

DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in Singapore on 16 August 2007)

(Registration Number: 200715053Z)

GRANT OF WAIVER FROM COMPLIANCE WITH RULE 1014 OF THE LISTING MANUAL IN RELATION TO THE ACQUISITION OF 45% SHAREHOLDINGS IN SIHUI DEBAO JIANGNAN MINGJU PROPERTY DEVELOPMENT CO., LTD (四会德宝江南名居房地产开发有限公司) AND DISPOSAL OF 50% SHAREHOLDINGS IN FOSHAN DEGANGJIAN INVESTMENT CO., LTD (佛山市德港健投资有限公司)

All capitalised terms in this announcement shall, unless otherwise defined herein, have the same meanings ascribed to them in the announcement dated 18 September 2015 (“Previous Announcement”).

1. INTRODUCTION

- 1.1. The Board of Directors of Debao Property Development Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Previous Announcement in relation to the Transactions.
- 1.2. As disclosed in the Previous Announcement, the Company had applied to the SGX-ST for a waiver of the requirement to seek approval of the Company’s shareholders (“**Shareholders**”) for the Transactions pursuant to Rule 1014 of the Listing Manual.
- 1.3. The Company wishes to announce that it had received a letter from the SGX-ST dated 29 January 2016, granting the Company the Waiver, subject to the following:
 - (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual; and
 - (b) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.
- 1.4. This announcement is for compliance with item (a). To meet the condition in item (b), the Company will submit the required written confirmation to the SGX-ST.

2. REASONS FOR SEEKING THE WAIVER

- 2.1. The Company applied for the Waiver on the ground that the Transactions are in the ordinary course of business for the Company and hence, that the Company is not required to comply with Rule 1014 of the Listing Manual in respect of the Transactions.

2.2. Waiver for the Acquisition

Pursuant to Sub-rule 3.2 of Practice Note 10.1 of the Listing Manual, the Company had put forward the following considerations to support its application that the Acquisition should be regarded as in the ordinary course of the Group’s business:

- (a) The Group is principally in the business of property development. Sihui Debao is in the business of property development. The Company currently owns 55% of Sihui Debao and intends to continue the operations of Sihui Debao after the Acquisition. Hence, pursuant to Sub-rule 3.2.1 of Practice Note 10.1 of the Listing Manual, the Acquisition will result in an expansion of the Group’s existing core business by expanding its property development projects and as a result, the approval of the Shareholders for the Acquisition is not required.

- (b) As set out at Paragraph 2.5.1 of the Previous Announcement, although the relative figures in respect of the Acquisition computed pursuant to Rule 1006 of the Listing Manual is expected to exceed the 20% threshold referred to at Rule 1013 of the Listing Manual, the Acquisition will not increase the scale of operations significantly as defined under Sub-rule 3.2.3(a) of Practice Note 10.1 of the Listing Manual.
- (c) The Acquisition will not result in a change in control of the Company as defined under Sub-rule 3.2.3(b) of Practice Note 10.1 of the Listing Manual as there will not be any issuance of securities by the Company.
- (d) As set out at Paragraph 2.4 of the Previous Announcement, the Acquisition is expected to have a positive and not an adverse impact on the Group's earnings. Although the gearing of the enlarged Group after the Acquisition is decreased, the Company believes that the gearing levels after the Acquisition are expected to be within acceptable limits.
- (e) Sihui Debao is located in the PRC in which the Group bases its operations. Hence, pursuant to Sub-rule 3.2.3(d) of Practice Note 10.1 of the Listing Manual, the Acquisition will not result in an expansion of the Group's business to a new geographical market.

2.3. Waiver for the Disposal

- 2.3.1. Pursuant to Sub-rule 3.3 of Practice Note 10.1 of the Listing Manual, Foshan Degangjian does not form the core business of the Company and/or the Group as Foshan Degangjian is currently dormant. Foshan Degangjian was established to acquire the Land for future property development. Hence, pursuant to Sub-rule 3.3.1 of Practice Note 10.1 of the Listing Manual, the Disposal will not result in a disposal of the core business of the Company and therefore the approval of the Shareholders for the Disposal is not required.
- 2.3.2. In addition, Foshan Degangjian is loss making and had reported a loss of RMB520 as of 31 December 2014. Shareholders generally would not be concerned due to the loss making nature of Foshan Degangjian.

2.4. Undertakings by Shareholders in support of Waiver

In support of the Waiver application, the existing Directors, controlling Shareholders and substantial Shareholders who hold an aggregate of approximately 77% of the shareholdings in the Company had undertaken to vote in favour of the Transactions.

3. WAIVER FROM EGM

As the SGX-ST has granted the Waiver to the Company, the Company will not be convening an extraordinary general meeting to seek Shareholder's approval for the Transactions.

By order of the Board

Mr Yuan Lesheng
Executive Chairman and CEO
30 January 2016