

DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200715053Z)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Debao Property Development Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the watch-list under the Minimum Trading Price (“**MTP**”) Criteria and the Financial Entry Criteria with effect from 5 June 2018 and 4 December 2019 respectively, pursuant to Rule 1311(2) of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the “**Board**”) wishes to provide an update on the financial situation of the Company and the Group for the fourth quarter ended 31 December 2019 (“**4Q2019**”).

Update on Financial Position and Outlook

The Group’s revenue decreased by RMB 18.11 million from RMB 34.90 million in fourth quarter ended 31 December 2018 (“**4Q2018**”) to RMB 16.79 million in 4Q2019, which was mainly due to a decrease in property sale and construction contracts revenue.

The Group’s gross profit increased by RMB 1.05 million from RMB 7.14 million in 4Q2018 to RMB 8.19 million in 4Q2019 as a result of the sale of remaining properties that have a higher gross profit margin.

The net loss of the Group increased from RMB109.13 million in 4Q2018 to RMB 125.95 million in 4Q2019.

For more details on the financial position of the Group, please refer to our announcement of the Group’s unaudited financial statements for 4Q2019 released on 27 March 2020.

Update on Future Direction and other Material Development

As a result of the Government’s policy to curb speculation, the property average selling price has become stable. Transaction volumes have increased from 3.0 million sqm in the third quarter ended 30 September 2019 to 3.2 million sqm in 4Q2019, which is an increase of approximately 6.7%.

As at 31 December 2019, the Group has two (2) development projects with gross floor area of approximately 420,000 sqm. The development projects are expected to be separately completed in various phases up till 2023. The Group continuously sources 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.

Nevertheless, the Group expects to face short term macro headwinds and foresees its results in 2020 to be impacted by the novel coronavirus (“**COVID-19**”) outbreak.

As a result of the COVID-19 outbreak, the Chinese Government has encouraged landlords to provide rent relief to retail tenants, which has affected the Group’s retail portfolio and resulted in lower rental income collected from the Group’s retail units in the months between January to March 2020. Additionally, the Group has not received financial assistance by the Chinese Government as the Group is privately-owned.

There has also been a temporary halt in property development activities in China and a fall in the number of property unit sales as result of the lockdowns by the relevant local authorities. Contributions from the property development business in the PRC and Malaysia are also expected to be lower due to delays in sales completions as a result of COVID-19.

Therefore, the Group's performance to-date in 2020 has already been affected by COVID-19. Accordingly, the Group's outlook for the global economy remains weak and forecasts that the COVID-19 outbreak will continue to impact the business

Update on efforts for satisfying MTP and Financial Exit Criteria

On the issue of satisfying the MTP and Financial exit criteria, the Board has been exploring various options to meet the MTP exit criteria and will report any progress as and when it arises.

The Company will continue to focus on the development and growth of its strategic planning of the business. The Company will also continue to source for other business opportunities to expand and enhance the performance and net asset value of the Company.

The Company is aware of the deadlines given by SGX-ST to meet the MTP and Financial Exit Criteria. The Company will, in the meantime, provide shareholders with quarterly update on its efforts and the progress made in meeting the MTP and Financial Exit Criteria. If any material development occurs between the quarterly updates, the Company will make immediate announcement of such development.

By Order of the Board

Zhong Yuzhao
Executive Director and Chief Executive Officer
27 March 2020