

**DEBAO PROPERTY DEVELOPMENT LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration no. 200715053Z)

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**ENTRY INTO JOINT VENTURE AGREEMENT**

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**1. INTRODUCTION**

The Board of Directors (“**Board**”) of Debao Property Development Ltd. (“**Company**”, and together with its subsidiaries, “**Group**”) wishes to announce that (i) the Company’s subsidiary, Guangdong Debao Real Estate Investment Co., Ltd. (广东德宝置业投资有限公司) (“**Guangdong Debao**”), (ii) Shenzhen Cai Xin Development and Investment Holdings Co., Ltd. (深圳财信发展投资控股有限公司) (“**Shenzhen Cai Xin**”), (iii) Foshan Nanhai Debao Jixian Investment Co., Ltd. (佛山市南海区德宝继显投资有限公司) (“**Nanhai Debao Jixian**”) and (iv) Foshan Cai Xing Real Estate Co., Ltd. (佛山财兴置业有限公司) (“**Foshan Cai Xing**”) (collectively, the “**JV Partners**”) had on 12 December 2019 entered into a joint venture agreement (“**JVA**”) to incorporate a new joint venture company in The People’s Republic of China (“**PRC**”) to engage in, conduct and carry on land development at the land on the south east side of the land intersection between Kuiqi Road, Chancheng District, Foshan City and Nanhai Boulevard, which is owned by Poyang Joint Stock Economic Association of Shiwan Town, Chancheng District, Foshan City (佛山市禅城区石湾镇街道鄱阳股份经济联合社), and to obtain the project relating to urban renewal of Li Yong Village, Shi Wan Street, Chancheng District, Foshan City and other property projects in the surrounding area of Foshan (“**Target Projects**”) (“**Business**”). A summary of the salient terms of the JVA are set out in paragraph 3 of this announcement.

**2. INFORMATION ON JOINT VENTURE PARTIES**

Shenzhen Cai Xin was incorporated on 15 August 2018 in the PRC and it has a registered capital of RMB 50 million as at the date of this announcement. It engages in the business of investment in properties development, properties management and hotel management business.

Nanhai Debao Jixian was incorporated on 27 August 2018 in the PRC and it has a registered capital of RMB 12 million as at the date of this announcement. It engages in the business of investment in properties development.

Foshan Cai Xing was incorporated on 19 December 2018 in the PRC and it has a registered capital of RMB 20 million as at the date of this announcement. It engages in the business of properties development.

Shenzhen Cai Xin, Nanhai Debao Jixian and Foshan Cai Xing are independent third parties and are not related to the Company or any of the Company’s directors or controlling shareholders or their associates.

**3. PRINCIPAL TERMS OF THE JOINT VENTURE AGREEMENT**

**3.1 Joint Venture Company**

In accordance with the terms of the JVA, the JV Partners and Guangdong Debao shall incorporate a joint venture company in Nanhai District, Foshan City, the PRC, known as Foshan City Cai Xin Debao Property Development Co., Ltd. (佛山市财信德宝房地产开发有限公司) (“**JVCo**”) with a registered capital of RMB 10,000,000 to be held by the joint venture parties in the following proportion:

<b>Party</b>	<b>Subscription Amount (RMB)</b>	<b>Percentage</b>
Shenzhen Cai Xin	4,000,000	40%
Guangdong Debao	2,000,000	20%
Nanhai Debao Jixian	2,000,000	20%
Foshan Cai Xing	2,000,000	20%

The JVCo shall be incorporated for the purpose of acquiring all the shares or to obtain a controlling interest in Foshan Hong Yuan Investment Co., Ltd. (Foshan Hong Yuan) (佛山市红源投资有限公司) (“**Foshan City Hong Yuan**”), and to obtain the rights under the land development contract between Foshan City Hong Yuan and Poyang Joint Stock Economic Association of Shiwan Town, Chancheng District, Foshan City (佛山市禅城区石湾镇街道鄱阳股份经济联合社) and use of land and development rights to carry out the Business (“**Acquisition**”).

### 3.2 Contributions of Guangdong Debao and JV Partners to the JVA

Guangdong Debao and the JV Partners shall, in accordance with their shareholding proportion in the JVCo, bear the purchase price and land payment in relation to the Acquisition and the Target Projects, future payments in relation to the land development and other expenses for the joint venture, such as commission and management fee.

Guangdong Debao and the JV Partners shall contribute their respective capital to the JVCo on a timely basis (including incorporation fee and loans), so as to enable the JVCo to fulfil its obligations pursuant to contracts which the JVCo had entered into and to meet its payment obligations. They shall make the necessary payments one (1) business day in advance of the payment deadline or prior to the deadline agreed by shareholders in a general meeting.

In the event that any party to the JVA is unable to make the full payment on a timely basis, any shareholder of the JVCo (“**Paying Shareholder**”) may at its option make a loan to the JVCo to fund the shortfall by the shareholder who failed to fund his proportion of advance to the JVCo (“**Non-Paying Shareholder**”). The Non-Paying Shareholder shall, during the period of the loan, repay the loan extended by the Paying Shareholder and a fee calculated at an interest rate of 15% per annum.

Guangdong Debao and Nanhai Debao Jixian shall be responsible for obtaining the urban renewal approval and the development reports in relation to the Target Projects. Following the completion of financing of the land payments for the Target Projects and development of land, Shenzhen Cai Xin and Foshan Cai Xing shall be mainly responsible for the Target Projects, and supported by Guangdong Debao and Nanhai Debao Jixian.

The joint venture parties will enter into supplemental contracts to determine the responsibilities of the said parties with respect to the development, construction and marketing of the Target Projects.

### 3.3 General Meeting of JVCo

Subject to applicable laws, all the matters that are listed below shall require the approval of shareholders holding together not less than two third of the total voting rights of all shareholders:

- (a) distribution of profits;
- (b) transfer of assets;

- (c) external financing of the Business;
- (d) any guarantees provided to third parties in relation to the JVCo; and
- (e) any business matters of the JVCo exceeding RMB 2,000,000.

Save for the matters (a) – (e) as set out above, all other matters shall require the approval of shareholders holding together more than 50% of the total voting rights of all shareholders.

#### 3.4 Board of Directors of the JVCo

The board of directors of the JVCo shall consist of five (5) directors, two (2) of whom shall be nominated by Shenzhen Cai Xin, and one (1) director nominated by each of Guangdong Debao, Nanhai Debao Jixian and Foshan Cai Xing. The director nominated by Shenzhen Cai Xin shall be the Chairman of the board of directors of the JVCo, who shall also be the legal representative of the JVCo.

The parties to the JVA agree that all board matters require the approval of all directors.

#### 3.5 Special Agreement

The joint venture parties may appoint another company to obtain the rights to the use of land and land development in relation to the Business, and the company appointed shall have the same shareholding proportion, shareholders' rights, directors' rights, management and agreement on capital contribution as the JVA.

#### 3.6 Restrictive Covenants

Without the approval of any joint venture party, no joint venture party may commence land development on the Target Projects for a period from the effective date of the JVA to the date of termination of the JVA.

After the termination of the JVA, without the prior written approval of Guangdong Debao and Nanhai Debao Jixian, Shenzhen Cai Xin and Foshan Cai Xing or their related companies shall not cooperate with third parties for the development of the land relating to the Business, save in the case where Guangdong Debao and Nanhai Debao Jixian had caused the termination of the JVA.

#### 3.7 Termination

In the event that the JVCo had not signed any agreements in relation into the Acquisition or obtained the Target Projects by 12 December 2022, the JVA shall automatically terminate, the JVCo struck off and parties shall have no further obligations towards one another.

### 4. RATIONALE FOR THE JOINT VENTURE

This joint venture will enable the Group and the JV Partners to combine their financial resources for the Acquisition in order to carry out the Business and expand their respective businesses.

The Board believes that this joint venture will add value to the Group's existing property business and is in line with the Company's plans to expand its business through acquisitions, joint ventures or strategic alliances with parties who can strengthen its market position. This would also improve the Company's overall financial position.

**5. FINANCIAL IMPACT**

The incorporation of the JVCo and subscription in the JVCo will be funded by internal resources and is not expected to have any material impact on the earnings per share or net tangible assets per share of the Company for the financial year ending 31 December 2019.

**6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or controlling shareholders of the Company or their respective associates has any interest, directly or indirectly, in the above transaction other than through their respective interest (if any) in the Company.

**7. DOCUMENT FOR INSPECTION**

A copy of the JVA is available for inspection at the Company's registered office at 80 Raffles Place, #32-01, UOB Plaza 1, Singapore 048624 during normal business hours for a period of three (3) months from the date of this announcement.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the abovementioned joint venture, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

**9. FURTHER ANNOUNCEMENTS AND TRADING CAUTION**

The Company will make the necessary announcement(s) when there are further material developments on the JVA. Shareholders and potential investors of the Company are advised to read this announcement and further announcements made by the Company, if any, carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Zhong Yuzhao  
Executive Director and Chief Executive Officer  
16 December 2019