

CIRCULAR DATED 15 NOVEMBER 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of Debao Property Development Ltd. ("**Company**"), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee, or the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made or opinions expressed or reports contained in this Circular.

Terms appearing on the cover of this Circular have the same meanings as defined in this Circular.



DEBAO PROPERTY DEVELOPMENT LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200715053Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (A) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE; AND**
- (B) THE PROPOSED CHANGE OF AUDITORS OF THE COMPANY FROM DELOITTE & TOUCHE LLP TO NEXIA TS PUBLIC ACCOUNTING CORPORATION**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	28 November 2018 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	30 November 2018 at 11.00 a.m. (or soon thereafter following the conclusion of the AGM of the Company to be held at 10.00 a.m. on the same day at the same place)
Place of Extraordinary General Meeting	:	80 Raffles Place, #33-00 UOB Plaza 1, Singapore 048624

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	Annual General Meeting of the Company
“Audit Committee”	:	The audit committee of the Company as at the date of this Circular, comprising Cheong Keng Chuan Alfred, Jack Chia Seng Hee and He Guo Quan
“Auditors”	:	The auditors of the Company as appointed from time to time
“Board”	:	The board of Directors as at the date of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 15 November 2018
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Company”	:	Debao Property Development Ltd.
“Constitution”	:	Constitution of the Company
“Deloitte”	:	Deloitte & Touche LLP
“Directors”	:	The directors of the Company as at the date of this Circular
“EGM”	:	The Extraordinary General Meeting of the Company to be convened on 30 November 2018, notice of which is set out on pages 22 to 24 of this Circular
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended or ending 31 December
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	8 November 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchases”	:	Has the meaning ascribed to it at paragraph 2.1(a) of this Circular
“Maximum Number of Shares”	:	Has the meaning ascribed to it at paragraph 2.5.2 of this Circular
“Maximum Price”	:	Has the meaning ascribed to it at paragraph 2.1(ii) of this Circular
“Nexia TS”	:	Nexia TS Public Accounting Corporation
“NTA”	:	Net tangible assets

DEFINITIONS

“Off-Market Purchase”	:	Has the meaning ascribed to it at paragraph 2.1(b) of this Circular
“Proposals”	:	Has the meaning ascribed to it at paragraph 1.1 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Register of Members”	:	Register of members of the Company
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of Shares, except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to those Shares, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“Share Buyback Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
“SIC”	:	Securities Industry Council of Singapore
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
Currencies and Units		
“RMB” and “cents”	:	Renminbi and cents respectively, the lawful currency of the People’s Republic of China
“S\$”	:	Singapore dollars, the lawful currency of the Republic of Singapore
“%”	:	Percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The term “**subsidiary**” shall have the meaning as ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

DEFINITIONS

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, Listing Manual or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

DEBAO PROPERTY DEVELOPMENT LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200715053Z)

Directors:

Zhong Yuzhao (*Executive Director and Chief Executive Officer*)
Zhang Mao (*Executive Director*)
Yuan Jiajun (*Executive Director*)
Cheong Keng Chuan Alfred (*Lead Independent Director*)
He Guoquan (*Independent Director*)
Chia Seng Hee, Jack (*Independent Director*)

Registered Office:

80 Raffles Place
#32-01 UOB Plaza 1
Singapore 048624

15 November 2018

To: The Shareholders of Debao Property Development Ltd.

Dear Sir / Madam

1 INTRODUCTION

- 1.1 The Directors are convening the EGM to be held on 30 November 2018 to seek Shareholders' approval for the following proposals:
- (a) the proposed adoption of the Share Buyback Mandate; and
 - (b) the proposed change of auditors of the Company from Deloitte to Nexia TS,
- (collectively, the "**Proposals**").
- 1.2 The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to the Proposals to be tabled at the EGM, and to seek Shareholder's approval for the same, notice of which is set out on pages 22 to 24 of this Circular.
- 1.3 The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

2 THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

2.1 Introduction

The Company is seeking Shareholders' approval for the Share Buyback Mandate to authorise the Directors to buy back Shares representing up to a maximum of ten per cent. (10%) of the issued Shares of the Company (excluding treasury shares and subsidiary holdings) as at the date on which the resolution authorising the same is passed, at a price of up to but not exceeding the Maximum Price. Such purchases of Shares will be made subject to the Constitution, the Listing Manual, Companies Act and Take-over Code.

Purchases of Shares may be effected by the Company in either one of the following two ways or both:

- (a) by way of on-market purchases transacted on the SGX-ST through the ready market of the SGX-ST ("**Market Purchases**"); and/or

LETTER TO SHAREHOLDERS

- (b) by way of an off-market acquisition on an “equal access scheme” as defined in Section 76C of the Companies Act (“**Off-Market Purchase**”).

Pursuant to the Companies Act and the Listing Manual, the authority and limitations on the Share Buyback Mandate are as follows:

- (i) Maximum Number of Shares

The maximum number of Shares which may be purchased by the Company pursuant to the Share Buyback Mandate is that number of Shares representing not more than ten per cent. (10%) of the issued Shares of the Company (excluding treasury shares and subsidiary holdings) as at the date on which the resolution authorising the same is passed.

On the basis of 74,999,688 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the exercise in full of the Share Buyback Mandate would result in the purchase of 7,499,968 Shares.

- (ii) Maximum Price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid by the Company for the Shares will not be more than (“**Maximum Price**”):

- (a) in the case of Market Purchases, five per cent. (5%) above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded before the day of the Market Purchases by the Company, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and
- (b) in the case of Off-Market Purchase, 20% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded before the date on which the Company makes an announcement of an offer under the Off-Market Purchase, stating therein the purchase price and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period.

- (iii) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM, at which the proposed Share Buyback Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate have been carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders at general meeting,

whichever is the earliest.

- (iv) Sources of Funds

In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution and the applicable laws in Singapore.

LETTER TO SHAREHOLDERS

The Companies Act permits the Company to purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent. Under Section 76F(4) of the Companies Act, the Company is solvent if at the date of payment for the purchase or acquisition of its Shares:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if-
 - (i) it is intended to commence winding up within the period of 12 months immediately after the date of payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of Shares become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds to finance the purchases of Shares. To effect the purchase of Shares pursuant to the Share Buyback Mandate, the Directors will consider, *inter alia*, the availability of internal resources and the rationale for the purchase or acquisition of Shares.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company. The Share Buyback Mandate will only be exercised in the interests of the Company, for example, to enhance the EPS of the Company.

2.2 Rationale of the Share Buyback Mandate

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Company. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Company may be enhanced.

The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. Shares purchased pursuant to the Share Buyback Mandate will either be cancelled or held as treasury shares as may be determined by the Directors. This will provide the Directors with greater flexibility over the Company's share capital structure, *inter alia*, with a view to enhancing the EPS and/or NTA per Share or to maintain a pool of Shares to be deployed for future purposes as deemed appropriate by the Directors.

The Directors further believe that share buybacks by the Company will help to mitigate short term share price volatility or trading trends which, in the reasonable opinion of the Company, is not otherwise caused by general market factors or sentiments and/or the fundamentals of the Company and offset the effect of short-term speculation (as and when they may occur) and bolster Shareholders' confidence.

LETTER TO SHAREHOLDERS

2.3 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.4 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes or pursuant to an employees' share scheme, whether for the Company's employees, Directors or other persons;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

2.5 Financial Impact

The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate, based on the audited financial statements of the Group and the Company for FY2017, are based on the assumptions set out below. Such financial effects will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled.

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2.5.1 Purchase or acquisition out of capital and/or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (including brokerage, commission, applicable goods and services tax and other related expenses) will not affect the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

2.5.2 Number of Shares acquired or purchased

The financial effects set out below are based on the audited financial statements of the Group and the Company for FY2017 and, accordingly, are based on a purchase or acquisition of Shares by the Company of up to a maximum limit of ten per cent. (10%) of the 74,999,688 Shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date.

Purely for illustrative purposes, on the basis of the 74,999,688 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and disregarding any Shares held by the Company as treasury shares or subsidiary holdings of the Company on or prior to the EGM, the purchase by the Company of up to the maximum limit of ten per cent. (10%) of its issued Shares will result in the purchase of approximately 7,499,968 Shares ("**Maximum Number of Shares**").

2.5.3 Maximum price for Shares acquired or purchased

In the case of Market Purchases by the Company and assuming that the Company purchases the Maximum Number of Shares at the Maximum Price of \$S0.125 per Share (being the price equivalent to 105% of the average of the closing market prices of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase is S\$937,496 (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees).

In the case of Off-Market Purchase by the Company and assuming that the Company purchases the Maximum Number of Shares at the Maximum Price of \$S0.143 per Share (being the price equivalent to 120% of the average of the closing market prices of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase is S\$1,072,496 (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees).

2.5.4 Illustrative financial effects

For illustrative purposes only, on the basis of the assumptions set out in sections 2.5.2 and 2.5.3 above, and assuming that the Company had on the Latest Practicable Date purchased the Maximum Number of Shares pursuant to the Share Buyback Mandate, the financial effects of:

- (a) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Share Buyback Mandate by way of purchases made out of capital and profits and held as treasury shares; and

LETTER TO SHAREHOLDERS

- (b) the purchase of the Maximum Number of Shares by the Company at the Maximum Price pursuant to the Share Buyback Mandate by way of purchases made out of capital and profits and cancelled,

on the audited financial statements of the Group and the Company for FY2017 are set out below.

The illustrations set out below are based on audited historical figures for FY2017 and are purely for illustrative purposes only. Accordingly, such illustrations are not representative or otherwise indicative of future financial performance of the Company and/or the Group.

Prior to any purchase or acquisition of Shares, the Company will consider financial factors (for instance, cash surplus, debt position and working capital requirements of the Company) and non-financial factors (for instance, market conditions and trading performance of the Shares) in assessing the impact on the Company and the Group of such purchase or acquisition.

- (A) Purchases made out of capital and profits and held as treasury shares

	Group			Company		
	Before Share Buyback (RMB'000)	After Share Buyback assuming Market Purchase (RMB'000)	After Share Buyback assuming Off-Market Purchase (RMB'000)	Before Share Buyback (RMB'000)	After Share Buyback assuming Market Purchase (RMB'000)	After Share Buyback assuming Off-Market Purchase (RMB'000)
Share capital	909,831	909,831	909,831	909,831	909,831	909,831
Reserves	385,348	380,619	379,938	-68,340	-73,069	-73,750
Shareholders' funds	1,295,179	1,290,450	1,289,769	841,491	836,762	836,081
NTA	628,572	628,572	628,572	1,028	1,028	1,028
Current assets	2,524,158	2,519,429	2,518,748	1,298,970	1,294,241	1,293,560
Current liabilities	1,869,250	1,869,250	1,869,250	458,507	458,507	458,507
Working Capital	654,908	650,179	649,498	840,463	835,734	835,053
Total borrowings ⁽¹⁾	1,634,667	1,634,667	1,634,667	-	-	-
Cash and cash equivalents	46,166	41,437	40,756	100	-4,629	-5,310
(Loss)/Profit after tax and minority interest ⁽²⁾	33,583	28,854	28,173	240,163	235,434	234,753
Number of Shares	74,999,688	67,499,720	67,499,720	74,999,688	67,499,720	67,499,720
Treasury shares	-	7,499,968	7,499,968	-	7,499,968	7,499,968
Financial Ratios						
NTA per Share (cents)	838	931	931	1	2	2
Basic (loss)/EPS (cents)	45	43	42	320	349	348
Gearing ratio (times) ⁽³⁾	1.26	1.27	1.27	-	-	-
Current ratio (times) ⁽⁴⁾	1.35	1.35	1.35	2.83	2.82	2.82

Notes:

- (1) Total borrowings refer to borrowings from financial institutions.
- (2) Basic (loss)/earnings per share equals (loss)/profit after tax and minority interest divided by the weighted average number of shares.
- (3) Gearing ratio represents the ratio of total borrowings to shareholders' funds.
- (4) Current ratio represents the ratio of current assets to current liabilities

LETTER TO SHAREHOLDERS

(B) Purchases made out of capital and profits and cancelled

	Group			Company		
	Before Share Buyback (RMB'000)	After Share Buyback assuming Market Purchase (RMB'000)	After Share Buyback assuming Off-Market Purchase (RMB'000)	Before Share Buyback (RMB'000)	After Share Buyback assuming Market Purchase (RMB'000)	After Share Buyback assuming Off-Market Purchase (RMB'000)
Share capital	909,831	818,848	818,848	909,831	818,848	818,848
Reserves	385,348	471,602	470,921	-68,340	17,914	17,233
Shareholders' funds	1,295,179	1,290,450	1,289,769	841,491	836,762	836,081
NTA	628,572	628,572	628,572	1,028	1,028	1,028
Current assets	2,524,158	2,519,429	2,518,748	1,298,970	1,294,241	1,293,560
Current liabilities	1,869,250	1,869,250	1,869,250	458,507	458,507	458,507
Working Capital	654,908	650,179	649,498	840,463	835,734	835,053
Total borrowings ⁽¹⁾	1,634,667	1,634,667	1,634,667	-	-	-
Cash and cash equivalents	46,166	41,437	40,756	100	-4,629	-5,310
(Loss)/Profit after tax and minority interest ⁽²⁾	33,583	28,854	28,173	240,163	235,434	234,753
Number of Shares	74,999,688	67,499,720	67,499,720	74,999,688	67,499,720	67,499,720
Treasury shares	-	-	-	-	-	-
Financial Ratios						
NTA per Share (cents)	838	931	931	1	2	2
Basic (loss)/EPS (cents)	45	43	42	320	349	348
Gearing ratio (times) ⁽³⁾	1.26	1.27	1.27	-	-	-
Current ratio (times) ⁽⁴⁾	1.35	1.35	1.35	2.83	2.82	2.82

Notes:

- (1) Total borrowings refer to borrowings from financial institutions.
- (2) Basic (loss)/earnings per share equals (loss)/profit after tax and minority interest divided by the weighted average number of shares.
- (3) Gearing ratio represents the ratio of total borrowings to shareholders' funds.
- (4) Current ratio represents the ratio of current assets to current liabilities.

Shareholders should note that the financial effects set out above are for illustrative purposes only. Although the Share Buyback Mandate will authorise the Company to purchase or acquire up to ten per cent. (10%) of the issued Shares (excluding treasury shares and subsidiary holdings) as at the date on which the resolution authorising the Share Buyback Mandate is passed, the Company may not necessarily purchase or be able to purchase the entire ten per cent. (10%) of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

LETTER TO SHAREHOLDERS

2.6 Tax Implications

Shareholders who are in doubt as to their respective tax position or any tax implications, or who may be subject to tax whether in or outside of Singapore should consult their own professional advisers.

2.7 Take-Over Code Implications arising from Share Buybacks

Appendix 2 of the Take-over Code contains the Share Buyback Guidance applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, depending on the number of Shares purchased by the Company and the Company's total number of Shares at that time, a Shareholder or a group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make an offer under Rule 14 of the Take-over Code.

(b) Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert with each other:

(i) the following companies:

- (1) a company;
- (2) the parent company of (1);
- (3) the subsidiaries of (1);
- (4) the fellow subsidiaries of (1);
- (5) the associated companies of any of (1), (2), (3) or (4);
- (6) companies whose associated companies include any of (1), (2), (3), (4) or (5); and
- (7) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and

(ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-

LETTER TO SHAREHOLDERS

over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties is between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate, unless so required under the Companies Act.

(d) Exemption under Appendix 2 of the Take-over Code

Section 3(a) of the Appendix 2 of the Take-over Code provides, *inter alia*, that for a market acquisition under Section 76E of the Companies Act or an off-market acquisition on an equal access scheme under Section 76C of the Companies Act by a listed company, Directors and persons acting in concert with them will be exempted from the requirement to make a general offer for the Company under Rule 14.1 of the Take-over Code, subject to the following conditions:

- (i) the circular to Shareholders on the resolution to authorise a share buyback to contain advice to the effect that by voting for the buyback resolution, Shareholders are waiving their right to a general offer at the required price from Directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, would increase their voting rights by more than one per cent. (1%) in any period of six (6) months; and the names of such Directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed buyback to be disclosed in the same circular;
- (ii) the resolution to authorise a share buyback to be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buyback;
- (iii) the Directors and/or persons acting in concert with them to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the share buyback;
- (iv) within seven (7) days after the passing of the resolution to authorise a share buyback, each of the Directors to submit to the SIC a duly signed form as prescribed by the SIC;

LETTER TO SHAREHOLDERS

(v) Directors and/or persons acting in concert with them not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the share buyback proposal is imminent and the earlier of:

(1) the date on which the authority of the share buyback expires; and

(2) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying its Shares, as the case may be,

if such acquisitions, taken together with the share buyback, would cause their aggregate voting rights to increase to 30% or more; and

(vi) Directors and/or persons acting in concert with them, together holding between 30% and 50% of the Company's voting rights, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the share buyback proposal is imminent and the earlier of:

(1) the date on which the authority of the share buyback expires; and

(2) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying its Shares, as the case may be,

if such acquisitions, taken together with the share buyback, would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

It follows that where aggregate voting rights held by a Director and persons acting in concert with him increase by more than one per cent. (1%) solely as a result of the share purchase and none of them has acquired any Shares during the relevant period defined above, then such Director and/or persons acting in concert with him would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

(e) Take-over obligation of Directors and substantial Shareholders of the Company

As at the Latest Practicable Date, the interests of the Directors and substantial Shareholders in the Shares before and after the share buyback pursuant to the Share Buyback Mandate, assuming that (i) the Company purchases the maximum ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), and (ii) there is no change in the number of Shares held by the Directors and the substantial Shareholders or which they are deemed interested in, will be as follows:

LETTER TO SHAREHOLDERS

	← Before Share Purchases (Number of Shares) →			Before Share Purchases %	After Share Purchases %
	Direct Interest	Deemed Interest	Total Interest		
<u>Director</u>					
Yuan Jiajun	-	1,825,894 ⁽¹⁾	1,825,894	2.43	2.71
Zhong Yuzhao	2,770,756	-	2,770,756	3.69	4.10
Zhang Mao	2,401,709	80,800	2,482,509	3.31	3.68
<u>Substantial Shareholder</u>					
Yuan Le Sheng	1,106,200 ⁽²⁾	37,920,348 ⁽²⁾	39,026,548	52.03	57.82
Billion Equity Holdings Limited	37,920,348 ⁽²⁾	-	37,920,348	50.56	56.18

Notes:

- (1) Yuan Jiajun is deemed to be interested in the 1,825,894 shares in the capital of the Company held by Pride Capital Investment Holdings Limited pursuant to Section 7 of the Companies Act.
- (2) Billion Equity Holdings Limited is a company incorporated in the British Virgin Islands and wholly owned by Mr Yuan Le Sheng. Accordingly, Mr Yuan Le Sheng is deemed interested in the shares of the Company held by Billion Equity Holdings Limited.

As at the Latest Practicable Date, Mr Yuan Le Sheng and Billion Equity Holdings Limited have an interest of more than 50% of the Company's voting rights and would therefore not be obliged to make a general offer under Rule 14 and Appendix 2 of the Take-over Code in the event that share buybacks are undertaken by the Company pursuant to the Share Buyback Mandate.

In the event the Company purchases or acquires Shares pursuant to the Share Buyback Mandate of the maximum of ten per cent. (10%) of the issued Shares (excluding treasury shares and subsidiary holdings) as permitted by the Share Buyback Mandate, it is not expected that the shareholdings and/or voting rights of any of the other Shareholders will be increased to 30% or more, thereby triggering a requirement for any Shareholder to make a general offer to the other Shareholders under Rule 14 of the Take-over Code.

Save as disclosed, the Directors confirm that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buyback Mandate.

The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company pursuant to the Share Buyback Mandate.

LETTER TO SHAREHOLDERS

2.8 Listing Manual Requirements

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of Market Purchases, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the total number of shares purchased, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares during the period commencing (i) two (2) weeks before the announcement of the Company’s financial statements for each of the first three quarters of the Company’s financial year; or (ii) one (1) month before the Company’s financial year end, as the case may be, and ending on the date of the announcement of the relevant results.

2.9 Listing status on the SGX-ST

The Listing Manual requires a listed company to ensure that at least ten per cent. (10%) of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by the public. The Company will ensure that any Share purchased by the Company will not result in a fall in the percentage of Shares held by the public to below ten per cent. (10%) of the total number of issued Shares. The number of public Shareholders as disclosed in the Register of Shareholders as at the Latest Practicable Date is 846.

The total percentage of Shares in the hands of the public as at the Latest Practicable Date is 38.53%. Assuming that (a) the Company purchases a maximum of ten per cent. (10%) of the issued Shares from the public and (b) the Shares held by the substantial Shareholders of the Company and the Directors remain unchanged, the percentage of Shares in the hands of the public after such a repurchase will be 31.69%.

The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the orderly trade of the Shares or the listing status of the Company.

2.10 Shares purchased by the Company

The Company has not made any share buyback in the 12 months preceding the Latest Practicable Date.

3 THE PROPOSED CHANGE OF AUDITORS OF THE COMPANY FROM DELOITTE & TOUCHE LLP TO NEXIA TS ACCOUNTING CORPORATION

3.1 Background and rationale for the change of Auditors

The Company’s existing auditors, Deloitte, have been auditors of the Group since 1 April 2008. At the last AGM held on 27 April 2017, the Shareholders approved the re-appointment of Deloitte as the Auditors to hold office until the conclusion of the next AGM. Deloitte, the outgoing Auditors, will not be seeking re-election at the FY2017 AGM.

LETTER TO SHAREHOLDERS

The Audit Committee had invited proposals from various audit firms, and received Nexia TS's proposal.

The Audit Committee evaluated, in accordance with Rule 712(1) of the Listing Manual, the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the particular audit, and consider that the proposal given by Nexia TS is best suited to the existing needs and requirements of the Group. In accordance with SGX-ST Guidance Note on Change of Auditors, the Audit Committee had also taken into consideration the Audit Quality Indicators Disclosure Framework issued by ACRA in assessing the suitability of Nexia TS.

The Audit Committee had enquired on whether Nexia TS and the audit engagement partner who will be assigned to the audit of the Group, have been subject to the Practice Monitoring Programme review by ACRA. In this regard, the Audit Committee has noted that: (i) there were no significant findings when Nexia TS was reviewed in 2015; (ii) Nexia TS was last reviewed in May 2018, but the final report has not been issued; and (iii) the audit engagement partner was last reviewed by ACRA in 2015 and no sanction was issued.

The Board has taken into account the Audit Committee's recommendation, including the factors considered in their evaluation, and are satisfied that Nexia TS will be able to meet the audit requirements of the Company. The scope of audit services to be provided by Nexia TS will be comparable to the services currently provided by Deloitte. The fee proposal from Nexia TS is competitive and the Company will be able to realise certain cost savings in audit fees without any reduction in the scope of audit. As such, the Directors propose that Nexia TS be appointed as the Auditors for the financial year ending 31 December 2018.

Nexia TS has, on 12 November 2018, given their written consent to act as auditors of the Company. The proposed change of Auditors is subject to approval of the Shareholders at the forthcoming EGM and upon approval, Nexia TS will hold office until the conclusion of the next AGM of the Company.

The Board wishes to express its appreciation for the past services rendered by Deloitte.

The ordinary resolution for the Shareholders to approve the proposed change of Auditors is set out in the Notice of EGM.

3.2 Information on Nexia TS and the audit engagement partner

Nexia TS was formed in 1993 by two Certified Public Accountants-Henry Tan and Sitoh Yih Pin, The partners of Nexia TS are audit committee chairmen of a number of listed companies in Singapore and have experience on corporate governance and auditing issues. Today, Nexia TS is a mid-tier international accounting and consulting firm and part of Nexia International network which has more than 23,000 professional partners and staff serving their clients in 620 offices in 97 countries.

Nexia TS is among the first local accounting firms to be accredited by the Institute of Chartered Accountants in Australia, Institute of Chartered Accountants in England & Wales and Singapore Accountancy Commission – Singapore Qualification Programmes (Singapore QP) to provide the supervision of professionals undergoing traineeship to qualify as Chartered Accountants.

The audit engagement partner assigned to lead the audit of the Group is Mr Loh Ji Kin. Mr Loh Ji Kin has over 20 years of audit experience.

He spent almost 15 years with an international accounting firm, serving a number of roles. Mr Loh Ji Kin currently heads Nexia TS's Assurance department, working with Nexia TS' group chief executive office in managing at both the firm and department operations level. Mr Loh Ji Kin is also currently a member of the ISCA Financial Reporting Committee.

LETTER TO SHAREHOLDERS

Mr Loh Ji Kin has served as engagement partner for public listed and private clients spanning various industries as well as some not-for-profit organisations. In recent years, he has acted as the reporting auditor for a number of successful initial public offerings on both the Mainboard and Catalist Board of SGX-ST.

In addition to Mr Loh Ji Kin, Nexia TS will assign audit manager Mr Yin Hong Zhi to the team in charge of audit of the Group. Mr Yin Hong Zhi has ample experience in providing assurance and other advisory services to a broad range of clients involved in commodity trading, property development, retail, construction, manufacturing, IT/IS, online gaming, marine transportation, investment holding entities, non-profit organisations and professional service organisations. Some of Mr Yin Hong Zhi's past and present clients include SGX-ST, major components of listed companies in Shanghai Stock Exchange, New York Stock Exchange, London Stock Exchange, and multinational corporations and non-profit organisations in China and Singapore.

3.3 Requirements under Rule 1203(5) of the Listing Manual

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) Deloitte has confirmed to Nexia TS, by way of their letter dated 12 November 2018, that other than the matters which have been qualified and described in its auditor's report dated 12 November 2018, it is not aware of any professional reasons why Nexia TS should not accept the appointment as Auditors of the Company;
- (b) the Company confirms that there were no disagreement with Deloitte on accounting treatments within the last twelve (12) months;
- (c) the Company confirms that it is not aware of any circumstances connected with the proposed change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Circular;
- (d) the Company confirms that the specific reasons for the proposed change of Auditors are as disclosed in paragraph 3.1 above; and
- (e) the Company confirms that it is in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of Nexia TS.

3.4 Compliance with Rule 715 of the Listing Manual

Following the Shareholders' approval of the proposed change of Auditors, Nexia TS will become the auditors of the Company and of such subsidiaries of the Company in Singapore, in place of Deloitte.

Nexia TS will also directly audit the Group's overseas significant components (subsidiaries, associated companies, joint ventures, branches, and even un-incorporated entities).

In view of the above, the Directors confirm that Rule 715 of the Listing Manual has been complied with.

3.5 Audit Committee's Recommendation

The Audit Committee has reviewed and deliberated on the rationale for and terms of the proposed change of Auditors and after taking into consideration the suitability of Nexia TS and engagement partner Loh Ji Kin, has recommended the proposed change of Auditors to the Board for approval.

LETTER TO SHAREHOLDERS

4 DIRECTORS' RECOMMENDATIONS

4.1 Proposed adoption of the Share Buyback Mandate

Taking into account the rationale for the Share Buyback Mandate, the Directors are of the opinion that the proposed adoption of Share Buyback Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the resolution relating to the proposed adoption of the Share Buyback Mandate, to be proposed at the EGM.

4.2 Proposed change of Auditors

Having considered the rationale and benefit of the proposed change of Auditors and the Audit Committee's recommendation, the Directors are of the opinion that the proposed change of Auditors is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed change of Auditors as set out in the Notice of EGM.

5 EXTRAORDINARY GENERAL MEETING

An EGM, notice of which is set out in pages 22 to 24 of this Circular, will be held at 80 Raffles Place, #33-00 UOB Plaza 1, Singapore 048624 on 30 November 2018 at 11.00 a.m. (or soon thereafter following the conclusion of the AGM of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and if thought fit, passing with or without amendment, the resolutions set out in the Notice of EGM.

6 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624 not later than 48 hours before the time fixed for the EGM. The appointment of proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he wishes to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears in the Depository Register maintained by CDP, 72 hours before the EGM.

7 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed adoption of the Share Buyback Mandate, and the proposed change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

LETTER TO SHAREHOLDERS

8 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution;
- (b) the audited financial statements of the Company for FY2017;
- (c) the professional clearance letter issued by Deloitte to Nexia TS; and
- (d) the letter of consent to act as auditor of the Company from Nexia TS.

9 COMPLIANCE WITH GOVERNING LAWS, REGULATIONS AND THE CONSTITUTION

The Company confirms that the terms of the Share Buyback Mandate do not contravene any laws and regulations governing the Company and the Constitution.

Yours faithfully

For and on behalf of the Board of Directors of
DEBAO PROPERTY DEVELOPMENT LTD.

Zhong Yuzhao
Executive Director and CEO

NOTICE OF EXTRAORDINARY GENERAL MEETING

DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200715053Z)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Debao Property Development Ltd. ("**Company**") will be held at 80 Raffles Place, #33-00 UOB Plaza 1, Singapore 048624, on 30 November 2018 at 11.00 a.m., for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolutions as set out below.

All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 15 November 2018.

ORDINARY RESOLUTION 1: THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

That:

- (a) for the purposes of the Listing Manual, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares of the Company not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
- (i) on-market purchase(s) transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") through the ready market of the SGX-ST and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchase(s) otherwise than on a securities exchange, in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Listing Manual,

on the terms set out in the Circular and in accordance with all other laws and regulations, be and is hereby authorised and approved generally and unconditionally ("**Share Buyback Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next AGM of the Company is held or required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate have been carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied;

- (c) in this Ordinary Resolution:

"**Maximum Percentage**" means that number of issued Shares representing ten per cent. (10%) of the total number of issued Shares as at the date of the passing of this Ordinary Resolution (excluding the Shares which are held as treasury shares and subsidiary holdings as at that date); and

NOTICE OF EXTRAORDINARY GENERAL MEETING

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not be more than:

- (i) in the case of an on-market purchase(s) of a Share, five per cent. (5%) above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded before the day of the on-market purchase by the Company, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and
 - (ii) in the case of an off-market purchase(s) of a Share, 20% above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded before the date on which the Company makes an announcement of an offer under the off-market purchase scheme, stating therein the purchase price and the relevant terms of the equal access scheme for effecting the off-market purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and
- (d) the Directors of the Company and each of them be and is hereby authorised to do such acts and things (including without limitation, to execute all documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient to give effect to the adoption of the Share Buyback Mandate and/or authorised by this Ordinary Resolution.

ORDINARY RESOLUTION 2: THE PROPOSED CHANGE OF AUDITORS

That:

- (a) Nexia TS having consented to act, be and is hereby appointed as auditors of the Company in place of Deloitte & Touche LLP to hold office until the conclusion of the next annual general meeting at a remuneration to be agreed between the Directors and Nexia TS; and
- (b) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the proposed change of auditors and/or this Resolution.

BY ORDER OF THE BOARD

Janet Tan
Company Secretary

15 November 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company (other than a Relevant Intermediary as defined in Note 2 below) entitled to attend and vote at the Extraordinary General Meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company and where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.
2. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the Extraordinary General Meeting of the Company is entitled to appoint more than two (2) proxies to attend and vote in his stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

"Relevant Intermediary" means:

- (c) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (d) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (e) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. If the appointor is a corporation, the proxy form must be executed under seal or the hand of its duly authorised officer or attorney.
 4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office, 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624, not less than forty-eight (48) hours before the time for holding the Extraordinary General Meeting.

Personal Data Privacy

By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DEBAO PROPERTY DEVELOPMENT LTD.

(Company Registration Number: 200715053Z)
(Incorporated in Singapore on 16 August 2007)

PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT

1. For investors who have used their CPF monies to buy ordinary shares in the capital of Debao Property Development Ltd., this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend and vote at the Extraordinary General Meeting should contact their CPF Approved Nominees.

I/We*, _____ NRIC/ Passport/ Co. Reg. No.* _____
of _____ (Address)

being a member/members* of DEBAO PROPERTY DEVELOPMENT LTD. (the "Company") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%)

and/or failing him/her (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%)

or failing him/her*, the Chairman of the Extraordinary General Meeting (the "EGM") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at 80 Raffles Place, #33-00 UOB Plaza 1, Singapore 048624, on 30 November 2018 at 11.00 a.m., and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matters arising at the EGM.

All resolutions put to the vote of the EGM shall be decided by the way of poll.

**Delete as appropriate.*

No.	Ordinary Resolution	Number of Votes For**	Number of Votes Against**
1.	To approve the proposed adoption of the Share Buyback Mandate		
2.	To approve the appointment of Nexia TS as Auditors		

** If you wish to exercise all your votes "For" or "Against", please indicate with a "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Signature(s) of Shareholder(s)/ Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and shares registered in your name in the Register of members.
2. A member of the Company (other than a Relevant Intermediary as defined in Note 3 below) entitled to attend and vote at the EGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company and where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.
3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the EGM of the Company is entitled to appoint more than two (2) proxies to attend and vote in his stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

"Relevant Intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Raffles Place #32-01 UOB Plaza 1 Singapore 048624, not less than 48 hours before the time appointed for the holding of the EGM.
 5. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be either under its seal or under the hand of its attorney duly authorised.
 6. Where the instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 7. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Cap. 50.
 8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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