

## **DEBAO PROPERTY DEVELOPMENT LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200715053Z)

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### **RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”) ON THE ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024 (“3Q2024”)**

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The Board of Directors (the “**Board**”) of Debao Property Development Ltd. (the “**Company**”) wishes to announce the following in response to the queries raised by the SGX-ST on 19 November 2024 in relation to the announcement of the unaudited financial statements for the nine months ended 30 September 2024 made by the Company on 14 November 2024.

#### **SGX-ST’s Query 1**

It was disclosed on Page 26 of the 9M2024 Results that the estimated percentage of completion of Bay ONE Project is 82% and the Company will be concentrating their efforts in the completion of Bay ONE Project first. On that note, please disclose when is the estimated completion date for Bay ONE Project and an indicative timeline on the amount of prepayments and deposits (as disclosed under Note 11 Trade and Other Receivables) that will be recovered or utilized in connection with the completion of Bay ONE Project.

#### **Company’s Response**

The work remaining on the Bay ONE project includes the electrical works and water supply works, as well as the related verifications by the government bureau for the remaining tower number 3. In addition, the car park and the green works can only be done after the electrical and water supply works have been completed. We expect these works to be completed by 30 June 2025. The delay was mainly due to the delayed verification process by the government bureau on the construction works over the main body of tower number 3. We expect this verification will be completed by the end of FY2024.

The prepayment, amounting to RMB 33 million, will be fully utilised to settle the payments in connection with the construction works of the Bay ONE project, after the work verification is completed, as required by the government bureau.

For the deposits, amounting to RMB 60.1 million, it is related to the deposits paid to the government bureau for the construction of the Bay ONE project. They can be recovered after the Government bureau verifies the development has been completed, according to the land development terms. Usually, it can be recovered in 2 to 3 years after development completion.

### **SGX-ST's Query 2**

In respect of the outstanding receivables from Sheng Yu (BVI) Limited ("Sheng Yu") of RMB 160 million, please provide an indicative timeline on when the results of the court hearing on April 2023 be released and the outstanding receivables from Sheng Yu will be recovered.

### **Company's Response**

Due to Guangdong's province taking over of all the cases in relation to Evergrande Group, there is now a need to centrally review all cases, before any courts can release their judgement. We are not informed on when this decision will be made or released, and no indicative timeline has been provided to us.

### **SGX-ST's Query 3**

It was disclosed on Page 7, among others, that the Company had not completed the FY2023 audit, there is uncertainty on the opening balances and no revaluation of assets has been addressed in the 9M2024 accounts. Please provide an indicative timeline on when the Company will complete the FY2023 audit.

### **Company's Response**

The company is now negotiating with banks/investors to support the funding for a statutory audit. We expect funding will be secured by 1Q2025. We will release information through SGXNet once further developments are available.

### **SGX-ST's Query 4**

In relation to its going concern assumption on Page 6, the Company had disclosed, inter alia, that:

(i) "The Group is confident in obtain the lenders' approval for roll over of all the loans, which are due in the financial year ending 31 December 2024." Please quantify the amount of loans which are due in approximately 1.5 months time and disclose the Group's progress in obtaining the lenders' approval for the roll over of all these loans.

(ii) "If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet." Please quantify the amount of adjustments required with an explanation on each adjustment item, as well as the impact on the Group's assets, in the event that the Group is unable to continue in operational existence.

### **Company's Response**

- (i) There is only one bank loan amounting to RMB 20.9 million, which will mature by the end of December 2024, which is currently in the roll over process and due to be completed soon. The bank has expressed an agreement on the roll-over of the rest of the bank loans and are preparing the documents for roll over. The company does not foresee any problem in the roll-over of its bank loans.
- (ii) On page 6 of the FS3Q2024, we mentioned :

“If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.”

We are referring here in this disclosure about assets that may fall under the scenario of force sale assets, such as during an involuntary liquidation. In such cases, the value of the assets will be determined by public auction. The company is not able to foresee the assets value should that scenario occur, and thus is not able to quantify the amount of adjustments.

**SGX-ST's Query 5**

Please provide an update on the Company's progress in complying with Listing Rule 704(8) to fill the vacancy of Mr Kevin Miu, independent director who had resigned since 21 February 2024, and meet the minimum number of three for its audit committee.

**Company's Response**

Due mainly to the adverse economic environment in the property sector, the Company has difficulty in finding a replacement for Mr. Miu. The company however is targeting to fill the vacancy by the end of December 2024.