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**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016 ("2Q2016 and 1H2016")**

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

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

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

**Actual Consolidated Statement of Comprehensive Income**

	Actual CFS (As defined herein)					
	2Q2016	2Q2015	% Change	1H2016	1H2015	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	11,864	28,524	(58%)	28,646	39,458	(27%)
Cost of sales	(8,277)	(16,400)	(50%)	(17,866)	(21,026)	(15%)
<b>Gross profit</b>	<b>3,587</b>	<b>12,124</b>	<b>(70%)</b>	<b>10,780</b>	<b>18,432</b>	<b>(42%)</b>
Other income	10,693	1,851	478%	66,902	4,165	1506%
Selling and distribution expenses	(3,721)	(3,027)	23%	(4,888)	(5,847)	(16%)
Administrative expenses	(13,842)	(12,858)	8%	(26,461)	(27,886)	(5%)
Finance costs	(17,628)	(33,715)	(48%)	(34,269)	(67,978)	(50%)
<b>(Loss) profit before income tax</b>	<b>(20,911)</b>	<b>(35,625)</b>	<b>(41%)</b>	<b>12,064</b>	<b>(79,114)</b>	<b>(115%)</b>
Income tax credit (expenses)	1,500	(676)	(322%)	1,126	(996)	(213%)
<b>Net (loss) profit for the period</b>	<b>(19,411)</b>	<b>(36,301)</b>	<b>(47%)</b>	<b>13,190</b>	<b>(80,110)</b>	<b>(116%)</b>
<b>Other comprehensive (loss) income</b>						
Currency translation difference	(17,622)	(11,964)	47%	(41,281)	4,097	(1108%)
<b>Total Comprehensive loss for the period</b>	<b>(37,033)</b>	<b>(48,265)</b>	<b>(23%)</b>	<b>(28,091)</b>	<b>(76,013)</b>	<b>(63%)</b>
<b>(Loss) profit attributable to:</b>						
Equity holders of the Company	(17,387)	(28,509)	(39%)	17,107	(63,744)	(127%)
Non-controlling interest	(2,024)	(7,792)	(74%)	(3,917)	(16,366)	(76%)
	<b>(19,411)</b>	<b>(36,301)</b>	<b>(47%)</b>	<b>13,190</b>	<b>(80,110)</b>	<b>(116%)</b>
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	(35,009)	(40,473)	(14%)	(24,174)	(59,647)	(59%)
Non-controlling interest	(2,024)	(7,792)	(74%)	(3,917)	(16,366)	(76%)
	<b>(37,033)</b>	<b>(48,265)</b>	<b>(23%)</b>	<b>(28,091)</b>	<b>(76,013)</b>	<b>(63%)</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 (continued).*

Proforma Consolidated Statement of Comprehensive Income

	Proforma CFS (As defined herein)					
	2Q2016	2Q2015	% Change	1H2016	1H2015	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
<b>Revenue</b>	11,864	28,524	(58%)	28,646	39,458	(27%)
<b>Cost of sales</b>	(7,937)	(16,307)	(51%)	(17,465)	(20,742)	(16%)
<b>Gross profit</b>	<b>3,927</b>	<b>12,217</b>	<b>(68%)</b>	<b>11,181</b>	<b>18,716</b>	<b>(40%)</b>
Other income	10,693	1,851	478%	66,902	4,165	1506%
Selling and distribution expenses	(3,721)	(3,027)	23%	(4,888)	(5,847)	(16%)
Administrative expenses	(13,785)	(12,801)	8%	(26,348)	(27,773)	(5%)
Finance costs	(17,628)	(33,715)	(48%)	(34,269)	(67,978)	(50%)
<b>(Loss) profit before income tax</b>	<b>(20,514)</b>	<b>(35,475)</b>	<b>(42%)</b>	<b>12,578</b>	<b>(78,717)</b>	<b>(116%)</b>
Income tax (expenses) credit	1,400	(713)	(296%)	997	(1,095)	(191%)
<b>Net (loss) profit for the period</b>	<b>(19,114)</b>	<b>(36,188)</b>	<b>(47%)</b>	<b>13,575</b>	<b>(79,812)</b>	<b>(117%)</b>
<b>Other comprehensive (loss) income</b>						
Currency translation difference	(17,622)	(11,964)	47%	(41,281)	4,097	(1108%)
<b>Total Comprehensive loss for the period</b>	<b>(36,736)</b>	<b>(48,152)</b>	<b>(24%)</b>	<b>(27,706)</b>	<b>(75,715)</b>	<b>(63%)</b>
<b>(Loss) profit attributable to:</b>						
Equity holders of the Company	(17,090)	(28,396)	(40%)	17,492	(63,446)	(128%)
Non-controlling interest	(2,024)	(7,792)	(74%)	(3,917)	(16,366)	(76%)
	<b>(19,114)</b>	<b>(36,188)</b>	<b>(47%)</b>	<b>13,575</b>	<b>(79,812)</b>	<b>(117%)</b>
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	(34,712)	(40,360)	(14%)	(23,789)	(59,349)	(60%)
Non-controlling interest	(2,024)	(7,792)	(74%)	(3,917)	(16,366)	(76%)
	<b>(36,736)</b>	<b>(48,152)</b>	<b>(24%)</b>	<b>(27,706)</b>	<b>(75,715)</b>	<b>(63%)</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 (continued).*

Explanatory Notes:

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

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

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

As a result, our gross profits and earnings for the second quarter and half year ended 30 June 2015 (“**2Q2015 and 1H2015**”) and for the second quarter and half year ended 30 June 2016 (“**2Q2016 and 1H2016**”), 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 2Q2015, 1H2015, 2Q2016 and 1H2016 (the “**Actual Consolidated Financial Statements**” or “**Actual CFS**”), our Company had also prepared the proforma consolidated financial statements for 2Q2015, 1H2015, 2Q2016 and 1H2016 (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					
	2Q2016	2Q2015	% Change	1H2016	1H2015	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	794	666	19%	1,659	1,489	11%
Amortisation	55	56	(2%)	111	111	0%
Interest expense	17,628	33,715	(48%)	34,269	67,978	(50%)
Interest income	(1,288)	(1,851)	(30%)	(2,476)	(4,165)	(41%)
Exchange (gain)loss	(9,326)	-	100%	(64,309)	-	100%

	Proforma Consolidated Statement of Comprehensive Income					
	2Q2016	2Q2015	% Change	1H2016	1H2015	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	737	609	21%	1,546	1,376	12%
Amortisation	55	56	(2%)	111	111	0%
Interest expense	17,628	33,715	(48%)	34,269	67,978	(50%)
Interest income	(1,288)	(1,851)	(30%)	(2,476)	(4,165)	(41%)
Exchange (gain)loss	(9,326)	-	100%	(64,309)	-	100%



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

Statements of Financial Position

	Group				Company	
	Actual CFS		Proforma CFS		Actual CFS	
	30.6.2016 RMB'000	31.12.2015 RMB'000	30.6.2016 RMB'000	31.12.2015 RMB'000	30.6.2016 RMB'000	31.12.2015 RMB'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and bank equivalents	202,702	177,424	202,702	177,424	39	37
Restricted cash and cash equivalents	445,228	401,751	445,228	401,751	-	-
Trade and other receivables	322,118	380,012	322,118	380,012	-	-
Amount due from related parties	7,984	7,064	7,984	7,064	-	-
Due from subsidiaries	-	-	-	-	653,372	610,154
Amount due from customers for contract work	590	590	590	590	-	-
Inventories	263	262	263	262	-	-
Property held for sales	458,315	459,610	449,372	450,413	-	-
Development properties	2,571,223	2,005,554	2,313,450	1,747,634	-	-
Prepaid land use right	223	223	223	223	-	-
Asset held for sales	35,000	35,000	35,000	35,000	-	-
Dividends receivable	-	-	-	-	23,134	21,572
<b>Total current assets</b>	<b>4,043,646</b>	<b>3,467,490</b>	<b>3,776,930</b>	<b>3,200,373</b>	<b>676,545</b>	<b>631,763</b>
<b>Non-current Assets</b>						
Prepaid land use right	4,476	4,587	4,476	4,587	-	-
Property, plant and equipment	22,125	22,838	19,135	19,735	-	-
Investment properties	2,452,031	2,441,955	2,452,031	2,441,955	-	-
Joint Venture	25,262	17,462	25,262	17,462	-	-
Trade and other receivables	192,531	156,135	192,531	156,135	-	-
Investment in subsidiaries	-	-	-	-	1,815	1,815
Other investment	1,300	1,300	1,300	1,300	-	-
Deferred tax assets	10,223	10,223	10,223	10,223	-	-
Goodwill	4,192	4,192	4,192	4,192	-	-
<b>Total non-current assets</b>	<b>2,712,140</b>	<b>2,658,692</b>	<b>2,709,150</b>	<b>2,655,589</b>	<b>1,815</b>	<b>1,815</b>
<b>Total assets</b>	<b>6,755,786</b>	<b>6,126,182</b>	<b>6,486,080</b>	<b>5,855,962</b>	<b>678,360</b>	<b>633,578</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>Current liabilities</b>						
Bank and other loans	1,299,776	1,356,615	1,299,776	1,356,615	-	-
Trade and other payables	1,485,281	1,239,120	1,485,281	1,239,120	872	694
Long term payable-current portion	22,297	22,297	22,297	22,297	-	-
Amount due to related parties	38,321	36,887	38,321	36,887	-	-
Due to subsidiaries	-	-	-	-	52,325	47,500
Tax payables	77,416	78,623	77,416	78,623	-	-
<b>Total current liabilities</b>	<b>2,923,091</b>	<b>2,733,542</b>	<b>2,923,091</b>	<b>2,733,542</b>	<b>53,197</b>	<b>48,194</b>
<b>Non-current liabilities</b>						
Bank and other loans	1,812,739	1,339,036	1,812,739	1,339,036	-	-
Long term payable	153,492	156,158	153,492	156,158	-	-
Deferred tax liabilities	397,058	399,239	330,992	333,044	-	-
<b>Total non-current liabilities</b>	<b>2,363,289</b>	<b>1,894,433</b>	<b>2,297,223</b>	<b>1,828,238</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>	<b>1,469,406</b>	<b>1,498,207</b>	<b>1,265,766</b>	<b>1,294,182</b>	<b>625,163</b>	<b>585,384</b>
<b>Total liabilities and Shareholders' equity</b>	<b>6,755,786</b>	<b>6,126,182</b>	<b>6,486,080</b>	<b>5,855,962</b>	<b>678,360</b>	<b>633,578</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 (continued).*

Explanatory Notes :

The main differences in the balance sheet between the Actual Consolidated Financial Statements and the unaudited Proforma Consolidated Financial Statements relate to (i) the recording of the attributed fair values of certain assets (such as property held for sales, and development properties as well as the associated tax effect on fair value 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.

The Group reviewed and assessed the classification of the Group's investment in joint arrangements in accordance with the requirements of FRS 111. The Group concluded that investment in Jin Long Garden, which was classified as a jointly controlled operation under FRS 31 and was previously accounted using the equity method, should be accounted to recognise its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly)(Details please refer to the Company's announcement dated on 2 April 2015).

The restatement do not have any effect on the Group's net assets and profit after tax as previously announced in the 2Q2015 and 1H2015 Results Announcement.

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

	Group (Actual CFS)	
	30.6.2016	31.12.2015
	RMB'000	RMB'000
Amount repayable in one year on less, or on demand:-		
Secured (a)	1,281,497	1,333,336
Unsecured (b)	18,279	23,279
<b>Sub-total (1)</b>	<b>1,299,776</b>	<b>1,356,615</b>
Amount repayable after one year		
Secured (a)	1,812,739	1,339,036
<b>Sub-total (2)</b>	<b>1,812,739</b>	<b>1,339,036</b>
<b>Total debt (1)+(2)</b>	<b>3,112,515</b>	<b>2,695,651</b>



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

Explanatory Notes:

**Bank loans**

- (a) Bank loans amounting to RMB13,367,000 (2015: RMB15,098,000) with an interest rate of 6.55% (2014: 6.55%) per annum are repayable from the second half year of 2016 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 RMB3,627,000 (2015: RMB3,517,000) and are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB9,740,000 (2015: RMB11,581,000).

Bank loan amounting to RMB 249,150,000 (2015: RMB209,350,000) with an interest rate of 4.85% to 6.80% (2015: 5.35%) per annum, are repayable in 2017, secured by certain land use rights and property of the Group and restricted cash and cash equivalents of RMB 160,000,000.

Bank loan amounting to RMB100,000,000 (2015: RMB100,000,000) with an interest rate of 5.66% (2015: 7%) per annum, are repayable in 2017 or repayable upon demand and were secured by certain land use rights of the Group.

Bank loan amounting to RMB59,300,000 (2015: RMB69,300,000) with an interest rate of 5.66% (2015: 6.72% to 7%) per annum, are repayable in 2016, secured by land use rights and investment properties of the Group.

Bank loan amounting to RMB38,000,000 (2015: RMB38,000,000) with an interest rate of 7% (2015: 7%) per annum, are repayable in 2016, secured by land use rights and investment property of the Group, as well as guaranteed by one director of the Group.

Bank loan amounting to RMB85,000,000 (2015: RMB85,000,000) bears an interest rate of 7% (2015: 7%) per annum, are repayable in 2016, secured by land use rights of the Group, as well as guaranteed by one director of the Group.

Bank loan amounting to RMB24,900,000 (2015: RMB25,000,000) bears an interest rate of 5.18% (2015: 7.04%) per annum, are repayable in 2017, secured by investment property of the Group.

Bank loan amounting to RMB48,000,000 (2015: RMB24,000,000) bears an interest rate of 4.91%(2015: 8.5%) per annum, are repayable in 2016, secured by property held for sales and restricted cash and cash equivalents of RMB24,000,000, and guaranteed by other subsidiaries of the Group.

Bank loan amounting to RMB175,536,000 (2015: RMB208,779,000) bears an interest rate of 3.16% to 3.25% (2015: 3.15% to 3.25%) per annum, are repayable in 2016, secured by restricted cash and cash equivalents of RMB215,700,000.

Bank loan amounting to RMB32,500,000 (2015: RMB32,600,000) bears an interest rate of 5.22% (2015: 5.61% to 5.87%) per annum, are repayable in year-end 2016 and 2017, secured by land use rights of the Group.

Bank loan amounting to RMB50,000,000 (2015: RMB50,000,000) bears an interest rate of 4.79% to 6.09% (2015: 5.87%) per annum, are repayable in 2017, secured by investment property and restricted cash and cash equivalents of RMB15,000,000.



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

Bank loan amounting to RMB107,000,000 (2015: RMB80,000,000) bears an interest rate of 4.35 to 6.75%(2015: 6.75%) per annum, are repayable in 2016 and 2017, secured by land use rights of the Group and restricted cash and cash equivalents of RMB30,000,000.

**Other loans(secured)**

- (a) Loans raised together with a contractor for a total of RMB113,627,000 (2015: RMB116,574,000) with an interest rates ranging from prime rate to 5.66%, 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. RMB90,975,000 (2014: RMB98,369,000) has been advanced to the Group. The loans are repayable on demand.

Other loan amounting to RMB40,000,000 (2015: RMB60,000,000) with an effective interest rate of approximately 15.80% (2015: 15.80%) per annum, repayable in 2016, secured by land use rights of the Group and guaranteed by a director of the Group.

Other loan amounting to Nil (2015: RMB49,200,000) with an effective interest rate of approximately 14.54% (2015: 14.54%) per annum, has been repaid in 2016, secured by property held for sales of the Group.

Other loan amounting to RMB384,000,000 (2015: RMB384,000,000) with an effective interest rate of approximately 12.70% (2015: 12.70%) per annum, repayable from 2016 to 2017, secured by land use rights and property under development of the Group. The current portion of these loans amounted to RMB54,940,000 (2015: RMB54,859,000) are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB329,060,000 (2015: RMB329,141,000).

Other loan amounting to RMB332,265,000 (2015: RMB324,736,000) with an effective interest rate of approximately 15% (2015: 15%) per annum, repayable in 2017, secured by a director of the Group and his shares in the Company (details please refer to our corporate announcement dated 8 April 2014).

Other loan amounting to RMB29,520,000 (2015: RMB29,520,000) with an effective interest rate of 24% (2015: 36%) per annum, are repayable in 2016, guaranteed by other subsidiary of the Group.

Other loan amounting to RMB192,636,000 (2015: RMB220,000,000) with an effective interest rate of approximately 14% per annum, repayable from the second half year of 2015 to 2018, secured by land use rights and investment property of the Group. The current portion of these loans amounted to RMB47,757,000(2015: RMB66,000,000) are repayable in twelve (12) months, while the non-current portion of these loans amounted to RMB144,879,000(2015: RMB154,000,000).

Other loan amounting to RMB45,292,000(2015: RMB49,842,000) with an effective interest rate of 24%(2015: 24%) per annum, are repayable in 2016, guaranteed by other subsidiary of the Group.

Other loan raised amounting to RMB531,624,000(2015: RMB519,578,000) with an effective interest rate of approximately 10% per annum, repayable in 2020, secured by other subsidiaries of the Group, as well as guaranteed by one director of the Group.





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

Other loan raised in 2Q2016 amounting to RMB465,171,000 with an effective interest rate of approximately 10% per annum, repayable in 2021, secured by other subsidiaries of the Group, as well as guaranteed by one director of the Group.

**Other loans(unsecured)**

- (b) Other loan amounting to RMB18,279,000 (2014: RMB18,279,000) with an effective interest rate of 18% (2014: 18%) per annum, are repayable in the second half year of 2016 and unsecured.

Other loan amounting to Nil (2015: RMB5,000,000) with an effective interest rate of 24% per annum, has been repaid in 2016 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			
	2Q2016	2Q2015	1H2016	1H2015
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
(Loss) profit before tax	(20,911)	(35,625)	12,064	(79,114)
Adjustments for:				
Depreciation and amortisation	849	722	1,770	1,600
Interest expense	17,628	33,715	34,269	67,978
Interest income	(1,288)	(1,851)	(2,476)	(4,165)
Unrealized exchange gain	(9,326)	-	(64,309)	-
<b>Operating loss before working capital changes</b>	<b>(13,048)</b>	<b>(3,039)</b>	<b>(18,682)</b>	<b>(13,701)</b>
Trade and other receivables	(40,764)	(43,415)	25,524	(77,159)
Development properties	(372,669)	(54,253)	(502,721)	(154,133)
Property held for sales	3,262	5,510	1,295	6,324
Amount due from customers for contract work	-	1,312	-	1,350
Inventories	1	(1,394)	(1)	(1,399)
Trade and other payables	232,540	127,857	267,911	303,253
Amounts due to related parties	(765)	386	1,434	(17,579)
<b>Net cash (used in) from operations</b>	<b>(191,443)</b>	<b>32,964</b>	<b>(225,240)</b>	<b>46,956</b>
Interest paid	(46,136)	(32,285)	(92,333)	(58,456)
Interest received	1,288	1,851	2,476	4,165
Income taxes paid	(5,357)	(7,656)	(6,998)	(16,637)
<b>Net cash used in operating activities</b>	<b>(241,648)</b>	<b>(5,126)</b>	<b>(322,095)</b>	<b>(23,972)</b>
<b>Cash flows from investing activities</b>				
Purchases of properties, plant and equipment	(232)	-	(946)	-
Addition in investment property	(118)	(5,526)	(361)	(6,300)
Disposal of other investment	-	-	-	500
Advance to joint venture	(2,933)	-	(7,800)	-
<b>Net cash used in investing activities</b>	<b>(3,283)</b>	<b>(5,526)</b>	<b>(9,107)</b>	<b>(5,800)</b>
<b>Cash flows from financing activities</b>				
Amounts due from related parties	(476)	(717)	(920)	2,791
Fixed deposit	(30,201)	74,271	(42,949)	89,062
Dividend paid	-	(12,061)	-	(12,061)
Proceeds from bank and other loans	504,971	314,483	582,971	445,302
Repayment of bank and other loans	(121,140)	(405,075)	(190,523)	(567,218)
<b>Net cash from (used in) financing activities</b>	<b>353,154</b>	<b>(29,099)</b>	<b>348,579</b>	<b>(42,124)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>108,223</b>	<b>(39,751)</b>	<b>17,377</b>	<b>(71,896)</b>
<b>Cash and cash equivalents at the beginning of the periods</b>	<b>88,668</b>	<b>107,906</b>	<b>177,424</b>	<b>140,322</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currency</b>	<b>6,339</b>	<b>119</b>	<b>8,429</b>	<b>(152)</b>
<b>Cash and cash equivalents at the end of the periods</b>	<b>203,230</b>	<b>68,274</b>	<b>203,230</b>	<b>68,274</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 (continued).

	Proforma CFS			
	2Q2016	2Q2015	1H2016	1H2015
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
(Loss) profit before tax	(20,514)	(35,475)	12,578	(78,717)
Adjustments for:				
Depreciation and amortisation	792	665	1,657	1,487
Interest expense	17,628	33,715	34,269	67,978
Interest income	(1,288)	(1,851)	(2,476)	(4,165)
Unrealized exchange gain	(9,326)	-	(64,309)	-
<b>Operating loss before working capital changes</b>	<b>(12,708)</b>	<b>(2,946)</b>	<b>(18,281)</b>	<b>(13,417)</b>
Trade and other receivables	(40,764)	(43,415)	25,524	(78,134)
Development properties	(372,755)	(54,346)	(502,868)	(153,251)
Property held for sales	3,008	5,510	1,041	6,133
Amount due from customers for contract work	-	1,312	-	1,350
Inventories	1	(1,394)	(1)	(1,399)
Trade and other payables	232,540	127,857	267,911	303,253
Amounts due to related parties	(765)	386	1,434	(17,579)
<b>Net cash from (used in) operations</b>	<b>(191,443)</b>	<b>32,964</b>	<b>(225,240)</b>	<b>46,956</b>
Interest paid	(46,136)	(32,285)	(92,333)	(58,456)
Interest received	1,288	1,851	2,476	4,165
Income taxes paid	(5,357)	(7,656)	(6,998)	(16,637)
<b>Net cash (used in) from operating activities</b>	<b>(241,648)</b>	<b>(5,126)</b>	<b>(322,095)</b>	<b>(23,972)</b>
<b>Cash flows from investing activities</b>				
Purchases of properties, plant and equipment	(232)	-	(946)	-
Addition in investment property	(118)	(5,526)	(361)	(6,300)
Disposal of other investment	-	-	-	500
Advance to joint venture	(2,933)	-	(7,800)	-
<b>Net cash used in investing activities</b>	<b>(3,283)</b>	<b>(5,526)</b>	<b>(9,107)</b>	<b>(5,800)</b>
<b>Cash flows from financing activities</b>				
Amounts due from related parties	(476)	(717)	(920)	2,791
Fixed deposit	(30,201)	74,271	(42,949)	89,062
Dividend paid	-	(12,061)	-	(12,061)
Proceeds from bank and other loans	504,971	314,483	582,971	445,302
Repayment of bank and other loans	(121,140)	(405,075)	(190,523)	(567,218)
<b>Net cash from (used in) financing activities</b>	<b>353,154</b>	<b>(29,099)</b>	<b>348,579</b>	<b>(42,124)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>108,223</b>	<b>(39,751)</b>	<b>17,377</b>	<b>(71,896)</b>
<b>Cash and cash equivalents at the beginning of the periods</b>	<b>88,668</b>	<b>107,906</b>	<b>177,424</b>	<b>140,322</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currency</b>	<b>6,339</b>	<b>119</b>	<b>8,429</b>	<b>(152)</b>
<b>Cash and cash equivalents at the end of the periods</b>	<b>203,230</b>	<b>68,274</b>	<b>203,230</b>	<b>68,274</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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德宝房地产开发有限公司



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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 2015</b>	909,831	400,165	17,254	23,887	396	17,788	1,369,321	232,387	1,601,708
Total comprehensive (loss) profit for the period	-	(35,235)	16,061	-	-	-	(19,174)	(8,574)	(27,748)
<b>Balance as at 31 March 2015</b>	909,831	364,930	33,315	23,887	396	17,788	1,350,147	223,813	1,573,960
Total comprehensive loss for the period	-	(28,509)	(11,964)	-	-	-	(40,473)	(7,792)	(48,265)
Dividend distribution	-	(12,061)	-	-	-	-	(12,061)	-	(12,061)
<b>Balance as at 30 June 2015</b>	909,831	324,360	21,351	23,887	396	17,788	1,297,613	216,021	1,513,634
<b>Balance as at 1 January 2016</b>	909,831	422,395	27,016	23,887	86,724	17,788	1,487,641	10,566	1,498,207
Total comprehensive profit (loss) for the period	-	34,494	(23,659)	-	-	-	10,835	(1,893)	8,942
<b>Balance as at 31 March 2016</b>	909,831	456,889	3,357	23,887	396	17,788	1,498,476	8,673	1,507,149
Total comprehensive loss for the period	-	(17,387)	(17,622)	-	-	-	(35,009)	(2,734)	(37,743)
<b>Balance as at 30 June 2016</b>	909,831	439,502	(14,265)	23,887	396	17,788	1,463,467	5,939	1,469,406



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

	Group - Proforma CFS									
	Issued Capital RMB'000	Retained Earnings RMB'000	Translation Reserve RMB'000	Proforma Reserve RMB'000	Statutory Reserve RMB'000	Capital Reserve RMB'000	Revaluation Reserve RMB'000	Attributable to equity holders of the Company RMB'000	Non-Controlling Interests RMB'000	Total RMB'000
<b>Balance as at 1 January 2015</b>	909,831	324,509	17,254	(148,414)	31,442	396	21,707	1,156,725	232,387	1,389,112
Total comprehensive (loss) profit for the period	-	(35,050)	16,061	-	-	-	-	(18,989)	(8,574)	(27,563)
<b>Balance as at 31 March 2015</b>	909,831	289,459	33,315	(148,414)	31,442	396	21,707	1,137,736	223,813	1,361,549
Total comprehensive loss for the period	-	(28,396)	(11,964)	-	-	-	-	(40,360)	(7,792)	(48,152)
Dividend distribution	-	(12,061)	-	-	-	-	-	(12,061)	-	(12,061)
<b>Balance as at 30 June 2015</b>	909,831	249,002	21,351	(148,414)	31,442	396	21,707	1,085,315	216,021	1,301,336
<b>Balance as at 1 January 2016</b>	909,831	355,310	27,016	(148,414)	31,442	86,724	21,707	1,283,616	10,566	1,294,182
Total comprehensive profit (loss) for the period	-	34,582	(23,659)	-	-	-	-	10,923	(1,893)	9,030
<b>Balance as at 31 March 2016</b>	909,831	389,892	3,357	(148,414)	31,442	86,724	21,707	1,294,539	8,673	1,303,212
Total comprehensive loss for the period	-	(17,090)	(17,622)	-	-	-	-	(34,712)	(2,734)	(37,446)
<b>Balance as at 30 June 2016</b>	909,831	372,802	(14,265)	(148,414)	31,442	396	21,707	1,259,827	5,939	1,265,766



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

	Company			
	Share capital RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
<b>Balance as at 1 January 2015</b>	<b>909,831</b>	<b>(252,826)</b>	<b>(24,355)</b>	<b>632,650</b>
Total comprehensive loss for the period	-	(1,058)	(25,264)	(26,322)
<b>Balance as at 31 March 2015</b>	<b>909,831</b>	<b>(253,884)</b>	<b>(49,619)</b>	<b>606,328</b>
Total comprehensive (loss) profit for the period	-	(1,661)	13,796	12,135
Dividend distribution	-	(12,061)		(12,061)
<b>Balance as at 30 June 2015</b>	<b>909,831</b>	<b>(267,606)</b>	<b>(35,823)</b>	<b>606,402</b>
<b>Balance as at 1 January 2016</b>	<b>909,831</b>	<b>(286,847)</b>	<b>(37,600)</b>	<b>585,384</b>
Total comprehensive loss for the period	-	(1,104)	24,550	23,446
<b>Balance as at 31 March 2016</b>	<b>909,831</b>	<b>(287,951)</b>	<b>(13,050)</b>	<b>608,830</b>
Total comprehensive (loss) profit for the period	-	(1,272)	17,605	16,333
<b>Balance as at 30 June 2016</b>	<b>909,831</b>	<b>(289,223)</b>	<b>4,555</b>	<b>625,163</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.

At the Extraordinary General Meeting held on 27 April 2016, the shareholders of the Company approved the consolidation of every fifteen (15) existing ordinary shares in the capital of the Company into one (1) ordinary share ("Share Consolidation"). The Share Consolidation was completed on 9 May 2016 when 1,125,000,000 existing ordinary shares were consolidated into 74,999,688 consolidated shares, disregarding any fractions of ordinary shares arising from the Share Consolidation. Earnings per share and net assets value for financial year ended 31 December 2014 are restated for the effect of the share consolidation.

The details of the number of shares as a result of the Share Consolidation are shown in 1(d)(iii) below.



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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 2015 and 30 June 2016 respectively.

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

	30.6.2016		31.12.2015	
	No of shares	S\$'000	No of shares	S\$'000
Issued and fully paid	74,999,688	143,750	1,125,000,000	143,750

Share Consolidation effective from 9 May 2016

Total number of ordinary shares before Share Consolidation	1,125,000,000
Share Consolidation exercise	(1,050,000,312)
Total number of ordinary shares after Share Consolidation	74,999,688

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

Nil.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in its unaudited financial statements for 2Q2016 and 1H2016 as those of the audited financial statements for the year ended 31 December 2015, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2016. The adoption of all new and revised FRSs has no material effect on the 2Q2016 and 1H2016 unaudited financial statements.



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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			
	2Q2016	2Q2015 (restated)	1H2016	1H2015 (restated)
<b>Profit (Loss) Per Share</b>				
Basic (a)	(23.18)	(38.01)	22.81	(84.99)

RMB fens	Proforma CFS			
	2Q2016	2Q2015 (restated)	1H2016	1H2015 (restated)
<b>Profit (Loss) Per Share</b>				
Basic (a)	(22.79)	(37.86)	23.32	(84.60)

- (a) Basic earnings per share has been computed based on the ordinary shares capital of 74,999,688 shares ie: number of ordinary shares issued and paid-up, please refer to item 1(d)(iii).

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

RMB	Group				Company	
	Actual CFS		Proforma CFS		Actual CFS	
	30.6.2016	31.12.2015 (restated)	30.6.2016	31.12.2015 (restated)	30.6.2016	31.12.2015 (restated)
Net asset value per ordinary share based on issued share capital at end of financial year*	19.59	19.98	16.88	17.26	8.34	7.81

- \* Net asset value per share has been computed based on the ordinary share capital of 74,999,688 shares 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 2Q2016 and 1H2016**

	30.6.2016		Difference
	Actual*	Proforma*	***
	RMB'000	RMB'000	RMB'000
<b>Balance sheet items</b>			
Property held for sales	458,315	449,372	8,943
Development properties	2,571,223	2,313,450	257,773
Property, plant and equipment	22,125	19,135	2,990
Deferred tax liabilities	397,058	330,992	66,066
Shareholders' equity	1,469,406	1,265,766	203,640

	2Q2016		Difference	1H2016		Difference
	Actual*	Proforma**	***	Actual*	Proforma**	***
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Comprehensive income statements items</b>						
Cost of sales	(8,277)	(7,937)	(340)	(17,866)	(17,465)	(401)
Administrative expenses	(13,842)	(13,785)	(57)	(26,461)	(26,348)	(113)
Income tax expense	1,500	1,400	100	1,126	997	129
Loss for the period	(19,411)	(19,114)	(297)	13,190	13,575	(385)

\* Based on the unaudited Actual Consolidated Financial Statements.

\*\* Based on the unaudited Proforma Consolidated Financial Statements.

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



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

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

**Income statement**

**Revenue**

Our Group's revenue decreased by RMB10.9 million, or 27%, from RMB39.5 million in 1H2015 to RMB28.6 million in 1H2016. The decrease was mainly attributed to the decrease in revenue from our property development sales by RMB6.2 million, from RMB22.2 million in 1H2015 to RMB16.0 million in 1H2016. The decrease in revenue from the property development sales was mainly due to a lower GFA sold and recognized and a higher average selling price ("ASP") per square metre ("sqm") achieved in 1H2016 compared with the previous corresponding period. The GFA sold and recognised in 1H2015 and 1H2016 was 3,200 sqm and 1,600 sqm respectively, while the ASP per sqm had increased from approximately RMB7,300 per sqm in 1H2015 to approximately RMB9,700 per sqm in 1H2016. Less than previous corresponding period, only one villa was recognized revenue in 1H2015 and 1H2016, which was with higher ASP per sqm, and this caused the lower total ASP per sqm. Besides, there is about RMB623.4 million of advance from customers for pre-sales of properties that did not meet sales recognition criteria on 30 June 2016.

The decrease in revenue was also contributed by a decrease in property rental income of RMB5.2 million, mainly due to the decrease in property rental income from our investment property as the disposal of Shishan land together with the properties built on the land in July 2015.

The decrease in revenue was partially offset by an increase in revenue contribution from property management service income of RMB0.6 million, mainly due to the increase in property management fees from Sihui City Mall, a shopping mall which gradually started to operate from 2015.

In addition, there was no significant change in revenue contribution from construction contracts.

For 2Q2016, the Group's revenue decreased by RMB16.6 million, or 58%, from RMB28.5 million in 2Q2015 to RMB11.9 million in 2Q2016. This was mainly attributed to a decrease in revenue contribution from property development sales and property rental 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 (continued):*

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

Our cost of sales is decreased by RMB3.1 million, or 15%, from RMB21.0 million in 1H2015 to RMB17.9 million in 1H2016. This was mainly caused by a decrease in cost of property development sales by RMB6.0 million, which was fairly in line with the decrease of GFA recognised.

Included in the 1H2016 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 RMB0.40 million. The fair value adjustment to the cost of property development sales was mainly due 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 subsidiary 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 the cost of property development sales when the Group recorded sales for their sold properties during 1H2016.

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 attributed fair values of these properties over the corresponding historical book values at the 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 RMB229.1 million as at end of 1H2016, 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 RMB259.6 million (**excluding the offset against estimated deferred tax liability adjustment of approximately RMB64.9 million, which will result in net future fair value adjustments of approximately RMB194.7million only**).

In terms of gross profit margin, our overall gross profit margin decreased from 47% in 1H2015 to 38% in 1H2016, as a result of decrease proportion of property rental income in total revenue, with a higher gross profit margin.

Cost of sales decreased by RMB8.1 million or 76% from RMB16.4 million in 2Q2015 to RMB8.3 million in 2Q2016. This was mainly due to decrease in cost of property development sales caused by the decrease of GFA sold and recognised.

The overall gross profit margin decreased from 43% in 2Q2015 to 30% in 2Q2016, which was mainly due to decrease in gross profit contributions from the property rental income as a result of decrease proportion of property rental income in total revenue.



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

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 47% in 1H2015 and 39% in 1H2016 respectively, as well as 43% in 2Q2015 and 33% in 2Q2016. 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, foreign exchange gain and miscellaneous income, and the majority of which is surcharge income from property management services.

Other income increased by RMB62.7 million or approximately 1506% from RMB4.2 million in 1H2015 to RMB66.9 million in 1H2016, which was mainly caused by an increase of RMB64.3 million of foreign exchange gain due to the appreciation of Malaysia Ringgit against US dollar as our Group had invested in Malaysia projects financed from overseas facilities in US dollar. The increase was partially offset by a decrease of interest income caused by a lower interest rate in 1H2016 compared with the previous corresponding period.

#### **Selling and Distribution Expenses**

Selling expenses primarily included staff cost, advertising and promotion expenses, sales commissions, sales offices rental expenses and maintenance costs.

The selling and distribution expenses decreased by RMB0.9 million or 16% in 1H2016 and increased RMB0.7 million or 23% in 2Q2016 as compared with the respective periods of last year. The higher selling and distribution expenses in 2Q2016 were due mainly to the expenses incurred for the marketing efforts for the Phase 2 townhouse 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).



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

#### **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, foreign exchange loss and other general office overheads expenses.

The Administrative expenses decreased by RMB1.4 million or 5% in 1H2016 and increased by RMB1.0 million or 8% in 2Q2016 as compared with the respective periods of last year. It was mainly attributable to a decrease of foreign exchange loss as the appreciation of Singapore dollar against RMB. The increase in 2Q2016 was attributable to an increase of staff salaries and staff related expenses to meet staffing needs arising from our projects in Malaysia.

#### **Finance Costs**

Finance cost, net of capitalised interest, recorded a decrease of RMB33.7 million in 1H2016 and RMB16.1 million in 2Q2016 over the respective periods in FY2014. The substantial decrease in finance costs was mainly due to the decrease finance cost caused by a lower interest rate in 1H2016 as the people's bank of China had cut interest rates in FY2015 for five times and the decrease of average working capital loan balance (refer to Paragraph 1(b)ii).

#### **Amortisation**

Amortisation relates to the amortisation of prepaid land use rights for our corporate office since 4Q2009. The amortisation is based on 40 year rights of use of the land.

#### **Depreciation**

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

Depreciation was almost equivalent as to last 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 (continued):*

#### **Income Tax (Expenses) Credit**

Income tax includes statutory enterprise income tax and land appreciation tax (“LAT”). Income tax decreased by RMB2.1 million and RMB2.2 million in 1H2016 and 2Q2016 respectively as compared with the corresponding periods in FY2014. The lower income tax expenses were mainly due to decrease of provision of LAT and statutory enterprise income tax for property development sales, in line with a lower GFA 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 Profit (Loss)**

With the above, the Group recorded a net profit of RMB13.2 million in 1H2016 and a net loss of RMB19.4 million in 2Q2016 respectively. The Proforma Consolidated Financial Statements, which excludes the notional adjustment, effects a better comparability of the Group's performance, has presented a net profit of RMB13.6 million in 1H2016 and net loss of RMB19.1 million in 2Q2016 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 works. Our current assets as at the end of FY2015 and 1H2016 amounted to approximately RMB3,467.5 million and RMB3,505.0 million respectively.

The largest component of our current assets was development properties, which amounted to approximately RMB2,005.6 million and RMB2,571.2 million as at the end of FY2015 and 1H2016 respectively. Development properties, which include the cost of land, interest capitalised, and related costs, accounted for approximately 58% and 64% of our current assets as at the end of FY2015 and 1H2016 respectively. The RMB565.7 million or 28% increase in development properties was mainly due to the increase of cost of land for Malaysia Imbi land and development costs for the Sihui City Mall project and the high rise and phase(ii) villas of Shanshui Longpan project which have been launched for pre-sale in November 2015.



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

Properties held for sales amounted to RMB459.6 million and RMB458.3 million as at the end of FY2015 and 1H2016 respectively, which include properties of Jiangnan Mingju Phases 5 and 6, and Phase 1, Phase 1 (ii) Villas and phase 3 high-rise of Shanshui Longpan and part of Sihui City Mall.

The Group's cash and bank balances as at 30 June 2016 increased by RMB25.8 million or 15% to RMB203.2 million as compared with 31 December 2015, which was primarily attributable to the net cash from financing activities of RMB348.6 million and partially offset by the net cash used in operating activities of RMB322.1 million, and net cash used in investing activities of RMB9.1 million respectively.

In addition, restricted cash stood at RMB444.7 million and RMB401.8 million as at end of 1H2016 and FY2015 respectively. The increase was due to increase of RMB85.5 million pledged for bank loan, partially offset by payment of RMB42.6 million security deposit for the development of properties.

Trade and other receivables stood at approximately RMB536.1 million and RMB514.6 million at the end of FY2015 and 1H2016 respectively. The decreases of RMB21.5 million in trade and other receivables were mainly due to collection the balance of consideration for property sales of RMB74.6 million, partially offset by addition of RMB36.4 million for the acquisition of 5 parcels of land of Malaysia Plaza Rakyat Project and RMB16.7 million for prepayment of pre-sale tax. RMB192.5 million has been presented as non-current assets as the deposit or prepayment will be refunded or recovered above one year.

Amount due from customers for contract works stood at both RMB0.6 million as at end of FY2015 and 1H2016 respectively. These amounts pertain to construction contracts that have yet to be billed to our construction contract customers.

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

Non-current assets comprised mainly investment properties, joint venture, plant and equipment. As at the end of FY2015 and 1H2016, our non-current assets had an aggregate net book value of approximately RMB2,658.9 million and RMB2,712.1 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, Shanshui Longpan Hotel buildings, phase 3 club of Shanshui Longpan, office building and car parks located at Liaoyuan Road, Tianjin Boulevard buildings and Sihui City Mall. The net book value of our investment properties was approximately RMB2,442.0 million and RMB2,452.0 million as at the end of FY2015 and 1H2016, which accounted for approximately 92% and 90% of our non-current assets as at the end of FY2015 and 1H2016 respectively. The increase of RMB10.1 million in the investment properties was office building and car parks located at Liaoyuan Road of RMB9.7 million transferred from development properties, and the redevelopment expenditure of Tianjin Boulevard project.



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

The prepaid land use right, and property, plant and equipment decreased by RMB0.7 million was mainly due to amortisation/depreciation charge of RMB1.7 million for 1H2016, which was partially offset by purchase of office equipments and vehicle.

The joint venture represents the Group's proportionate contribution to purchase of lands for the joint venture.

#### **Current liabilities**

Trade and other payables, which mainly comprised of amounts payable to contractors and suppliers and advance receipts from property development sales, stood at approximately RMB1,239.1 million and RMB1,485.3 million at the end of FY2015 and 1H2016 respectively. The increase of RMB246.2 million in trade and other payables was mainly due to (a) addition of RMB189.4 million from customers for pre-sales of properties that did not meet sales recognition criteria; and (b) an increase of RMB56.8 million in account payables to contractors by property development and construction subsidiaries in line with the progress of the projects, such as Shanshui Longpan and Sihui City Project.

#### **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 32% 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, and 38% shareholding held by the minority interest in a Malaysian subsidiary, Profit Consortium Sdn Bhd .

At the end of FY2015 and 1H2016, shareholders' equity amounted to RMB1,498.2 million and RMB1,469.4 million respectively. The increase in equity was mainly due to the comprehensive 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 (continued):*

**Cash flow statement**

Our Group has a net cash outflow from operating activities of RMB322.1 million during 1H2016, which comprised of operating cash outflows before movements in working capital of RMB18.7 million, adjusted for net working capital used from operations of RMB206.6 million and net of finance cost and interest received as well as income tax paid of RMB89.9 million and RMB7.0 million respectively. The net working capital outflows were mainly due to the increase in development properties as explained above, partially offset by increase in trade and other payables and decrease in trade and other receivables (also as explained above) during the current reporting period.

The net cash outflows from investing activities of RMB9.1 million mainly pertained to the addition of investment properties, office equipments and vehicle and prepayment to joint venture in Malaysia in 1H2016.

The Group recorded a net cash inflow from financing activities of RMB348.6 million during 1H2016. This was mainly due to new loans raised of RMB583.0 million, partially offset by repayment of RMB190.5 million bank and other loans and the addition of RMB42.9 million pledged cash,

With the above, the Group has a net increase in cash and cash equivalents of RMB17.4 million for 1H2016.

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 2015 and period ended 31 March 2016.



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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**

Chinese central government and local government have taken some positive measures to stimulate resident's expenses on property in 2016 and aimed at ensuring the healthy development of property market. Thus we have observed that transacted property average selling prices per sqm in Foshan has increased of 10.86% during the current reporting period, from RMB8,400 per sqm<sup>(1)</sup> in 1H2015 to RMB9,312 per sqm<sup>(1)</sup> in 1H2016. Moreover, transaction volumes have increased from 6.8627 million<sup>(1)</sup> in 1H2015 to 7.8850 million<sup>(1)</sup> in 1H2016, an increase of approximately 14.90%.

### **Project Updates**

As at 30 June 2016, the Group has five development projects with a gross floor area ("GFA") of approximately 1.91 million sqm under development and approximately 0.5 million sqm of land held for future development, including four project located at Kuala Lumpur in Malaysia, Project Kuchai Lama(Joint Venture), Project Cheras Mahkota(Joint Venture), Imbi Land and Project Plaza Rakyat. These are expected to be separately completed in various phases up to 2022, providing us with secure and visible business growth opportunities in the foreseeable future. For Imbi Land, we have gotten the certificate of land use right and submitted the final design to the government for approval. 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 69,900 sqm (revised) and 36,300 sqm (revised) respectively, of which approximately 69,900 sqm and 36,300 sqm have launched for pre-sales. 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.

### **Shanshui Longpan, Phase 2(i) Villas**

Phase 2(i) Villas of Shanshui Longpan, have a GFA of approximately 42,400 sqm, of which approximately 34,206 sqm have been launched for pre-sales and approximately 20,388 sqm have contracted intention to purchase as at 30 June 2016.



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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).*

### **Shanshui Longpan, Phase 3 high rise Flats No.1-10**

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 80,000 sqm have been launched for pre-sales and approximately 64,365 sqm have contracted intention to purchase as at 30 June 2016.

### **Sihui City Mall**

Sihui City Mall have a GFA of approximately 155,100 (revised) sqm, of which approximately 133,863 sqm have been launched for pre-sales and approximately 40,464 sqm have contracted intention to purchase as at 30 June 2016.

### **Jin Long Garden – South Zone (Phase 2)**

The total saleable GFA of Jin Long Garden – South Zone (Phase 2) is approximately 83,700 sqm (revised), of which approximately 83,700 sqm have been launched for pre-sales (in stages) and some of those completed units have been handed over to the buyers since early July 2012.

The accumulated sales/pre-sales<sup>(2)</sup> status of our projects as at 30 June 2016 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	741,817	52,598	14,104	99%-100%
Shanshui Longpan Phase 1(ii) Villas	268,622	16,235	16,546	100%
Jin Long Garden – South Zone	802,696	78,798	10,187	100%
Jiangnan Minju Phases 5 and 6	987,088	144,985	6,808	100%
Shanshui Longpan Phase 3 High Rises Flats No.1-10	309,289	64,365	4,805	100%
Sihui City Mall	272,514	40,464	6,735	99%-100%
Shanshui Longpan Phase 2(i) Villas	146,222	20,388	7,172	70%
<b>Total</b>	<b>3,528,248</b>	<b>417,833</b>	<b>8,444</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 1H2016 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	-	-	-	99%-100%
Shanshui Longpan Phase 1(ii) Villas	17,665	1,160	15,231	100%
Jin Long Garden – South Zone	4,668	326	14,334	100%
Jiangnan Minju Phases 5 and 6	1,746	179	9,777	100%
Shanshui Longpan Phase 3 High Rises Flats No.1-10	42,226	10,146	4,162	100%
Sihui City Mall	60,634	11,874	5,107	99%-100%
Shanshui Longpan Phase 2(i) Villas	90,436	12,555	7,203	70%
<b>Total</b>	<b>217,375</b>	<b>36,238</b>	<b>5,999</b>	<b>NA</b>

The sales/pre-sales<sup>(2)</sup> of our projects for 2Q2016 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	-	-	-	99%-100%
Shanshui Longpan Phase 1(ii) Villas	-	-	-	100%
Jin Long Garden – South Zone	3,325	204	16,273	100%
Jiangnan Minju Phases 5 and 6	874	90	9,711	100%
Shanshui Longpan Phase 3 High Rises Flats No.1-10	30,130	7,290	4,427	100%
Sihui City Mall	36,583	8,714	4,198	99%-100%
Shanshui Longpan Phase 2(i) Villas	65,304	8,930	7,313	70%
<b>Total</b>	<b>136,216</b>	<b>25,228</b>	<b>5,400</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 and parts of Phase 3 High Rises in 2016 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 2015 when handed over.

Barring unforeseen circumstances, the Board of Directors is cautiously optimistic of the Group's performance in 2016, based on the continual sales activities of Shanshui Longpan, Jin Long Garden South Zone (Phase 2), Jiangnan Mingju Phases 5 and 6 and Sihui City Mall.

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

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



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11. *Dividend*

(a) *Current Financial Period Reported on*

None.

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

None.

(c) *Date payable*

Not applicable.

(d) *Books closure date*

Not applicable.

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

There is no dividend has been declared/recommended.

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) 1H2016</b>	<b>Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) 1H2016</b>
Zhong Yu Xin <sup>(1)</sup>	S\$ 293,871 <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.*



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



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BY ORDER OF THE BOARD

Yuan Le Sheng  
Executive Chairman and CEO

11 August 2016

***Confirmation by the Board***

We, Yuan Le Sheng and Zhang Mao, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Management and Board of Directors which may render the half year ended 30 June 2016 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

11 August 2016