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**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014 (“3Q and 9M”)**

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), 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)					
	3Q2014	3Q2013	% Change	9M2014	9M2013	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
<b>Revenue</b>	30,707	32,544	(6%)	97,793	87,340	12%
<b>Cost of sales</b>	(12,539)	(16,509)	(24%)	(42,090)	(45,746)	(8%)
<b>Gross profit</b>	<b>18,168</b>	<b>16,035</b>	<b>13%</b>	<b>55,703</b>	<b>41,594</b>	<b>34%</b>
Other income	361	729	(50%)	2,973	5,279	(44%)
Selling and distribution expenses	(9,095)	(2,927)	211%	(24,855)	(7,565)	229%
Administrative expenses	(12,621)	(9,955)	27%	(37,194)	(32,493)	14%
Share of a jointly controlled operation profit	-	5,874	(100%)	3,659	19,906	(82%)
Finance costs	(33,624)	(19,363)	74%	(75,894)	(57,406)	32%
<b>Loss before income tax</b>	<b>(36,811)</b>	<b>(9,607)</b>	<b>283%</b>	<b>(75,608)</b>	<b>(30,685)</b>	<b>146%</b>
Income tax expenses	693	(1,989)	(135%)	(3,094)	(11,188)	(72%)
<b>Net loss for the period</b>	<b>(36,118)</b>	<b>(11,596)</b>	<b>211%</b>	<b>(78,702)</b>	<b>(41,873)</b>	<b>88%</b>
<b>Other comprehensive income (loss)</b>						
Currency translation difference	1,819	14	12893%	4,433	(541)	(919%)
<b>Total Comprehensive loss for the period</b>	<b>(34,299)</b>	<b>(11,582)</b>	<b>196%</b>	<b>(74,269)</b>	<b>(42,414)</b>	<b>75%</b>
<b>Loss attributable to:</b>						
Equity holders of the Company	(33,297)	(11,204)	197%	(69,901)	(41,015)	70%
Non-controlling interest	(2,821)	(392)	620%	(8,801)	(858)	926%
	<b>(36,118)</b>	<b>(11,596)</b>	<b>211%</b>	<b>(78,702)</b>	<b>(41,873)</b>	<b>88%</b>
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	(31,478)	(11,190)	181%	(65,468)	(41,556)	58%
Non-controlling interest	(2,821)	(392)	620%	(8,801)	(858)	926%
	<b>(34,299)</b>	<b>(11,582)</b>	<b>196%</b>	<b>(74,269)</b>	<b>(42,414)</b>	<b>75%</b>



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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 (continue).

Proforma Consolidated Statement of Comprehensive Income

	Proforma CFS (As defined herein)					
	3Q2014	3Q2013	% Change	9M2014	9M2013	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
<b>Revenue</b>	30,707	32,544	(6%)	97,793	87,340	12%
<b>Cost of sales</b>	(11,912)	(15,942)	(25%)	(40,327)	(43,730)	(8%)
<b>Gross profit</b>	<b>18,795</b>	<b>16,602</b>	<b>13%</b>	<b>57,466</b>	<b>43,610</b>	<b>32%</b>
Other income	361	729	(50%)	2,973	5,279	(44%)
Selling and distribution expenses	(9,095)	(2,927)	211%	(24,855)	(7,565)	229%
Administrative expenses	(12,565)	(9,828)	28%	(37,025)	(32,112)	15%
Share of a jointly controlled operation profit	-	6,081	(100%)	3,765	20,589	(82%)
Finance costs	(33,624)	(19,363)	74%	(75,894)	(57,406)	32%
<b>Loss before income tax</b>	<b>(36,128)</b>	<b>(8,706)</b>	<b>315%</b>	<b>(73,570)</b>	<b>(27,605)</b>	<b>167%</b>
Income tax expenses	567	(2,163)	(126%)	(3,577)	(11,787)	(70%)
<b>Net loss for the period</b>	<b>(35,561)</b>	<b>(10,869)</b>	<b>227%</b>	<b>(77,147)</b>	<b>(39,392)</b>	<b>96%</b>
<b>Other comprehensive income (loss)</b>						
Currency translation difference	1,819	14	12893%	4,433	(541)	(919%)
<b>Total Comprehensive loss for the period</b>	<b>(33,742)</b>	<b>(10,855)</b>	<b>211%</b>	<b>(72,714)</b>	<b>(39,933)</b>	<b>82%</b>
<b>Loss attributable to:</b>						
Equity holders of the Company	(32,740)	(10,477)	212%	(68,346)	(38,534)	77%
Non-controlling interest	(2,821)	(392)	620%	(8,801)	(858)	926%
	<b>(35,561)</b>	<b>(10,869)</b>	<b>227%</b>	<b>(77,147)</b>	<b>(39,392)</b>	<b>96%</b>
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	(30,921)	(10,463)	196%	(63,913)	(39,075)	64%
Non-controlling interest	(2,821)	(392)	620%	(8,801)	(858)	926%
	<b>(33,742)</b>	<b>(10,855)</b>	<b>211%</b>	<b>(72,714)</b>	<b>(39,933)</b>	<b>82%</b>



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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 (continue).*

Explanatory Notes:

As a result of the restructuring exercise of our Company and its subsidiaries (the “**Group**”) (the “**Restructuring Exercise**”) for the purpose of 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 cannot 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 third quarter and nine months ended 30 September 2013 (“**3Q2013 and 9M2013**”) and the third quarter and nine months ended 30 September 2014 (“**3Q2014 and 9M2014**”), 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 3Q2013, 9M2013, 3Q2014 and 9M2014 (the “**Actual Consolidated Financial Statements**” or “**Actual CFS**”), our Company had also prepared the proforma consolidated financial statements for 3Q2013, 9M2013, 3Q2014 and 9M2014 (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					
	3Q2014	3Q2013	% Change	9M2014	9M2013	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	747	2,274	(67%)	2,292	7,189	(68%)
Amortisation	20	244	(92%)	60	750	(92%)
Interest expense	33,624	19,363	74%	75,894	57,406	32%
Interest income	(123)	(451)	(73%)	(2,586)	(4,704)	(45%)

	Proforma Consolidated Statement of Comprehensive Income					
	3Q2014	3Q2013	% Change	9M2014	9M2013	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	691	2,147	(68%)	2,123	6,808	(69%)
Amortisation	20	244	(92%)	60	750	(92%)
Interest expense	33,624	19,363	74%	75,894	57,406	32%
Interest income	(123)	(451)	(73%)	(2,586)	(4,704)	(45%)



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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	
	30.9.2014 RMB'000	31.12.2013 RMB'000	30.9.2014 RMB'000	31.12.2013 RMB'000	30.9.2014 RMB'000	31.12.2013 RMB'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and bank equivalents	502,022	76,168	502,022	76,168	48	48
Restricted cash and cash equivalents	158,251	268,155	158,251	268,155	-	-
Trade and other receivables	349,009	179,723	349,009	179,723	-	-
Amount due from related parties	2,634	5,698	2,634	5,698	-	-
Due from subsidiaries	-	-	-	-	672,352	672,587
Amount due from customers for contract work	644	11,852	644	11,852	-	-
Inventories	296	249	296	249	-	-
Property held for sales	355,422	391,354	344,903	380,279	-	-
Development properties	1,852,829	1,611,940	1,584,224	1,342,128	-	-
Prepaid land use right	223	223	223	223	-	-
Dividends receivable	-	-	-	-	22,675	22,458
<b>Total current assets</b>	<b>3,221,330</b>	<b>2,545,362</b>	<b>2,942,206</b>	<b>2,264,475</b>	<b>695,075</b>	<b>695,093</b>
<b>Non-current Assets</b>						
Prepaid land use right	4,971	5,031	4,971	5,031	-	-
Property, plant and equipment	26,017	27,454	22,631	23,899	-	-
Investment properties	991,872	957,032	991,872	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	-	-	-	-	1,815	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	-	-
<b>Total non-current assets</b>	<b>1,071,395</b>	<b>1,039,893</b>	<b>1,067,386</b>	<b>1,035,609</b>	<b>1,815</b>	<b>1,018</b>
<b>Total assets</b>	<b>4,292,725</b>	<b>3,585,255</b>	<b>4,009,592</b>	<b>3,300,084</b>	<b>696,890</b>	<b>696,111</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>Current liabilities</b>						
Bank and other loans	1,342,959	951,211	1,342,959	951,211	-	-
Trade and other payables	466,762	430,227	466,762	430,227	7,479	9,063
Long term payable-current portion	12,442	12,442	12,442	12,442	-	-
Amount due to related parties	94,577	97,201	94,577	97,201	-	-
Due to subsidiaries	-	-	-	-	35,263	34,854
Tax payables	62,497	72,114	62,497	72,114	-	-
<b>Total current liabilities</b>	<b>1,979,237</b>	<b>1,563,195</b>	<b>1,979,237</b>	<b>1,563,195</b>	<b>42,742</b>	<b>43,917</b>
<b>Non-current liabilities</b>						
Bank and other loans	778,080	404,826	778,080	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	164,903	172,460	95,529	102,603	-	-
<b>Total non-current liabilities</b>	<b>1,123,236</b>	<b>757,539</b>	<b>1,053,862</b>	<b>687,682</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>	<b>1,190,252</b>	<b>1,264,521</b>	<b>976,493</b>	<b>1,049,207</b>	<b>654,148</b>	<b>652,194</b>
<b>Total liabilities and Shareholders' equity</b>	<b>4,292,725</b>	<b>3,585,255</b>	<b>4,009,592</b>	<b>3,300,084</b>	<b>696,890</b>	<b>696,111</b>



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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 (continue).*

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)	
	30.9.2014	31.12.2013
	RMB'000	RMB'000
Amount repayable in one year on less, or on demand:-		
Secured (a) (b)	1,342,959	951,211
Unsecured (c)	-	-
<b>Sub-total (1)</b>	<b>1,342,959</b>	<b>951,211</b>
Amount repayable after one year		
Secured (a) (b)	759,801	386,547
Unsecured (c)	18,279	18,279
<b>Sub-total (2)</b>	<b>778,080</b>	<b>404,826</b>
<b>Total debt (1)+(2)</b>	<b>2,121,039</b>	<b>1,356,037</b>



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

Notes:

**Bank loans**

- (a) Bank loans amounting to RMB40,425,000 (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 RMB7,135,000 (2013: RMB6,825,000) and are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB33,290,000 (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% (2013: 6.15% to 7.50%) per annum, are repayable in 2015 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% to 7.80% (2013: 5.60% to 7.80%) per annum, are repayable in 2014 and 2015, secured by land use rights and investment properties of the Group.

Bank loan amounting to RMB69,000,000 (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 RMB Nil (2013: RMB95,000,000) with an interest rate of 6.44% (2013: 6.30% to 7.87%) per annum, has been repaid 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.



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

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 RMB50,000,000. The current portion of these loans amounted to RMB72,500,000 (2013: RMB42,500,000) and are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB Nil (2013: RMB50,000,000).

Bank loan amounting to RMB10,000,000 (2013: RMB90,000,000) with an interest rate of 6.15% (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 RMB Nil (2013: RMB60,000,000) with an interest rate of 8.79% (2013: 8.79%) per annum, has been repaid in 2014, 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 RMB Nil (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.

Bank loans raised in 2Q2014 with an aggregate amount of RMB30,000,000 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 RMB211,496,000 (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. RMB185,946,000 (2013: RMB135,967,000) has been advanced to the Group and approximately RMB50,977,000 (2013: RMB44,977,000) has been used to pay interest. The loans are repayable on demand.

**Other loans(secured)**

- (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 RMB84,000,000 (2013: RMB120,000,000) with an effective interest rate of approximately 15.80% (2013: 15.80%) per annum, repayable from August 2014 to 2016, 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 RMB60,000,000 (2013: RMB84,000,000).





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

Another new loan raised in 3Q2014 amounting to RMB82,000,000 with an effective interest rate of approximately 14.54% per annum, repayable from 2015 to 2016, secured by property held for sales of the Group. The current portion of these loans amounted to RMB24,600,000 are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB57,400,000.

Another new loan raised in 3Q2014 amounting to RMB138,909,000 (USD23,050,000) with an effective interest rate of approximately 5.23% per annum, repayable in 2015, secured by restricted cash and cash equivalents of RMB 7,500,000.

Another new loan raised in 3Q2014 amounting to RMB431,189,000 with an effective interest rate of approximately 11.79% per annum, repayable from 2015 to 2016, secured by land use rights and property under development of the Group. The current portion of these loans amounted to RMB129,369,000 are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB301,820,000.

Another new loan raised in 3Q2014 amounting to RMB307,291,000 (USD50,000,000) with an effective interest rate of approximately 15% per annum, repayable in 2017, secured by a director of the Group and all his shares in the Company (details please refer to our corporate announcement dated 8 April 2014).

**Other loans(unsecured)**

- (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			
	3Q2014	2Q2013	9M2014	9M2013
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Loss before tax	(36,811)	(9,607)	(75,608)	(30,685)
Adjustments for:				
Depreciation and amortisation	767	2,518	2,352	7,939
Interest expense	33,624	19,363	75,894	57,406
Interest income	(123)	(451)	(2,586)	(4,704)
Share of a joint controlled operation profit	-	(5,874)	(3,659)	(19,906)
<b>Operating (loss) profit before working capital changes</b>	<b>(13,622)</b>	<b>(6,231)</b>	<b>(1,064)</b>	<b>4,101</b>
Trade and other receivables	(154,462)	(68,008)	(152,964)	(80,028)
Development properties	(85,458)	(50,732)	(219,211)	(82,644)
Property held for sales	10,093	15,190	35,932	42,062
Amount due from customers for contract work	-	2,634	11,208	8,954
Inventories	(32)	7	(47)	(232)
Trade and other payables	(63,765)	(5,720)	32,780	46,572
Amounts due to related parties	(11)	-	(2,624)	548
<b>Net cash used in operations</b>	<b>(296,178)</b>	<b>(100,680)</b>	<b>(298,533)</b>	<b>(54,718)</b>
Interest paid	(33,480)	(23,862)	(87,987)	(63,602)
Interest received	123	412	2,586	4,438
Income taxes paid	(29,663)	(7,256)	(36,622)	(11,783)
<b>Net cash used in operating activities</b>	<b>(359,198)</b>	<b>(131,386)</b>	<b>(420,556)</b>	<b>(125,665)</b>
<b>Cash flows from investing activities</b>				
Repayment from jointly controlled operation	-	11,000	5,500	49,500
Addition in investment property	(17,596)	-	(34,840)	-
Purchases of properties, plant and equipment	(345)	(191)	(889)	(692)
Interest received	-	39	-	266
<b>Net cash (used in) from investing activities</b>	<b>(17,941)</b>	<b>10,848</b>	<b>(30,229)</b>	<b>49,074</b>
<b>Cash flows from financing activities</b>				
Amounts due from related parties	47	155	3,064	340
Fixed deposit	18,044	(10,000)	109,904	17,042
Proceeds from minority interest contribution	-	640	-	640
Proceeds from bank and other loans	999,849	204,847	1,166,849	508,347
Repayment of bank and other loans	(218,720)	(3,909)	(401,847)	(349,380)
<b>Net cash from financing activities</b>	<b>799,220</b>	<b>191,733</b>	<b>877,970</b>	<b>176,989</b>
<b>Net increase in cash and cash equivalents</b>	<b>422,081</b>	<b>71,195</b>	<b>427,185</b>	<b>100,398</b>
<b>Cash and cash equivalents at the beginning of the periods</b>	<b>81,164</b>	<b>148,466</b>	<b>76,168</b>	<b>119,817</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currency</b>	<b>(1,223)</b>	<b>64</b>	<b>(1,331)</b>	<b>(490)</b>
<b>Cash and cash equivalents at the end of the periods</b>	<b>502,022</b>	<b>219,725</b>	<b>502,022</b>	<b>219,725</b>



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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 (continue).

	Proforma CFS			
	3Q2014	3Q2013	9M2014	9M2013
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Loss before tax	(36,128)	(8,706)	(73,570)	(27,605)
Adjustments for:				
Depreciation and amortisation	711	2,391	2,183	7,558
Interest expense	33,624	19,363	75,894	57,406
Interest income	(123)	(451)	(2,586)	(4,704)
Share of a joint controlled operation profit	-	(6,081)	(3,765)	(20,589)
<b>Operating (loss) profit before working capital changes</b>	<b>(1,916)</b>	<b>6,516</b>	<b>(1,844)</b>	<b>12,066</b>
Trade and other receivables	(154,462)	(68,008)	(152,964)	(80,028)
Development properties	(85,770)	(14,407)	(220,418)	(47,131)
Property held for sales	9,778	(21,702)	35,376	4,533
Amount due from customers for contract work	-	2,634	11,208	8,954
Inventories	(32)	7	(47)	(232)
Trade and other payables	(63,765)	(5,720)	32,780	46,572
Amounts due to related parties	(11)	-	(2,624)	548
<b>Net cash used in operations</b>	<b>(296,178)</b>	<b>(100,680)</b>	<b>(298,533)</b>	<b>(54,718)</b>
Interest paid	(33,480)	(23,862)	(87,987)	(63,602)
Interest received	123	412	2,586	4,438
Income taxes paid	(29,663)	(7,256)	(36,622)	(11,783)
<b>Net cash used in operating activities</b>	<b>(359,198)</b>	<b>(131,386)</b>	<b>(420,556)</b>	<b>(125,665)</b>
<b>Cash flows from investing activities</b>				
Repayment from jointly controlled operation	-	11,000	5,500	49,500
Addition in investment property	(17,596)	-	(34,840)	-
Purchases of properties, plant and equipment	(345)	(191)	(889)	(692)
Interest received	-	39	-	266
<b>Net cash (used in) from investing activities</b>	<b>(17,941)</b>	<b>10,848</b>	<b>(30,229)</b>	<b>49,074</b>
<b>Cash flows from financing activities</b>				
Amounts due from related parties	47	155	3,064	340
Fixed deposit	18,044	(10,000)	109,904	17,042
Proceeds from minority interest contribution	-	640	-	640
Proceeds from bank and other loans	999,849	204,847	1,166,849	508,347
Repayment of bank and other loans	(218,720)	(3,909)	(401,847)	(349,380)
<b>Net cash from financing activities</b>	<b>799,220</b>	<b>191,733</b>	<b>877,970</b>	<b>176,989</b>
<b>Net increase in cash and cash equivalents</b>	<b>422,081</b>	<b>71,195</b>	<b>427,185</b>	<b>100,398</b>
<b>Cash and cash equivalents at the beginning of the periods</b>	<b>81,164</b>	<b>148,466</b>	<b>76,168</b>	<b>119,817</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currency</b>	<b>(1,223)</b>	<b>64</b>	<b>(1,331)</b>	<b>(490)</b>
<b>Cash and cash equivalents at the end of the periods</b>	<b>502,022</b>	<b>219,725</b>	<b>502,022</b>	<b>219,725</b>

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
<b>Balance as at 1 January 2013</b>	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)
<b>Balance as at 31 March 2013</b>	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)
<b>Balance as at 30 June 2013</b>	909,831	167,550	2,346	23,887	396	-	1,104,010	3,589	1,107,599
Total comprehensive (loss) profit for the period	-	(11,204)	14	-	-	-	(11,190)	(392)	(17,073)
Non-controlling interest arising from incorporation of subsidiary	-	-	-	-	-	-	-	640	640
<b>Balance as at 30 September 2013</b>	909,831	156,346	2,360	23,887	396	-	1,092,820	3,837	1,096,657
<b>Balance as at 1 January 2014</b>	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)
<b>Balance as at 31 March 2014</b>	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)
<b>Balance as at 30 June 2014</b>	909,831	248,675	4,435	23,887	396	17,788	1,205,012	19,539	1,224,551
Total comprehensive (loss) profit for the period	-	(33,297)	1,819	-	-	-	(31,478)	(2,821)	(34,299)
<b>Balance as at 30 September 2014</b>	909,831	215,378	6,254	23,887	396	17,788	1,173,534	16,718	1,190,252



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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 (continue).

	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
Total comprehensive (loss) profit for the period	-	(10,477)	14	-	-	-	-	(10,463)	(392)	(10,855)
Non-controlling interest arising from incorporation of subsidiary	-	-	-	-	-	-	-	-	640	640
Balance as at 30 September 2013	909,831	74,852	2,360	(148,414)	31,442	396	-	870,467	3,837	874,304
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
Total comprehensive (loss) profit for the period	-	(32,740)	1,819	-	-	-	-	(30,921)	(2,821)	(33,742)
Balance as at 30 September 2014	909,831	138,559	6,254	(148,414)	31,442	396	21,707	959,775	16,718	976,493



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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 (continue).

	Company			
	Share capital RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
<b>Balance as at 1 January 2013</b>	<b>909,831</b>	<b>(292,962)</b>	<b>28,609</b>	<b>645,478</b>
Total comprehensive loss for the period	-	(598)	(12,558)	(13,156)
<b>Balance as at 31 March 2013</b>	<b>909,831</b>	<b>(293,560)</b>	<b>16,051</b>	<b>632,322</b>
Total comprehensive loss for the period	-	(1,149)	(17,760)	(18,909)
<b>Balance as at 30 June 2013</b>	<b>909,831</b>	<b>(294,709)</b>	<b>(1,709)</b>	<b>613,413</b>
Total comprehensive (loss) profit for the period	-	(1,535)	1,194	(341)
<b>Balance as at 30 September 2013</b>	<b>909,831</b>	<b>(296,244)</b>	<b>(515)</b>	<b>613,072</b>
<b>Balance as at 1 January 2014</b>	<b>909,831</b>	<b>(245,208)</b>	<b>(12,429)</b>	<b>652,194</b>
Total comprehensive (loss) profit for the period	-	(1,419)	21,186	19,767
<b>Balance as at 31 March 2014</b>	<b>909,831</b>	<b>(246,627)</b>	<b>8,757</b>	<b>671,961</b>
Total comprehensive (loss) profit for the period	-	(1,560)	9	(1,551)
<b>Balance as at 30 June 2014</b>	<b>909,831</b>	<b>(248,187)</b>	<b>8,766</b>	<b>670,410</b>
Total comprehensive loss for the period	-	(1,438)	(14,824)	(16,262)
<b>Balance as at 30 September 2014</b>	<b>909,831</b>	<b>(249,625)</b>	<b>(6,058)</b>	<b>654,148</b>

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



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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 September 2014

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

	30.9.2014		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

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 (continue).

The Group has applied the same accounting policies and methods of computation in its unaudited financial statements for 3Q2014 and 9M2014 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 3Q2014 and 9M2014 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			
	3Q2014	3Q2013	9M2014	9M2013
<b>Loss Per Share</b>				
Basic (a)	(2.96)	(1.00)	(6.21)	(3.65)



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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(continue).*

RMB fens	Proforma CFS			
	3Q2014	3Q2013	9M2014	9M2013
<b>Loss Per Share</b>				
Basic (a)	(2.91)	(0.93)	(6.08)	(3.43)

- (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).

7. *Net asset value (for the issue 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	
	30.9.2014	31.12.2013	30.9.2014	31.12.2013	30.9.2014	31.12.2013
Net asset value per ordinary share based on issued share capital at end of financial year*	105.80	112.40	86.80	93.26	58.15	57.97

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





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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:*
- (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 3Q2014 and 9M2014**

	30.9.2014		Difference
	Actual*	Proforma**	***
	RMB'000	RMB'000	RMB'000
<b><u>Balance sheet items</u></b>			
Property held for sales	355,422	344,903	10,519
Development properties	1,852,829	1,584,224	268,605
Property, plant and equipment	26,017	22,631	3,386
Investment in a jointly controlled operation	22,672	22,049	623
Deferred tax liabilities	164,903	95,529	69,374
Shareholders' equity	1,190,252	976,493	213,759

	3Q2014		Difference	9M2014		Difference
	Actual*	Proforma**	***	Actual*	Proforma**	***
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b><u>Comprehensive income statements items</u></b>						
Cost of sales	(12,539)	(11,912)	(627)	(42,090)	(40,327)	(1,763)
Administrative expenses	(12,621)	(12,565)	(56)	(37,194)	(37,025)	(169)
Share of joint controlled operation profit (loss)	-	-	-	3,659	3,765	(106)
Income tax expense	693	567	126	(3,094)	(3,577)	483
Profit (loss) for the period	(36,118)	(35,561)	(557)	(78,702)	(77,147)	(1,555)

\* 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 (continue) :*

**Review based on unaudited Actual Consolidated Financial Statements**

**Income statement**

**Revenue**

Our Group's revenue increased by RMB10.5 million, or 12%, from 87.3 million in 9M2013 to RMB97.8 million in 9M2014. Most of the revenue was contributed from property development sales. The revenue from our property development sales increased by RMB6.2 million, from RMB65.5 million in 9M2013 to RMB71.7 million in 9M2014. The increase in revenue from the property development sales was mainly due to a higher average selling price ("ASP") per square metre ("sqm") achieved in 9M2014 over the previous corresponding period. The GFA sold and recognised in 9M2013 and 9M2014 was 4,800 sqm and 4,400 sqm respectively, while the ASP per sqm had increased from approximately RMB14,400 per sqm in 9M2013 to approximately RMB15,900 per sqm in 9M2014. The higher ASP per sqm and GFA in 9M2014 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 RMB2.8 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 RMB1.5 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 the quarter, the Group's revenue decreased by RMB1.8 million, or 6%, from RMB32.5 million in 3Q2013 to RMB30.7 million in 3Q2014. This was mainly caused by a decrease of revenue from property development sales attributed to lower GFA recognised in 3Q2014, and which was partially offset by an increase in revenue contribution from property rental income, property management service income and 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 (continue) :*

#### **Cost of Sales and Gross Profit**

Our cost of sales decreased by RMB3.6 million, or 8%, from RMB45.7 million in 9M2013 to RMB42.1 million in 9M2014. This was mainly caused by a decrease in cost of property development sales by RMB3.3 million, which were fairly in line with the decrease of GFA sold and recognised.

Included in the 9M2014 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 RMB1.8 million. The fair value of adjustment to the cost of property development sales is due mainly to the application 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 9M2014.

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 RMB216.0 million as at end of 9M2014, 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 RMB272.7 million **(excluding the offset against a deferred tax liability adjustment of approximately RMB68.2 million, which will result in net future fair value adjustments of approximately RMB204.5 million only).**

In terms of gross profit margin, our overall gross profit margin increased from 48% in 9M2013 to 57% in 9M2014, 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 15,900 per sqm and RMB 14,400 per sqm for 9M2014 and 9M2013 respectively.

Cost of sales decreased by RMB4.0 million or 24% from RMB16.5 million 3Q2013 to RMB12.5 million 3Q2014. This was mainly caused by a decrease in cost of property development sales by RMB4.6 million and offset by an increase in cost of property management service by RMB0.6 million, which were fairly in line with the decrease in GFA sold and recognised and the increase in revenue from property management service.

The overall gross profit margin increased from 49% in 3Q2013 to 59% in 3Q2014, which was mainly due to increase in gross profit contributions from the aforesaid property development sales, property rental income and property management service income.



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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 (continue):*

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 50% in 9M2013 and 59% in 9M2014 respectively, as well as 51% in 3Q2013 and 61% in 3Q2014. 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 miscellaneous surcharge income from property management services.

Other income decreased by RMB2.3 million or 44% in 9M2014 as compared with the prior respective periods, which was mainly caused by a decrease of RMB2.1 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 RMB17.3 million or 229% in 9M2014 and RMB6.2 million or 211% in 3Q2014 as compared with the respective periods of last year. The higher selling and distribution expenses in 9M2014 and 3Q2014 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 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 RMB4.7 million (approximately 14%), from RMB32.5 million in 9M2013 to RMB37.2 million in 9M2014, and for the quarter, administrative expenses increased by RMB2.6 million or 27% from RMB10.0 million in 3Q2013 to RMB12.6 million in 3Q2014, 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 (continue) :*

#### **Finance Costs**

Finance cost, net of capitalised interest, recorded an increase of RMB18.5 million in 9M2014 and RMB14.3 million in 3Q2014 over the respective periods in FY2013. The substantial increase in finance costs in 9M2014 was mainly due to an increase in average loan balance from RMB1,160.3 million in 9M2013 to RMB1,738.5 million in 9M2014 (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 9M2014, compared with a profit of RMB19.9 million in 9M2013 (resulting in a decrease of RMB16.2 million in profit). For the quarter, there was a decrease of profit by RMB45.6 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 9M2014 and 3Q2014.

With the exclusion of the Notional Adjustment on the Jin Long Garden project cost of development, 9M2014 and 3Q2014 Proforma CFS Share of jointly controlled operation profit was decreased by RMB16.8 million and RMB6.1 million respectively which are 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.

#### **Depreciation**

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

Depreciation decreased by RMB4.9 million and RMB1.5 million in 9M2014 and 3Q2014 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.



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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 (continue) :*

#### **Income Tax Expenses**

Income tax includes statutory enterprise income tax and land appreciation tax (“LAT”). Income tax decreased by RMB8.1 million and RMB2.7 million in 9M2014 and 3Q2014 respectively as compared with the corresponding periods in FY2013. The lower income tax expenses in 9M2014 and 3Q2014 were mainly due to decrease of provision of LAT and statutory enterprise income tax for property development sales, in line with a lower GFA sold and recognised 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 RMB78.7 million in 9M2014 and RMB41.9 million in 9M2013 respectively. The Proforma Consolidated Financial Statements, which excludes the notional adjustment, effects with a better comparability of the Group's performance, has presented a net loss of RMB77.1 million in 9M2014 and RMB39.4 million in 9M2013 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 9M2014 amounted to approximately RMB2,545.4 million and RMB3,221.3 million respectively.

The largest component of our current assets was development properties, which amounted to approximately RMB1,611.9 million and RMB1,852.8 million as at the end of FY2013 and 9M2014 respectively. Development properties, which include the cost of land, interest capitalised, and related costs, accounted for approximately 63% and 58% of our current assets as at the end of FY2013 and 9M2014 respectively. The RMB240.9 million or 15% 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 355.4 million as at the end of FY2013 and 9M2014 respectively, which include properties of Jiangnan Mingju Phases 5 and 6, and Phase 1 and Phase 1 (ii) Villas of Shanshui Longpan. The RMB35.9 million or 9% decrease in properties held for sales was due to the recognition of cost of sales when properties held for sales were sold.





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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 (continue) :*

#### **Current Assets**

The Group's cash and bank balances as at 30 September 2014 increased by RMB425.8 million or 559% to RMB502.0 million as compared with 31 December 2013, which was primarily attributable to the net cash from financing activities of RMB878.0 million, and partially offset by the net cash used in investing activities of RMB30.2 million and operating activities of RMB420.6 million respectively

In addition, restricted cash stood at RMB158.3 million and RMB268.2 million as at end of 9M2014 and FY2013 respectively. The decrease was due to the cancellation of RMB109.9 million pledged cash along with the repayment of bank loans.

Trade and other receivables increase from RMB179.7 million to RMB349.0 million at the end of FY2013 and 9M2014 respectively. The increases of RMB169.3 million in trade and other receivables were mainly due to (i) prepayment of RMB140.0 million on the land cost of a new land bank in Foshan City; (ii) an addition of RMB13.9 million of prepaid taxes and LAT; (iii) prepayment of RMB26.3 million of finance cost for the new other loan raised; and which was partially offset by a decrease of RMB10.9 million in account receivables due to the collection of the balance of consideration for property held for sales.

Amount due from customers for contract works stood at RMB11.8 million and RMB0.6 million as at end of FY2013 and 9M2014 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 9M2014, our non-current assets had an aggregate net book value of approximately RMB1,039.9 million and RMB1,071.4 million respectively.

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 RMB991.9 million as at the end of FY2013 and 9M2014, which accounted for approximately 92% and 93% of our non-current assets as at the end of FY2013 and 9M2014 respectively. The increase of RMB34.9 million in the investment properties included RMB29.1 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.



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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 (continue) :*

#### **Non-current assets**

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 9M2014, 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 RMB1.5 million was mainly due to amortisation/depreciation charge of RMB2.3 million for 9M2014, 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 RMB430.2 million and RMB466.8 million at the end of FY2013 and 9M2014 respectively. The increase of RMB36.6 million in trade and other payables was mainly due to (a) an increase of RMB13.3 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 RMB99.2 million from customers for pre-sales of properties that did not meet sales recognition criteria; (c) transfer of RMB75.9 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 9M2014.

#### **Bank and Other Loans**

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

#### **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 9M2014, shareholders' equity amounted to RMB1,264.5 million and RMB1,190.3 million respectively. The decrease in equity was mainly due to the loss incurred in the current period.





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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 (continue) :*

**Cash flow statement**

The Group has a net cash outflow from operating activities of RMB420.6 million during 9M2014, which comprised operating cash outflow before movements in working capital of RMB3.6 million, adjusted for net working capital used in operations of RMB294.9 million and net of finance cost and interest received as well as income tax paid of RMB85.4 million and RMB36.6 million respectively. The net working capital outflows were mainly due to the increase in development properties and trade and other receivables as explained above, and partially offset by the increase in trade and other payables and the decrease in property held for sales (also as explained above) during the current reporting period.

The net cash outflows from investing activities of RMB30.2 million mainly pertained to the addition of investment properties and purchase of administrative equipments and vehicle in 9M2014, and partially offset by repayment from jointly controlled operation of RMB5.5 million.

The Group recorded a net cash inflow from financing activities of RMB878.0 million during 9M2014. This was mainly due to new loans raised of RMB1,166.8 million and drawdown of restricted cash of RMB109.9 million, partially offset by repayment of RMB401.8 million banks and other loans.

With the above, the Group has a net increase in cash and cash equivalents of RMB427.2 million for 9M2014.

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 periods ended 31 March 2014 and 30 June 2014 respectively.



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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 3.74% during the current reporting period, from RMB8,220 per sqm<sup>(1)</sup> in 9M2013 to RMB8,527 per sqm<sup>(1)</sup> in 9M2014. Moreover, transaction volumes have increased from 6.1138 million<sup>(1)</sup> in 9M2013 to 6.5314 million<sup>(1)</sup> in 9M2014, an increase of approximately 6.83%.

### **Project Updates**

As at 30 September 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 September 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 September 2014 and some of those completed units have been handed over to the buyers since early July 2012.

### **Shanshui Longpan, Phase 3 high rise**

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 32,200 sqm have contracted intention to purchase as at 30 September 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 sqm, of which approximately 130,500 sqm have been launched for pre-sales and approximately 8,000 sqm have contracted intention to purchase as at 30 September 2014.

The accumulated sales/pre-sales<sup>(2)</sup> status of our projects as at 30 September 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	681,997	49,161	13,900	99%-100%
Shanshui Longpan Phase 1(ii) Villas	173,507	10,660	16,300	100%
Jin Long Garden – South Zone	743,966	72,497	10,300	100%
Jiangnan Minju Phases 5 and 6	983,657	144,485	6,800	100%
Shanshui Longpan Phase 3 High Rises	145,218	28,594	5,100	9%
Sihui City Mall	61,845	2,575	24,000	70%
<b>Total</b>	<b>2,790,190</b>	<b>307,970</b>	<b>9,100</b>	<b>NA</b>

The sales/pre-sales<sup>(2)</sup> of our projects for 9M2014 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	23,797	1,772	13,400	99%-100%
Shanshui Longpan Phase 1(ii) Villas	29,990	1,716	17,500	100%
Jin Long Garden – South Zone	17,034	1,785	9,500	100%
Jiangnan Minju Phases 5 and 6	2,468	337	7,300	100%
Shanshui Longpan Phase 3 High Rises	145,218	28,594	5,100	9%
Sihui City Mall	61,845	2,575	24,000	70%
<b>Total</b>	<b>280,352</b>	<b>36,779</b>	<b>7,600</b>	<b>NA</b>



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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<sup>(2)</sup> of our projects for 3Q2014 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	5,334	528	10,100	99%-100%
Shanshui Longpan Phase 1(ii) Villas	10,966	532	20,600	100%
Jin Long Garden – South Zone	8,377	840	10,000	100%
Jiangnan Minju Phases 5 and 6	1,254	185	6,800	100%
Shanshui Longpan Phase 3 High Rises	20,470	2,901	7,100	9%
Sihui City Mall	16,796	1,242	13,500	70%
<b>Total</b>	<b>63,197</b>	<b>6,227</b>	<b>10,100</b>	<b>NA</b>

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 9M2014 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. However, sales revenue is expected to be lower than FY2013.

(1) Source from Bureau of Housing and Urban-Rural Development of Foshan (<http://www.fsjw.gov.cn/spjfc/sjtj/>)

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

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.



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

Not applicable.

13. *Interested Person Transactions*

<b>Name of interested person</b>	<b>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) 9M2014</b>	<b>Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) 9M2014</b>
Zhong Yu Xin <sup>(1)</sup>	S\$ 566,008 <sup>(2)</sup>	-

Notes:

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

(2) *Lease of Debao Hotel.*

BY ORDER OF THE BOARD

Yuan Le Sheng  
Executive Chairman and CEO



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



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以人为本 稳定发展 房产先锋  
12 November 2014



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***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 nine months ended 30 September 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

12 November 2014