

DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in Singapore on 16 August 2007)

(Registration Number: 200715053Z)

ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ELITE STARHILL SDN BHD

1. INTRODUCTION

- 1.1 The Board of Directors (“**Board**”) of Debao Property Development Ltd. (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that its subsidiary, Debao Property Development (HK) Limited (“**Debao HK**”), had completed the acquisition of 500,000 ordinary shares, representing 100% of the total issued and fully paid up or credited as fully paid up share capital of Elite Starhill Sdn Bhd (“**Elite Starhill**”), from Messrs Wong Siaw Puie and Koo Soon Khang (the “**Vendors**”) (“**Acquisition**”) for a cash consideration of RM10,000,000.00 (the “**Consideration**”).
- 1.2 Pursuant to Rule 704(17)(c) of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), following the completion of the Acquisition, Elite Starhill had become a wholly-owned subsidiary of the Company.

2. INFORMATION ON ELITE STARHILL AND THE VENDORS

- 2.1. Elite Starhill is a company incorporated and existing in Malaysia under the Malaysia's Companies Act 1965 and having its registered address at C-3A-3A, Level 6, Block C, Menara Uncang Emas 85, Jalan Loke Yew, 55200 Kuala Lumpur with an authorised share capital of Ringgit Malaysia Five Hundred Thousand (RM500,000), divided into 500,000 ordinary shares of RM1.00. The 500,000 ordinary shares have been issued and are fully paid up or credited as fully paid up. The principal activity of Elite Starhill is property development. Elite Starhill has not commenced business.
- 2.2. Based on the audited financial statement of Elite Starhill for the financial year ended 31 December 2014, the net tangible assets value of Elite Starhill is approximately RM40,000.
- 2.3. The Vendors are the registered holders and absolute beneficial owners of all the issued and fully paid up or credited as fully paid up share capital in Elite Starhill.

3. RATIONALE FOR THE ACQUISITION

The Acquisition is in line with the Group's strategy to expand into the overseas property market and it represents an opportunity for an additional stream of revenues.

Currently, Elite Starhill is the process of purchasing a plot of land located at Geran 42800, Lot 1289, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan K.L. and measuring in area of approximately 8,362 square metres (“**Imbi Land**”) at a consideration of RM388 million. The Imbi Land will be used for the development of both commercial and residential properties. The Company will update all shareholders on the progress of the purchase of the Imbi Land.

4. PRINCIPAL TERMS OF THE ACQUISITION

4.1 Consideration

The Consideration was arrived at on a willing seller and willing buyer basis, after negotiations which were conducted at arm's length between Debao HK and the Vendors, which takes into account the net tangible asset of Elite Starhill together with the potential developments in the Imbi Land thereon.

The Consideration is funded using internal resources, and was paid upon the execution of the sale and purchase agreement for the Acquisition (the "**SPA**"). The Acquisition is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the current financial year ending 31 December 2015.

4.2 Warranty and Undertakings by the Vendors

The Vendors expressly acknowledge that the Vendors are aware that the Company have agreed to enter into the SPA on the representation, warranties and undertakings given by the Vendors to the Company that the relevant agreements in relation to the purchase of the Imbi Land, namely the relocation agreement dated 26 June 2013 entered into between Hoe Dat Heng, Liew Poon Siak, Tan Kim Onm and Chan Ki Hap and Elite Starhill, the sale and purchase agreement dated 4 April 2012 entered into between Refreshing Greenery Sdn Bhd and Venkateswara Sdn Bhd and the sale and purchase agreement dated 6 April 2015 entered into between Refreshing Greenery Sdn Bhd and Elite Starhill are valid, enforceable and subsisting (collectively, the "**Other Agreements**").

4.3 Repayment of Loan by the Vendors

- (i) The Vendors shall on or before the completion of the SPA be liable to settle all loans due and owing to Elite Starhill and all the current accounts of the directors of Elite Starhill.
- (ii) The Vendors warrant, covenant and undertake that all loans whether disclosed in the SPA or otherwise due from any person or person or any company which is deemed to be related to or associated with Elite Starhill as defined under the Malaysia's Companies Act 1965 to Elite Starhill shall be fully paid and settled on/or before the completion of the SPA.

As at 25 September 2015, there is an outstanding amount of approximately RM2 million owed by Elite Starhill to its directors ("**Outstanding Amount**"). In accordance with the SPA, the Vendors will arrange for the payment of the Outstanding Amount to be made accordingly.

5. FINANCIAL EFFECTS

The financial effects of the Acquisition on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Acquisition. The financial effects of the Acquisition set out below have been prepared based on the Group's audited consolidated financial statements for the financial year ended 31 December 2014 ("**FY2014**").

(a) Net Tangible Assets ("**NTA**")

The effects of the Acquisition on the audited consolidated NTA per share of the Group as at 31 December 2014, assuming that the Acquisition had been effected on 31 December 2014, are summarised below:

	Before the Acquisition	After the Acquisition
Consolidated NTA (RMB'000)	339,361	339,361
Number of Shares('000)	1,125,000	1,125,000
Consolidated NTA per share (RMB)	0.30	0.30

(b) Earnings Per Share ("EPS")

The effects of the Acquisition on the audited consolidated EPS of the Group for FY2014, assuming that the Acquisition had been effected on 1 January 2014 are summarised below:

	Before the Acquisition	After the Acquisition
Profit attributable to equity holders of the Company (RMB'000)	24,482	24,480
Number of Shares('000)	1,125,000	1,125,000
Consolidated EPS (RMB cents)	2.18	2.18

6. DISCLOSEABLE TRANSACTION

6.1 Based on the latest unaudited consolidated financial statements for the second quarterly financial period ended 30 June 2015, the relative figures in respect of the Acquisition, as computed on the bases set out in Rule 1006 of the Listing Manual, are as follows:

Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not Applicable
Rule 1006(b)	The net loss ⁽¹⁾ attributable to the assets acquired or disposed of compared with the Group's net loss. (S\$289 ÷ S\$17.5 million) x 100%	n.m. ⁽²⁾
Rule 1006(c)	The aggregate value of the Consideration given or received, compared with the Company's market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares. (S\$3.39 million ÷ S\$43.88 million) x 100%	8%

Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable

Notes:

- (1) "net loss" means loss before income tax, minority interests and extraordinary items.
- (2) "n,m" means not meaningful.
- (3) "market capitalisation" of the Company is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the SPA.

6.2 As the relative figure computed on the bases set out in Rule 1006(c) exceeds 5% but does not exceed 20%, the Acquisition constitutes a "discloseable transaction" within the meaning of Chapter 10 of the Listing Manual.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and the controlling shareholders of the Company have any interest or are deemed to be interested in the Acquisition.

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA together with the Other Agreements as annexures to the SPA is available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

By order of the Board

Mr Yuan Lesheng
Executive Chairman and CEO
25 September 2015