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**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2019 (“1Q2019”)**

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (“1Q”, “2Q”, “3Q” & “4Q”), HALF-YEAR (“HY”) AND FULL YEAR (“FY”) 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)\**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

	Actual CFS (As defined herein)			Proforma CFS (As defined herein)		
	1Q2019	1Q2018	% Change	1Q2019	1Q2018	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	16,451	20,743	(21%)	16,451	20,743	(21%)
Cost of sales	(13,196)	(9,519)	39%	(13,196)	(9,519)	39%
<b>Gross profit</b>	<b>3,255</b>	<b>11,224</b>	<b>(71%)</b>	<b>3,255</b>	<b>11,224</b>	<b>(71%)</b>
Other income	31,925	51,451	(38%)	31,925	51,451	(38%)
Selling and distribution expenses	(347)	(622)	(44%)	(347)	(622)	(44%)
Administrative expenses	(13,660)	(15,815)	(14%)	(13,660)	(15,816)	(14%)
Finance costs	(11,407)	(7,798)	46%	(11,407)	(7,798)	46%
<b>Profit before income tax</b>	<b>9,766</b>	<b>38,440</b>	<b>(75%)</b>	<b>9,766</b>	<b>38,439</b>	<b>(75%)</b>
Income tax expenses	(4)	(19)	(79%)	(4)	(19)	(79%)
<b>Net profit for the period</b>	<b>9,762</b>	<b>38,421</b>	<b>(75%)</b>	<b>9,762</b>	<b>38,420</b>	<b>(75%)</b>
<b>Other comprehensive income</b>						
Currency translation difference	5,289	1,809	192%	5,289	1,810	192%
<b>Total comprehensive profit for the period</b>	<b>15,051</b>	<b>40,230</b>	<b>(63%)</b>	<b>15,051</b>	<b>40,230</b>	<b>(63%)</b>
<b>Profit(loss) attributable to:</b>						
Equity holders of the Company	12,378	40,595	(70%)	12,378	40,594	(70%)
Minority interests	(2,616)	(2,174)	20%	(2,616)	(2,174)	20%
	<b>9,762</b>	<b>38,421</b>	<b>(75%)</b>	<b>9,762</b>	<b>38,420</b>	<b>(75%)</b>
<b>Total comprehensive profit(loss) attributable to:</b>						
Equity holders of the Company	17,667	42,404	(58%)	17,667	42,404	(58%)
Minority interests	(2,616)	(2,174)	20%	(2,616)	(2,174)	20%
	<b>15,051</b>	<b>40,230</b>	<b>(63%)</b>	<b>15,051</b>	<b>40,230</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 first quarter ended 31 March 2018 (“**1Q2018**”) and the first quarter ended 31 March 2019 (“**1Q2019**”), as well as future financial periods/years based on the Actual Consolidated Financial Statements (as defined in the Prospectus) maybe 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 the Prospectus for more details.

Accordingly, besides the unaudited consolidated financial statements for 1Q2018 and 1Q2019 (the “**Actual Consolidated Financial Statements**” or “**Actual CFS**”), our Company had also prepared the proforma consolidated financial statements for 1Q2018 and 1Q2019 (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.

1(a)(ii) *Profit before income tax is arrived at after charging/ (crediting):-*

	Group Statement of Comprehensive Income					
	Actual CFS			Proforma CFS		
	1Q2019	1Q2018	% Change	1Q2019	1Q2018	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	569	533	7%	569	1,177	(52%)
Interest expense	11,407	7,798	46%	11,407	7,798	46%
Interest income	(132)	(337)	(61%)	(132)	(337)	(61%)
Exchange gain	(5,289)	(1,810)	192%	(5,289)	(1,810)	192%



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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	
	31.3.2019 RMB'000	31.12.2018 RMB'000	31.3.2019 RMB'000	31.12.2018 RMB'000	31.3.2019 RMB'000	31.12.2018 RMB'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and bank equivalents	11,687	21,997	11,687	21,997	35	35
Restricted cash and cash equivalents	208,264	198,076	208,264	198,076	-	-
Trade and other receivables	794,537	820,421	794,538	820,422	228,929	228,931
Amount due from related parties	19,200	19,110	19,200	19,110	-	-
Due from subsidiaries	-	-	-	-	714,197	715,065
Inventories	250	248	250	248	-	-
Property held for sales	11,981	12,161	3,287	3,467	-	-
Development properties	1,320,039	1,286,984	1,064,290	1,031,235	-	-
Dividends receivable	-	-	-	-	23,294	23,669
<b>Total current assets</b>	<b>2,365,958</b>	<b>2,358,997</b>	<b>2,101,516</b>	<b>2,094,555</b>	<b>966,455</b>	<b>967,700</b>
<b>Non-current Assets</b>						
Prepaid land use right	1,730	1,730	1,730	1,730	-	-
Property, plant and equipment	17,084	17,674	14,433	15,023	-	-
Investment properties	2,043,736	2,044,192	2,043,736	2,044,192	-	-
Trade and other receivables	21,773	21,855	21,773	21,855	-	-
Investment in subsidiaries	-	-	-	-	1,018	1,018
Deferred tax assets	17,309	17,309	17,309	17,309	-	-
Goodwill	4,192	4,192	4,192	4,192	-	-
<b>Total non-current assets</b>	<b>2,105,824</b>	<b>2,106,952</b>	<b>2,103,173</b>	<b>2,104,301</b>	<b>1,018</b>	<b>1,018</b>
<b>Total assets</b>	<b>4,471,782</b>	<b>4,465,949</b>	<b>4,204,689</b>	<b>4,198,856</b>	<b>967,473</b>	<b>968,718</b>
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank and other loans	402,826	397,129	402,826	397,129	-	-
Trade and other payables	947,084	959,514	947,084	959,514	104,469	105,509
Long term payable-current portion	24,779	24,779	24,779	24,779	-	-
Dividends Payable	7,440	-	7,440	-	-	-
Tax payables	63,943	64,684	63,943	64,684	33,780	34,325
<b>Total current liabilities</b>	<b>1,446,072</b>	<b>1,446,106</b>	<b>1,446,072</b>	<b>1,446,106</b>	<b>138,249</b>	<b>139,834</b>
<b>Non-current liabilities</b>						
Bank and other loans	1,352,435	1,376,579	1,352,435	1,376,579	-	-
Long term payable	142,209	143,809	142,209	143,809	-	-
Deferred tax liabilities	293,391	293,391	227,823	227,823	-	-
<b>Total non-current liabilities</b>	<b>1,788,035</b>	<b>1,813,779</b>	<b>1,722,467</b>	<b>1,748,211</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>	<b>1,237,675</b>	<b>1,206,064</b>	<b>1,036,150</b>	<b>1,004,539</b>	<b>829,224</b>	<b>828,884</b>
<b>Total liabilities and Shareholders' equity</b>	<b>4,471,782</b>	<b>4,465,949</b>	<b>4,204,689</b>	<b>4,198,856</b>	<b>967,473</b>	<b>968,718</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 1Q2014 Results Announcement.

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

	Group (Actual CFS)	
	31.3.2019	31.12.2018
	RMB'000	RMB'000
Amount repayable in one year on less, or on demand:-		
Secured	402,826	397,129
Unsecured	-	-
<b>Sub-total (1)</b>	<b>402,826</b>	<b>397,129</b>
Amount repayable after one year		
Secured	1,352,435	1,376,579
Unsecured	-	-
<b>Sub-total (2)</b>	<b>1,352,435</b>	<b>1,376,579</b>
<b>Total debt (1)+(2)</b>	<b>1,755,261</b>	<b>1,773,708</b>

The following loans are still outstanding:

(a) **Bank loans**

- Loans from a lender amounting to RMB 12,000,000 (2018: RMB 12,000,000) with an effective interest rate at 4.35% to 8.5% (2018: 4.35% to 8.5%) per annum, is secured by property, plant and equipment and investment properties, restricted cash and cash equivalents and repayable in 2019.



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

**(a) Bank loans**

- Loans from a lender amounting to RMB 9,500,000 (2018: RMB 9,500,000) with an effective interest rate at 4.35% to 8.5% (2018: 4.35% to 8.5%) per annum, was secured by restricted cash and cash equivalents and repayable in 2019.
- Loans from a lender amounting to RMB 12,000,000 (2018: Nil) with an effective interest rate at 4.35% to 8.5% (2018: Nil) per annum, is secured by property, plant and equipment and investment properties, restricted cash and cash equivalents and repayable in 2020.
- Loans from a lender amounting to RMB 9,500,000 (2018: Nil) with an effective interest rate at 4.35% to 8.5% (2018: Nil) per annum, was secured by restricted cash and cash equivalents and repayable in 2020.
- Loans from a lender amounting to RMB 15,000,000 (2018: RMB 15,000,000) with an effective interest rate from 5.66% to 7.35% (2018: 5.66% to 7.35%) per annum, is secured by investment properties and repayable in 2019.
- Loans from a lender amounting to RMB 1,000,000 (2018: Nil) with an effective interest rate at 9.55% (2018: Nil) per annum, was unsecured and repayable in 2021.
- Loans from a lender amounting to RMB 348,698,000 (2018: RMB 350,847,000) with an effective interest rate from 6.86% to 7.35% (2018: 6.86% to 7.35%) per annum, is secured by a shareholder of the Group and subsidiaries, land use rights of the Group, property, plant and equipment and investment properties and repayable in 2032 to 2036 (2018: repayable in 2018).
- Loans from a lender amounting to RMB 168,600,000 (2018: RMB 175,820,000) with an effective interest rate from 3.00% to 4.30% (2018: 3.00% to 4.30%) per annum, is secured by restricted cash and cash equivalents and repayable in 2019 (2018: repayable in 2018).
- Loans from a lender amounting to RMB 10,000,000 (2018: RMB 15,000,000) with an effective interest rate at 5.22% to 5.88% (2018: 5.01% to 5.22%) per annum, is secured by investment properties and repayable in 2019.

**(b) Other loans**

- Loans from a lender amounting to RMB 1,008,855,000 (2018: RMB 1,031,850,000) with an effective interest rate from 11.00% to 13.00% (2018: 9.92% to 11.00%) per annum and are secured by a shareholder of the Group and subsidiaries, properties held for sale, development properties, land use rights of the Group and investment properties and repayable in 2020.
- A loan from a lender amounting to RMB 12,486,000 (2018: RMB 12,486,000) is interest free, unsecured and repayable on demand.
- Loans were raised together with a contractor for a total of RMB 9,577,000 with an interest rates ranging from 7% to prime rate, repayable within one (1) to ten (10) years, secured by certain land use rights.
- To support the Group's operating cash flows requirements, the Group obtained loans from individuals and other non-financial institutions amounting to RMB 138,045,000. These loans bore average annual interest rate from 18% to 38%, are secured either by a guarantee given by a subsidiary, secured over properties held for sale, land use rights or investment properties of the Group. These loans are repayable within the next twelve months.



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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period for the immediately preceding financial year.

	Group			
	Actual CFS		Proforma CFS	
	1Q2019	1Q2018	1Q2019	1Q2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit before tax	9,766	38,439	9,766	38,439
Adjustments for:				
Depreciation and amortisation	569	533	569	1,177
Interest expense	11,407	7,798	11,407	7,798
Interest income	(132)	(337)	(132)	(337)
Unrealized exchange loss	5,289	1,810	5,289	1,810
<b>Operating profit before working capital changes</b>	<b>26,899</b>	<b>48,243</b>	<b>26,899</b>	<b>48,887</b>
Trade and other receivables	48,531	105,049	48,531	105,049
Development properties	(33,055)	24,332	(33,055)	23,489
Property held for sales	180	3,995	180	3,995
Amount due from customers for contract work	-	74,800	-	74,800
Inventories	(2)	-	(2)	-
Trade and other payables	(12,595)	(231,972)	(12,595)	(228,563)
Amounts due to related parties	(90)	-	(90)	-
<b>Net cash from operations</b>	<b>29,868</b>	<b>24,447</b>	<b>29,868</b>	<b>27,657</b>
Interest paid	(11,407)	(7,798)	(11,407)	(7,798)
Interest received	132	337	132	337
Income taxes paid	(745)	(37,875)	(745)	(37,875)
<b>Net cash from (used in) operating activities</b>	<b>17,848</b>	<b>(20,889)</b>	<b>17,848</b>	<b>(17,679)</b>
<b>Cash flows from investing activities</b>				
Addition (Disposal) in investment property	456	(1,944)	456	(1,944)
Disposal of other investment	-	(44)	-	(3,254)
Purchases of properties, plant and equipment	-	(463)	-	(463)
Disposal of properties, plant and equipment	21	-	21	-
<b>Net cash from (used in) investing activities</b>	<b>477</b>	<b>(2,451)</b>	<b>477</b>	<b>(5,661)</b>
<b>Cash flows from financing activities</b>				
Fixed deposit & Restricted cash	(10,188)	9,954	(10,188)	9,954
(Repayment) Drawing of bank and other loans, net	(18,447)	35,149	(18,447)	35,149
<b>Net cash used in financing activities</b>	<b>(28,635)</b>	<b>45,103</b>	<b>(28,635)</b>	<b>45,103</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(10,310)</b>	<b>21,763</b>	<b>(10,310)</b>	<b>21,763</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>21,997</b>	<b>46,166</b>	<b>21,997</b>	<b>46,166</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11,687</b>	<b>67,929</b>	<b>11,687</b>	<b>67,929</b>

Explanatory Notes:

Notwithstanding the fair value adjustments to our cost of property development sales of our existing development properties during our Restructuring Exercise, such fair value adjustments do not affect our 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
Balance as at 1 January 2018	909,831	263,124	11,611	23,887	86,726	-	1,295,179	(11,699)	1,283,480
Total comprehensive profit for the period	-	40,596	1,809	-	-	-	42,405	(2,174)	40,231
Balance as at 31 March 2018	909,831	303,720	13,420	23,887	86,726	-	1,337,584	(13,873)	1,323,711
Balance as at 1 January 2019	909,831	102,281	(2,249)	23,887	86,726	-	1,120,476	78,148	1,198,624
Total comprehensive profit for the period	-	12,378	5,289	-	-	-	17,667	(2,616)	15,051
Injection by minority shareholders	-	-	-	-	-	-	-	24,000	24,000
Balance as at 31 March 2019	909,831	114,659	3,040	23,887	86,726	-	1,138,143	99,532	1,237,675

	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 2018	909,831	198,361	11,610	(148,414)	31,442	86,726	3,919	1,093,476	(11,699)	1,081,777
Total comprehensive profit for the period	-	40,596	1,810	-	-	-	-	42,404	(2,174)	40,230
Balance as at 31 March 2018	909,831	238,955	13,420	(148,414)	31,442	86,724	3,919	1,135,879	(13,873)	1,122,006
Balance as at 1 January 2019	909,831	37,696	(2,249)	(148,414)	31,442	86,726	3,919	918,951	78,148	997,099
Total comprehensive profit for the period	-	12,378	5,289	-	-	-	-	17,667	(2,616)	15,051
Injection by minority shareholders	-	-	-	-	-	-	-	-	24,000	24,000
Balance as at 31 March 2019	909,831	50,074	3,040	(148,414)	31,442	86,726	3,919	936,618	99,532	1,036,150



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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.

	Company			
	Share capital RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
<b>Balance as at 1 January 2018</b>	909,831	(66,187)	(2,153)	841,491
Total comprehensive income for the period	-	15,080	(13,787)	1,293
<b>Balance as at 31 March 2018</b>	909,831	(51,107)	(15,940)	842,784
<b>Balance as at 1 January 2019</b>	909,831	(105,629)	24,682	828,884
Total comprehensive income for the period	-	(13,528)	13,868	340
<b>Balance as at 31 March 2019</b>	909,831	(119,157)	38,550	829,224

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and at the end of the immediately preceding year.

There are no treasury shares as at 31 March 2019 and 31 December 2018 respectively.

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

	31.Mar.2019		31.Dec.2018	
	No of shares	S\$'000	No of shares	S\$'000
Issued and fully paid	74,999,688	143,750	74,999,688	143,750

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.





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

The Group has applied the same accounting policies and methods of computation in its unaudited financial statements for 1Q 2019 as those of the audited financial statements for the year ended 31 December 2018, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2019. The adoption of all new and revised FRSs has no material effect on the 1Q 2019 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	GROUP			
	Actual CFS		Proforma CFS	
	1Q2019	1Q2018	1Q2019	1Q2018
<b>Profit Per Share</b>				
(i) Basic (a)	16.50	54.13	16.50	54.13

(a) 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 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	Group				Company	
	Actual CFS		Proforma CFS		Actual CFS	
	31.3.2019	31.12.2018	31.3.2019	31.12.2018	31.3.2019	31.12.2018
Net asset value per ordinary share based on issued share capital at end of financial year*	16.50	16.08	13.82	13.39	11.06	11.05

\* Net asset value 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).



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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 1Q 2019**

	Actual*	Proforma**	Difference
	1Q2019	1Q2019	***
	RMB'000	RMB'000	RMB'000
<b><u>Comprehensive income statement item</u></b>			
Cost of sales	(13,196)	(13,196)	-
other income	31,925	31,925	-
Administrative expenses	(13,660)	(13,660)	-
Income tax expense	(4)	(4)	-
Profit for the period	9,762	9,762	-
<b><u>Balance sheet items</u></b>			
Property held for sales	11,981	3,287	8,694
Development properties	1,320,039	1,064,290	255,749
Property, plant and equipment	17,084	14,433	2,651
Deferred tax liabilities	293,391	227,823	65,568
Shareholders' equity	1,237,675	1,036,150	201,525

\* 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).

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

**Income statement (1Q2019 vs 1Q2018)**

**Revenue**

Our Group's revenue decreased by RMB 4.2 million, or 21%, from RMB 20.7 million in 1Q2018 to RMB 16.5 million in 1Q2019. The decrease was mainly attributed to the decrease in revenue from our property development sales by RMB 6.2 million, from RMB 7.9 million in 1Q2018 to RMB 1.7 million in 1Q2019. An increase of construction revenue had partially mitigated the decrease.

**Cost of Sales and Gross Profit**

Our cost of sales increased by RMB 3.7 million, or 39%, from RMB 9.5 million in 1Q2018 to RMB 13.2 million in 1Q2019. This was mainly caused by an increase in cost of construction services.

Our overall gross profit margin decreased from 54.1% in 1Q2018 to 19.8% in 1Q2019, as a result of decreased proportion of property rental income in total revenue, with a higher gross profit margin.

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 gross profit margins attained are at 54.1% and 19.8% in 1Q2018 and 1Q2019.



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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):*

#### **Other Income**

Other operating income mainly includes disposal gain and loss on subsidiaries, interest income, foreign exchange gain and miscellaneous income, the majority of which is surcharge income from property management services.

Other income decreased by RMB 19.6 million or approximately 38% from RMB51.5 million in 1Q2018 to RMB 31.9 million in 1Q2019, which was mainly caused by an increase in foreign exchange loss due to the depreciation of Malaysia Ringgit against the US dollar as our Group had invested in our Malaysia projects financed by overseas facilities in US dollars.

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

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

Selling and distribution expenses decreased by RMB 0.3 million in 1Q2019 as compared with the previous corresponding period. The lower selling and distribution expenses in 1Q2019 were in line with the lower sales for this period.

#### **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.

Administrative expenses decreased by RMB 2.1 million or 14% from RMB 15.8 million in 1Q2018 to RMB 13.7 million in 1Q2019, it is mainly attributable by the Group's effort to control the salary and bonus expenses.

#### **Finance Costs**

Finance cost, net of capitalised interest, recorded an increase of RMB 3.6 million in 1Q2019 mainly due to existing loan has a higher interest rate.

#### **Depreciation**

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

#### **Income Tax Expenses**

Income tax includes statutory enterprise income tax and land appreciation tax ("LAT").

#### **Net Profit**

The Group recorded a net profit of RMB 9.8 million in 1Q2019, compared to RMB 38.4 million in 1Q2018. The Proforma CFS, which without the Notional Adjustment this period, with a same comparability of the Group's performance, has presented a net profit of RMB 9.8 million in 1Q2019 and RMB 38.4 million in 1Q2018 respectively.



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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):*

#### **Statement of Financial Position as at 31 March 2019**

##### **Current Assets**

Current assets comprise mainly development properties, cash and bank balances, trade and other receivables and amount due from customers for contract works. Our current assets as at the end of 2018 and 31 March 2019 amounted to approximately RMB 2,359 million and RMB 2,366 million respectively.

The largest component of our current assets were restricted cash and cash equivalents, trade and other receivables, and development properties. In total, these amounted to approximately RMB 2,305.5 million and RMB 2,322.8 million as at the end of FY2018 and 1Q2019 respectively.

Development properties, which include the cost of land, interest capitalized, and related costs, accounted for approximately 54.6% and 55.8% of our current assets as at the end of FY2018 and 1Q2019 respectively.

Properties held for sales amounted to RMB 12.2 million and RMB 12.0 million as at the end of FY2018 and 1Q2019 respectively, which include properties of Jiangnan Mingju, Sihui City Mall and Jin Long Garden.

The Group's cash and bank balances as at 31 March 2019 decreased by RMB 10.3 million or 46.8% to RMB 11.7 million as compared with 31 December 2018, which was primarily attributable to the net cash used in with financing activities of RMB 28.6 million, which offset by net cash used in with operating activities of RMB 17.8 million and investing activities of RMB 0.5 million.

In addition, restricted cash stood at RMB 198.1 million and RMB 208.3 million as at end of FY2018 and 1Q2019 respectively.

Trade and other receivables stood at approximately RMB 820.4 million and RMB 794.5 million at the end of FY2018 and 1Q2019 respectively. The decrease of RMB 25.9 million in trade and other receivables was mainly due to having collected the receivables from the construction contracts.

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

Non-current assets comprised mainly investment properties, Property, plant and equipment and trade and other receivables. As at the end of FY2018 and 1Q2019, our non-current assets had an aggregate net book value of approximately RMB 2,107.0 million and RMB 2,105.8 million respectively.

The investment properties are held to earn rental income and/or for capital appreciation. Our investment properties is comprised mainly of our Debao Hotel Complex together with the adjacent land and underground carparks, commercial premises located in Debao Garden and Jiangnan Mingju, carparks located in Debao Garden, Tianjin Boulevard buildings and Sihui City Mall. The net book value of our investment properties was approximately RMB 2,044.2 million and RMB 2,043.7 million as at the end of FY2018 and 1Q2019, which accounted for approximately 97.0% and 97.1% of our non-current assets as at the end of FY2018 and 1Q2019 respectively.

Prepaid land use right, and property, plant and equipment decreased by RMB 0.6 million, due to purchase of office equipment and vehicle which was partially offset by amortisation/depreciation charge for 1Q2019.



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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):*

**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 RMB 959.5 million and RMB 947.1 million at the end of FY2018 and 1Q2019 respectively. The decrease of RMB 12.4 million in trade and other payables was mainly due to payment to sub-contractor.

**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

- a) 32% shareholding held by the minority interest in a PRC subsidiary, Guangxi Hezhou Deneng Mining Co., Ltd,
- b) 42.2% shareholding held by the minority interest in a PRC subsidiary, Tianjin Hotel Street Co, Ltd,
- c) 60% shareholding held by the minority interest in a PRC subsidiary, Foshan Nanhai Chuang Xin Tian Hotel Management Co, Ltd,
- d) 38% shareholding held by the minority interest in a Malaysia subsidiary, Profit Consortium Sdn Bhd and
- e) 50% shareholding held by the minority interest in a Malaysia subsidiary, Poly Ritz Green (Malaysia) Sdn. Bhd.

In FY2018 and 1Q2019, the shareholders' equity amounted to RMB 1,206.1 million and RMB 1,237.7 million respectively. The increase in equity was mainly due to the profit generated in this period.

**Cash flow statement**

Our Group has a net cash inflow from operating activities of RMB 17.8 million in 1Q2019, which is comprised of operating cash inflows before movements in working capital of RMB 26.9 million, an addition of net working capital used in operations of RMB 3.0 million, and adjusted by net use of finance cost and interest received as well as income tax of RMB 12.0 million. The net working capital inflows were mainly due to the decrease in trade and other payables during the current reporting period.

The net cash inflow from investing activities is RMB 0.5 million.

The Group recorded a net cash outflow from financing activities of RMB 28.6 million during 1Q2019. This was mainly due to repayment of bank and other loans.

With the above, the Group has a net decrease in cash and cash equivalents of RMB 10.3 million for 1Q2019.

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 2018.



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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**

As a result of the Government's policy to curb speculation, the property average selling price has become stable. Transaction volumes have decreased from 4.8 million sqm in 4Q2018 to 2.6 million sqm (See Note 1 below) in 1Q2019, a decrease of approximately 45.8%.

**Project Updates**

As at 31 March 2019, the Group has five development projects with GFA of approximately 1.24 million sqm under development as follows:

Projects located at Kuala Lumpur in Malaysia:

- 1) Project Imbi (Construction of the twin residential towers commenced in August 2018, pre-sale expected in third quarter of 2019.)
- 2) Project Kuchai Lama (Construction of five towers - including offices, residential and service apartments/hotel. Construction yet to commence.)
- 3) Project Plaza Rakyat (Project comprises office tower, hotel, shopping centre and including construction of 4 towers. Construction has yet to commence. 43% of the shares in Pavillion Treasures Land and Development Sdn. Bhd. was sold in 2Q2019. For details, please see our announcement dated 29 April 2019.)

These are expected to be separately completed in various phases up till 2023. Financing for these projects are currently being arranged.

Projects located in PRC:

- 1) Tianjin Boulevard - 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); and
- 2) Sihui City Mall Phase 2 - a residential and shopping mall development project with a planned GFA of approximately 104,426 sqm.

The Group continuously sources 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.

The accumulated sales/pre-sales (See Note 2 below) status of our projects as at 31 March 2019 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
Jin Long Garden–South Zone	841,118	86,293	9,747	100%
Jiangnan Minju Phases 5 and 6	994,615	146,075	6,809	100%
Sihui City Mall	376,971	58,137	6,484	100%
<b>Total</b>	<b>2,212,704</b>	<b>290,505</b>	<b>7,617</b>	<b>NA</b>



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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 (continued).*

The sales/pre-sales (See Note 2 below) of our projects for 1Q2019 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
Jin Long Garden – South Zone	218	63	3,460	100%
Jiangnan Minju Phases 5 and 6	-	-	-	100%
Sihui City Mall	-	-	-	100%
<b>Total</b>	<b>218</b>	<b>63</b>	<b>3,460</b>	<b>NA</b>

Pursuant to the effect of INT FRS115, the sales for Jiangnan Minju Phases 5 and 6 in 1Q2019 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 1Q2019 when handed over.

Notes

(1) Source from Bureau of Housing and Urban-Rural Development of Foshan (<http://www.foshan.gov.cn/zqgk/zdxcgk/jdsc/sjt/>)

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

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.*

The Group intends to conserve cash for working capital.



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13. Interested Person Transactions

Name of interested person	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) 1Q2019	Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) 1Q2019
Zhong Yu Xin <sup>(1)</sup>	S\$ 172,566 <sup>(2)</sup>	-
Yuan Le Sheng <sup>(3)</sup>	S\$ 48,384 <sup>(4)</sup>	-

Notes:

- (1) Mr Zhong Yu Xin is the brother of our Executive Director and CEO, Mr Zhong Yu Zhao.
- (2) Lease of Debao Hotel.
- (3) Mr. Yuan Le Sheng is the father of our Executive Director, Mr. Yuan Jia Jun and the company's controlling shareholder.
- (4) Consultancy fee

BY ORDER OF THE BOARD

Zhong Yu Zhao  
Executive Director and CEO

13 May 2019





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



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***Confirmation by the Board***

We, Zhong Yu Zhao and Yuan Jia Jun, 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 three months ended 31 March 2019 results to be false or misleading in any material respect. And we confirm that the Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

***On behalf of the Board of Directors***

Zhong Yu Zhao  
Executive Director and CEO

Yuan Jia Jun  
Executive Director

13 May 2019