

DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in Singapore on 16 August 2007)

(Registration Number: 200715053Z)

RESPONSE TO SGX'S QUERIES ON THE FULL YEAR RESULTS OF THE COMPANY

In response to the queries raised by the Singapore Exchange Securities Trading Limited on 14 March 2014, the board of Directors (the "**Board**") of Debao Property Development Ltd. (the "**Company**") wishes to provide the following information:

Query no. 1

The Company recorded Investment Income of RMB37.9 million in FY2013, being its investment return on cooperation project with GD Developments Sdn Bhd. Please provide a discussion on the progress cooperation project with GD Developments Sdn Bhd and factors that resulted in the profit of RMB37.9 million. Please also discuss the factors that will affect the performance of the projects and outlook that will have an impact in the next reporting period and financial year.

Our Response:

The Company had entered into an agreement with GD Developments Sdn Bhd ("GD") in July 2012 in relation to the development of Green Beverly Hills Project (the "Project"). Pursuant to the agreement, the Company is entitled to either a guaranteed return of RM20 million or 50% of the profit before tax of the Project, whichever is the higher. In December 2013, the Company subsequently reached an agreement with GD for the early termination of the original agreement for a fixed return of RM20 million and the Company has used the proceeds to purchase 34 units from the Project at market price with a total consideration of RMB30.2 million. The arrangement has resulted in a profit of RM20 million (RMB37.9 million) for the Company in 2014 and also has retained the potential to capture the upside from the future sales of the units that Company purchased.

The Project comprises 2 blocks of high rise apartments (total GFA 82,681 sqm) and villas (total GFA 33,131 sqm). As at end February 2014, one of the high rise apartment blocks had been TOP and the other will TOP soon. GD has presold 80% of the units and has committed to deliver before the end of 2014. As the Company does not have any management control over GD, the Company has a position similar to any other purchaser of the Project and hence its investment is subject to the fluctuations of the real estate market and the impact quantified may impact on the 2014 financials.

Query no. 2

It was noted that finance cost increased by 34% in FY2013 due to, among others, "partial write off of loans receivable of RMB13.3 million in FY2013". Please provide details of the loans, nature of transactions which resulted in the loans, the identity of the borrower and reasons why the loans are written off. Please also provide details as to the steps the Company has taken to collect the debt, whether there is any other loans amounts outstanding from or related to the debtor and whether the Company is still transacting with the party.

Our Response:

Please refer to “Company responses to (ii) of Query 2” of our corporate announcement dated 2 September 2013 “In response to the queries from the Singapore Exchange Securities Trading Limited in its email dated 30 August 2013 on Debao Property Development Ltd.’s 2Q2013 Results and announcement dated 28 August 2013”.

Query no. 3

The Company explained that the increase of RMB141.6 million in trade and other receivables from RMB48.6 million in FY2012 to RMB189.7 million in FY2013 was due to, among others, “an addition of RMB38.9 million of accounts receivable as some considerations for sales of properties were not received at year end”. Please provide an update whether the RMB38.9 million accounts receivables have been paid to-date.

Our Response:

RMB2million has been paid to date. This type of receivable mainly arises due to the tightened mortgage loan policy in China. The Company has signed/is going to sign agreements with purchasers for payment by installments which are either quarterly or bi-annually. As such, the Company is expecting more collection in the 1st Quarter of FY2014.

By order of the Board

Yuan Le Sheng
Executive Chairman and CEO

18 March 2014