187,147



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1(d)(iv) *A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.*

Nil.

2. *Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.*

The figures have neither been audited nor reviewed by the Company's auditors.

3. *Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).*

Not applicable.

4. *Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied (continued).*

The Group has applied the same accounting policies and methods of computation in its unaudited financial statements for 2Q2014 and 1H2014 as those of the audited financial statements for the year ended 31 December 2013, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2014. The adoption of all new and revised FRSs has no material effect on the 2Q2014 and 1H2014 unaudited financial statements.

5. *If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.*

Nil.

6. *Earnings per ordinary share (EPS) of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.*

RMB fens	Actual CFS			
	2Q2014	2Q2013	1H2014	1H2013
Loss Per Share				
Basic (a)	(2.74)	(1.46)	(3.25)	(2.65)

RMB fens	Proforma CFS			
	2Q2014	2Q2013	1H2014	1H2013
Loss Per Share				
Basic (a)	(2.73)	(1.41)	(3.16)	(2.49)

(a) Loss per share has been computed based on the ordinary shares capital of 1,125,000,000 shares ie: number of ordinary shares issued and paid-up, please refer to item 1(d)(iii).



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7. *Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.*

RMB fens	Group				Company	
	Actual CFS		Proforma CFS		Actual CFS	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Net asset value per ordinary share based on issued share capital at end of financial year*	108.85	112.40	89.80	93.26	59.59	57.97

* Net asset value per share has been computed based on the ordinary share capital of 1,125,000,000 ie: number of ordinary shares issued and paid-up, refer to item 1(d)(iii)).

8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:*

- (a) *any significant factor that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and*
 (b) *any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.*

Key differences in the comprehensive income statement and balance sheet items of our Actual Consolidated Financial statements and our Proforma Consolidated Financial statements for 2Q2014 and 1H2014

	30.6.2014		Difference
	Actual*	Proforma**	***
	RMB'000	RMB'000	RMB'000
<u>Balance sheet items</u>			
Property held for sales	365,515	354,681	10,834
Development properties	1,761,689	1,492,772	268,917
Property, plant and equipment	26,454	23,012	3,442
Investment in a jointly controlled operation	22,672	22,049	623
Deferred tax liabilities	169,737	100,237	69,500
Shareholders' equity	1,224,551	1,010,235	214,316

	2Q2014		Difference	1H2014		Difference
	Actual*	Proforma**	***	Actual*	Proforma**	***
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Comprehensive income statements items</u>						
Cost of sales	(7,269)	(7,148)	(121)	(29,551)	(28,415)	(1,136)
Administrative expenses	(11,319)	(11,262)	(57)	(24,573)	(24,460)	(113)
Share of joint controlled operation	1,010	1,042	(32)	3,659	3,765	(106)
Income tax expense	2,313	2,224	89	(3,787)	(4,144)	357
Loss for the period	(32,776)	(32,655)	(121)	(42,584)	(41,586)	(998)

* Based on the unaudited Actual Consolidated Financial Statements.

** Based on the unaudited Proforma Consolidated Financial Statements.

*** Refer to Explanatory Notes 1(a)(i) and 1(b)(i).



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued):*

Review based on unaudited Actual Consolidated Financial Statements

Income statement

Revenue

Our Group's revenue increased by RMB12.3 million, or 22%, from RMB54.8 million in 1H2013 to RMB67.1 million in 1H2014. Most of the revenue was contributed from property development sales. The revenue from our property development sales increased by RMB10.2 million, from RMB40.4 million in 1H2013 to RMB50.6 million in 1H2014. The increase in revenue from the property development sales was mainly due to a higher average selling price ("ASP") per square metre ("sqm") achieved and a higher gross floor area ("GFA") recognised in 1H2014 over the previous corresponding period. The GFA sold and recognised in 1H2013 and 1H2014 was 3,100 sqm and 3,200 sqm respectively, while the ASP per sqm had increased from approximately RMB14,000 per sqm in 1H2013 to approximately RMB15,600 per sqm in 1H2014. The higher ASP per sqm and GFA in 1H2014 was achieved by sales contribution from Phase 1 and Phase 1(ii) (consisting of bungalows, semi-detached and triple-linked villas) of Shanshui Longpan (山水龙盘), a high-end villa and residential township project by the Group.

The increase in revenue was also contributed by an increase in revenue contribution from property management service income and property rental income of RMB1.4 million, due to the increase in property management fees from Phases 1 to 4 of Jiangnan Minju, one of residence communities that we provided property management service, as well as the increase in rental contribution from our investment properties. The property management fees were charged on a monthly basis at a fixed rate per sqm multiplied by the gross floor of the property, and the fixed rate of Phases 1 to 4 of Jiangnan Minju increased since April 2013.

In addition, there was an increase in revenue contribution from construction contracts of RMB0.7 million, which was mainly due to the increase in revenue from construction contracts work done for Jin Long Garden, our jointly controlled construction operations, as the construction contracts were finally settled in February 2014 and the final amount of construction contracts was higher than the budget.

For 2Q2014, the Group's revenue increased by RMB5.4 million, or 61%, from RMB8.9 million in 2Q2013 to RMB14.3 million in 2Q2014. This was mainly attributed to an increase in revenue contribution from property development sales and property rental income, and which was partially offset by a decrease in revenue from property management service income and revenue contribution from construction contracts.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued):*

Cost of Sales and Gross Profit

Our cost of sales increased by RMB0.3 million, or 1%, from RMB29.2 million in 1H2013 to RMB29.5 million in 1H2014. This was mainly attributed to an increase in cost of property development sales and property management service income by RMB1.4 million and offset by a decrease in cost of property rental and construction contracts by RMB1.1 million, which were fairly in line with the increase of GFA sold and recognised and the increase of revenue from property rental.

Included in the 1H2014 cost of property development sales of our Unaudited Actual Consolidated Financial Statements, was a fair value adjustment which increased the cost of property development sales by RMB1.1 million. The fair value of adjustment to the cost of property development sales was mainly due to the application of SFRS 103 for the acquisition of the PRC subsidiaries by our Group where, *inter alia*, the development properties and property held for sale held by the respective PRC subsidiaries would need to be recorded at fair value at the respective dates of acquisition, which is higher than the historical costs. Accordingly, this resulted in a corresponding fair value adjustment to cost of property development sales when the Group recorded sales for their sold properties during 1H2014.

The quantum of the total fair value adjustments to our cost of property development sales over time would be limited to the aggregate of the excess of the attributed fair values of these properties over the corresponding historical book values at time of acquisition of approximately RMB488.7 million (excluding the offset against estimated deferred tax liability adjustment of approximately RMB122.2 million). As the cumulative fair value adjustments to our cost of property development sales amounted to RMB215.3 million as at end of 1H2014, the aggregate of remaining fair value adjustments to our future cost of property development sales in the Actual Consolidated Financial Statements will only be up to RMB273.4 million **(excluding the offset against a deferred tax liability adjustment of approximately RMB68.4 million, which will result in net future fair value adjustments of approximately RMB205.0 million only).**

In terms of gross profit margin, our overall gross profit margin increased from 47% in 1H2013 to 56% in 1H2014, as a result of an increase in gross profit margin from property development sales due to a higher ASP per sqm derived from Phase 1 and 1 (ii) villas of Shanshui Longpan (山水龙盘), the ASP per sqm was approximately RMB 15,600 per sqm and RMB 14,000 per sqm for 1H2014 and 1H2013 respectively.

Cost of sales increased by RMB4.2 million or 134% from RMB3.1 million 2Q2013 to RMB7.3 million 2Q2014. This was mainly due to increase in cost of property development sales caused by the increase of GFA sold and recognised.

The overall gross profit margin decreased from 65% in 2Q2013 to 49% in 2Q2014, which was mainly due to decrease in gross profit contributions from the property development sales as one villa recognised in 2Q2014 sold at a lower ASP owing to its location was in the middle of the triple-linked villas.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued):*

There were no significant movements in the cost of sales for property rental and property management services as compared with the corresponding period of 2Q2013.

With the exclusion of the non-cash fair value adjustment on the cost of property development sales due to the application of SFRS 103 (the “**SFRS 103 Adjustment**”), the Proforma Consolidated Financial Statements gross profit margins attained are at 49% in 1H2013 and 58% in 1H2014 respectively, as well as 68% in 2Q2013 and 50% in 2Q2014. The variance was fairly in line with the Actual Consolidated Financial Statements gross profit margin variances, taking into consideration the said non-cash fair value adjustment on the cost of property development sales.

Other Income

Other operating income, which mainly included interest income and other income, comprised mainly of miscellaneous surcharge income from property management services.

Other income decreased by RMB1.9 million or 43% in 1H2014 as compared with the prior period, which was mainly caused by a decrease of RMB1.8 million of interest income from restricted cash and cash equivalents.

Selling and Distribution Expenses

Selling expenses primarily comprise staff cost, advertising and promotion expenses, sales commissions, model room expenses and maintenance costs.

The selling and distribution expenses increased by RMB11.1 million or 240% in 1H2014 and RMB6.7 million or 221% in 2Q2014 as compared with the respective periods of last year. The higher selling and distribution expenses in 1H2014 and 2Q2014 were due mainly to the expenses incurred for the marketing efforts for the Phase 3 of Shanshui Longpan (a property development project located at No. 87 North Area, Foshan Household Appliances Industry Base of the National Torch Program, Baini Town, Sanshui District, Foshan City) and commercial units of Sihui City Mall (a property development project located at Sihui Avenue, Dongcheng, Sihui City).

Administrative Expenses

Administrative expenses comprise of various expenses such as salaries and staff-related expenses of general administrative staff, utilities, depreciation charges for building and office equipment, telecommunication expenses, entertainment expenses, professional fees, travelling expenses and other general office overheads expenses.

Our administrative expenses increased by RMB2.0 million (approximately 9%), from RMB22.5 million in 1H2013 to RMB24.5 million in 1H2014, which was mainly attributable to an increase of staff salaries and staff related expenses to meet staffing needs arising from our projects of Sihui City Mall and Tianjin Boulevard.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued):*

For the 2Q2014, as Sihui City Mall has been commenced construction works from the end of March 2013, there was no significant movement on administrative expenses as compared with previous period.

Finance Costs

Finance cost, net of capitalised interest, recorded an increase of RMB4.2 million in 1H2014 and RMB7.6 million in 2Q2014 over the respective periods in FY2013. The substantial increase in finance costs in 1H2014 was mainly due to the increase in average loan balance from RMB1,059.8 million in 1H2013 to RMB1,348.0 million in 1H2014 (refer to Paragraph 1(b)ii). Since the new loans raised were mainly working capital loans with higher effective interest rate, the respective interest incurred were expensed-off to the income statement directly.

Share of a Jointly Controlled Operation Profits

The share of jointly controlled operation results relates to the 55% stake contribution from Jin Long Garden. Jin Long Garden is an integrated residential and commercial estate project jointly developed with an unrelated third party, Foshan Jing Fang. Foshan Jing Fang holds the remaining 45% stake of the project.

The Group's share of the aforementioned jointly controlled operations results incurred a profit of RMB3.7 million in 1H2014, compared with a profit of RMB14.0 million in 1H2013 (resulting in a decrease of RMB10.3 million in profits). In 2Q2014, the profit incurred was RMB1.0 million compared with a profit of RMB7.1 million in 2Q2013, a decrease of profits by RMB6.1 million. The profit recognised was mainly due to the handover of some completed properties in Phase 2 of Jin Long Garden – South Zone to buyers since the early July 2012. Pursuant to the adoption of the INT FRS 115, the pre-sold GFA will be recognised upon being handed over. While the decrease in profit was caused by lowered GFA sold and recognised in 1H2014 and 2Q2014.

With the exclusion of the Notional Adjustment on the Jin Long Garden project cost of development, the Proforma CFS Share of jointly controlled operation profit in 1H2014 and 2Q2014 were decreased by RMB10.7 million and RMB6.3 million respectively which were fairly in line with the Actual CFS variance.

Amortisation

Amortisation relates to the amortisation of prepaid land use rights for our corporate office since 4Q2009 and the completed Shanshui Longpan Hotel building. The amortisation is based on 40 years rights of use of the land. As Shanshui Longpan Hotel building is currently rent out and transferred to our investment property, the corresponding amortisation of land use right of Shanshui Longpan Hotel building stopped.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued):*

Depreciation

Depreciation relates to the depreciation charge on our properties, plant and equipment.

Depreciation decreased by RMB3.4 million and RMB1.8 million in 1H2014 and 2Q2014 as compared with the respective periods of last year, which were mainly due to the decrease of depreciation charges on Shanshui Longpan Hotel building, which is currently held to earn rental income and transferred to our investment property.

Income Tax Credit/(Expenses)

Income tax includes statutory enterprise income tax and land appreciation tax (“LAT”). Income tax decreased by RMB5.4 million and RMB2.6 million in 1H2014 and 2Q2014 respectively as compared with the corresponding periods in FY2013. The lower income tax expenses in 1H2014 and 2Q2014 were mainly due to decrease of provision of LAT and statutory enterprise income tax for property development sales, in line with a lower profit margin in 2Q2014 as aforesaid.

The Proforma Consolidated Financial Statements has a higher income tax expense compared to the Actual Consolidated Financial Statements, and was mainly due to the estimated deferred tax liability adjustment on the pertained fair value notional adjustment to the cost of property development (please refer to Paragraph 8 – Cost of Sales).

Net Loss

With the above, the Group recorded a net loss of RMB42.6 million in 1H2014 and RMB32.8 million in 2Q2014 respectively. The Proforma Consolidated Financial Statements, which excludes the notional adjustment, effects a better comparability of the Group's performance, has presented a net loss of RMB41.6 million in 1H2014 and RMB32.6 million in 2Q2014 respectively.

Statement of Financial Position

Current Assets

Current assets comprise mainly development properties, properties held for sale, cash and bank balances, trade and other receivables and amount due from customers for contract work. Our current assets as at the end of FY2013 and 1H2014 amounted to approximately RMB2,545.4 million and RMB2,566.7 million respectively.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued) :*

The largest component of our current assets was development properties, which amounted to approximately RMB1,611.9 million and RMB1,761.7 million as at the end of FY2013 and 1H2014 respectively. Development properties, which include the cost of land, interest capitalised, and related costs, accounted for approximately 63% and 69% of our current assets as at the end of FY2013 and 1H2014 respectively. The RMB149.7 million or 9% increase in development properties was mainly due to the increase of development costs for the Sihui City Mall project and the high rise phase of Shanshui Longpan project which have been launched for pre-sale in January 2014.

Properties held for sales amounted to RMB 391.4 million and RMB 365.5 million as at the end of FY2013 and 1H2014 respectively, which include properties of Jiangnan Mingju Phases 5 and 6, and Phase 1 and Phase 1 (ii) Villas of Shanshui Longpan. The RMB25.9 million or 7% decrease in properties held for sales was due to the recognition of cost of sales when properties held for sales were sold.

The Group's cash and bank balances as at 30 June 2014 increased by RMB5.0 million or 7% to RMB81.2 million as compared with 31 December 2013, which was primarily attributable to the net cash from financing activities of RMB78.8 million, and partially offset by the net cash used in investing activities of RMB12.3 million and operating activities of RMB61.4 million respectively

In addition, restricted cash stood at RMB176.3 million and RMB268.2 million as at end of 1H2014 and FY2013 respectively. The decrease was due to the cancellation of RMB91.9 million pledged cash along with the repayment of bank loans.

Trade and other receivables stood at approximately RMB179.7 million and RMB178.2 million at the end of FY2013 and 1H2014 respectively. The decreases of RMB1.5 million in trade and other receivables were mainly due to the collection of account receivable.

Amount due from customers for contract works stood at RMB11.8 million and RMB0.6 million as at end of FY2013 and 1H2014 respectively. These amounts pertain to construction contracts that have yet to be billed to our construction contract customers. The decrease of the RMB11.2 million or 95% in amounts due from customers for contract works was mainly due to the efforts to speed up the process of billing and collection.

Non-current assets

Non-current assets comprised mainly investment properties, investment in jointly controlled operation and property, plant and equipment. As at the end of FY2013 and 1H2014, our non-current assets had an aggregate net book value of approximately RMB1,039.9 million and RMB1,054.3 million respectively.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued) :*

The investment properties are held to earn rental income and/or for capital appreciation. Our investment properties comprised mainly our Debao Hotel Complex together with the adjacent land and underground car parks, commercial premises located in Debao Garden and Jiangnan Mingju, car parks located in Debao Garden, and plant, equipment and land use rights in Danzao and Shishan, Shanshui Longpan Hotel buildings and Tianjin Boulevard buildings. The net book value of our investment properties was approximately RMB957.0 million and RMB974.3 million as at the end of FY2013 and 1H2014, which accounted for approximately both 92% of our non-current assets as at the end of FY2013 and 1H2014 respectively. The increase of RMB17.3 million in the investment properties included RMB11.5 million for the redevelopment expenditure of Tianjin Boulevard project and RMB5.8 million of tax expenses and service charges for acquisition of certificates of ownership of plant and land use rights in Shishan.

The investment in jointly controlled operation comprises the investment in Jin Long Garden, of which 55% of the profits will be attributable to the Group. The decrease of RMB1.8 million in the investment in joint controlled operation was mainly due to repayment of advances of RMB5.5 million to the group in 1H2014, which was partially offset by the Group's share of RMB3.7 million profit of the current reporting period from the investment in jointly controlled operation.

The prepaid land use right, and property, plant and equipment decreased by RMB1.0 million was mainly due to amortisation/depreciation charge of RMB1.6 million for 1H2014, which was partially offset by purchase of office equipments and vehicle.

Current liabilities

Trade and other payables, which mainly comprise amounts payable to contractors and suppliers and advance receipts from property development sales, stood at approximately RMB375.3 million and RMB527.8 million at the end of FY2013 and 1H2014 respectively. The increase of RMB97.5 million in trade and other payables was mainly due to (a) an increase of RMB42.4 million in account payables to contractors by property development and construction subsidiaries in line with the progress of the projects, such as Phase 1 and Phase 1(ii) Villas of Shanshui Longpan are almost completed; (b) addition of RMB108.7 million from customers for pre-sales of properties that did not meet sales recognition criteria; (c) transfer of RMB53.6 million by the recognition of Phase 1 and Phase 1(ii) villas of Shanshui Longpan and Phases 5 and 6 of Jiangnan Mingju pre-sales proceeds on those handed over in 1H2014.

Bank and Other Loans

Please refer to item 1(b)(ii).



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued) :*

Shareholders' equity

Equity is comprised of share capital, translation reserve, non-controlling interest and retained earnings. The non-controlling interest pertains to the 45% shareholding held by the minority interest in a PRC subsidiary, Sihui Debao Jiangnan Mingju Property Development Co., Ltd, 34% shareholding held by the minority interest in a PRC subsidiary, Guangxi Hezhou Deneng Mining Co., Ltd, and 42.2% shareholding held by the minority interest in a PRC subsidiary, Tianjin Hotel Street Co, Ltd.

At the end of FY2013 and 1H2014, shareholders' equity amounted to RMB1,264.5 million and RMB1,224.6 million respectively. The decrease in equity was mainly due to the loss incurred in the current period.

Cash flow statement

The Group has a net cash outflow from operating activities of RMB61.4 million during 1H2014, which comprised operating cash outflow before movements in working capital of RMB1.1 million, adjusted for net working capital used in operations of RMB1.3 million and net of finance cost and interest received as well as income tax paid of RMB52.0 million and RMB7.0 million respectively. The net working capital outflows were mainly due to the increase in development properties as explained above, partially offset by the increase in trade and other payables and the decrease in property held for sales and trade and other receivables(also as explained above) during the current reporting period.

The net cash outflows from investing activities of RMB12.3 million mainly pertained to the addition of investment properties and purchase of administrative equipments and vehicle in 1H2014, and partially offset by repayment from jointly controlled operation of RMB5.5 million.

The Group recorded a net cash inflow from financing activities of RMB78.8 million during 1H2014. This was mainly due to drawdown of new loans raised of RMB167.0 million and the cancellation of RMB91.9 million pledged cash along with the repayment of bank loans, partially offset by repayment of RMB183.1 million bank and other loans.

With the above, the Group has a net increase in cash and cash equivalents of RMB5.1 million for 1H2014.

9. *Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.*

The results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the full year ended 31 December 2013 and period ended 31 March 2014.



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10(a). *A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.*

Market Outlook

Despite tight macro control policies, we have observed that transacted property average selling prices per sqm in Foshan has been holding steadily with a slight increase of 6.33% during the current reporting period, from RMB8,181 per sqm⁽¹⁾ in 1H2013 to RMB8,699 per sqm⁽¹⁾ in 1H2014. However, transaction volumes have decreased from 4.3553 million sqm⁽¹⁾ in 1H2013 to 3.6930 million⁽¹⁾ in 1H2014, a decrease of approximately 15.21%.

Project Updates

As at 30 June 2014, the Group has two development projects with a gross floor area (“GFA”) of approximately 0.98 million sqm under development and approximately 0.43 million sqm GFA of land held for future development. These are expected to be separately completed in various phases up to 2017, providing us with secure and visible business growth opportunities in the foreseeable future. In relation to commercial projects, apart from Sihui City Mall-a residential and shopping mall development project, the Group has a redevelopment project (hotel and shopping mall) in Tianjin Heping District, Nanshi Hotels Street (天津市和平区南市旅馆街)-Tianjin Boulevard. At the same time, the Group will continue to source for quality and commercially viable new land reserves both in China and overseas, including retail mall development, redevelopment of industrial land as well as tourism development projects.

Shanshui Longpan, Phase 1 and Phase 1(ii) villas

The Shanshui Longpan, Phase 1 and Phase 1(ii) villas have a saleable GFA of approximately 69,500 sqm (*revised*) and 36,300 sqm (*revised*) respectively, of which approximately 69,500 sqm and 36,300 sqm have been launched for pre-sales as at 31 June 2014. Starting from October 2011, the Group has handed over those completed units of Phase 1 villas to the buyers in batches. We have also commenced the handover of the Phase 1(ii) villas in batches since October 2012.

Jin Long Garden – South Zone (Phase 2)

The total saleable GFA of Jin Long Garden – South Zone (Phase 2) is approximately 91,200 sqm (*revised*), of which approximately 81,600 sqm have been launched for pre-sales (in stages) as at 30 June 2014 and some of those completed units have been handed over to the buyers since early July 2012.

Phase 3 high rise of Shanshui Longpan

Phase 3 high rise of Shanshui Longpan, the construction works of which started since March 2013, have a GFA of approximately 710,000 (*revised*) sqm, of which approximately 40,700 sqm have been launched for pre-sales and approximately 29,400 sqm have contracted intention to purchase as at 30 June 2014.



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10(b). *A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months (continued).*

Sihui City Mall

Sihui City Mall have a GFA of approximately 162,000 aqm, of which approximately 15,500 sqm have been launched for pre-sales and approximately 4,400 sqm have contracted intention to purchase as at 30 June 2014.

The accumulated sales/pre-sales⁽²⁾ status of our projects as at 30 June 2014 are as follows :

Projects	Sales/Pre-sales Value - RMB'000	Sales/Pre-sales GFA - Sq m	Approximate ASP/Sq m – RMB	Estimated Percentage of Completion
Shanshui Longpan Phase 1 Villas	676,663	48,633	13,900	99%-100%
Shanshui Longpan Phase 1(ii) Villas	162,541	10,128	16,000	100%
Jin Long Garden – South Zone	735,589	71,657	10,300	100%
Jiangnan Minju Phases 5 and 6	982,403	144,300	6,800	100%
Shanshui Longpan Phase 3 High Rises	124,748	25,692	4,900	8%
Sihui City Mall	45,049	1,333	33,800	55%
Total	2,726,993	301,743	9,000	NA

The sales/pre-sales⁽²⁾ of our projects for 1H2014 are as follows:

Projects	Sales/Pre-sales Value - RMB'000	Sales/Pre-sales GFA - Sq m	Approximate ASP/Sq m – RMB	Estimated Percentage of Completion
Shanshui Longpan Phase 1 Villas	18,463	1,244	14,800	99%-100%
Shanshui Longpan Phase 1(ii) Villas	19,024	1,184	16,100	100%
Jin Long Garden – South Zone	8,657	945	9,200	100%
Jiangnan Minju Phases 5 and 6	1,214	152	8,000	100%
Shanshui Longpan Phase 3 High Rises	124,748	25,692	4,860	8%
Sihui City Mall	45,049	1,333	33,802	55%
Total	217,155	30,551	7,100	NA



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10(b). *A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months (continued).*

The sales/pre-sales⁽²⁾ of our projects for 2Q2014 are as follows:

Projects	Sales/Pre-sales Value - RMB '000	Sales/Pre-sales GFA - Sq m	Approximate ASP/Sq m – RMB	Estimated Percentage of Completion
Shanshui Longpan Phase 1 Villas	6,680	417	16,000	99%-100%
Shanshui Longpan Phase 1(ii) Villas	9,776	603	16,200	100%
Jin Long Garden – South Zone	1,005	95	10,600	100%
Jiangnan Minju Phases 5 and 6	130	10	13,600	100%
Shanshui Longpan Phase 3 High Rises	82,627	15,986	5,200	8%
Sihui City Mall	15,939	481	33,100	55%
Total	116,157	17,592	6,600	NA

Pursuant to the effect of INT FRS 115, the sales for Jiangnan Minju Phases 5 and 6, and Shanshui Longpan Phase 1 and 1(ii) villas in 1H2014 have been recognised as revenue in the current reporting periods. The accumulated sales for Jin Long Garden – South Zone (Phase 2) (a 55% joint-ventured project) have also been recognised in 1H2014 when handed over.

Barring unforeseen circumstances, the Board of Directors is cautiously optimistic of the Group's performance in 2014, based on the continual sales activities of Shanshui Longpan, Jin Long Garden South Zone (Phase 2) and Jiangnan Mingju Phases 5 and 6.

(1) Source from Bureau of Housing and Urban-Rural Development of Foshan (http://www.fsjw.gov.cn/spjxs/sjj/201407/t20140704_4673336.html)

(2) Sales/pre-sales with certainty on receipt of purchase consideration, including those not ready for handover or key collection



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11. *Dividend*

(a) *Current Financial Period Reported on*

None.

(b) *Corresponding Period of the Immediately Preceding Financial Year*

None.

(c) *Date payable*

Not applicable.

(d) *Books closure date*

Not applicable.

12. *If no dividend has been declared/recommended, a statement to that effect.*

Not applicable.

13. *Interested Person Transactions*

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 1H2014	Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) 1H2014
Zhong Yu Xin ⁽¹⁾	S\$ 378,260 ⁽²⁾	-

Notes:

(1) Mr Zhong Yu Xin is the brother of our Executive Director, Mr Zhong Yu Zhao.

(2) Lease of Debao Hotel.



DEBAO PROPERTY
DEVELOPMENT LTD.
德宝房地产开发有限公司



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BY ORDER OF THE BOARD

Yuan Le Sheng
Executive Chairman and CEO

13 August 2014

Confirmation by the Board

We, Yuan Le Sheng and Zhang Mao, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Management and Board of Directors which may render the half year ended 30 June 2014 results to be false or misleading in any material respect.

On behalf of the Board of Directors

Yuan Le Sheng
Executive Chairman and CEO

Zhang Mao
Executive Director

13 August 2014