



Company No. 200715053Z

Debao Property Development Ltd And Its Subsidiaries

Condensed Financial Statements For the Nine Months Ended 30 September 2023

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	The Group		change %
		9 months ended		
		30-SEP-23 RMB '000	30-SEP-22 RMB '000	
Revenue	3	89,435	132,324	(32)
Cost of sales		(41,556)	(78,308)	(47)
Gross profit		47,879	54,016	(11)
Other expenses				
Other income, net		(467)	(16,667)	(97)
Distribution and marketing expenses		(3,258)	(2,176)	50
General and administrative expenses		(13,966)	(14,089)	(1)
Finance expenses		(88,007)	(88,079)	0
Loss before taxation	4	(57,819)	(66,995)	(14)
Tax expense	5	(773)	(319)	142
Loss for the financial year, net of tax		(58,592)	(67,314)	(13)
Other comprehensive income				
<u>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</u>				
Currency translation differences on consolidation of foreign entities, net		(78,032)	(94,869)	(18)
Total comprehensive (loss) income for the year		(136,624)	(162,183)	(16)
Loss (Income) attributable to:				
Owners of the Company		(54,510)	(63,275)	(14)
Non-controlling interests		(4,082)	(4,039)	1
		(58,592)	(67,314)	(13)
Total comprehensive (loss) income attributable to:				
Owners of the Company		(132,542)	(158,144)	(16)
Non-controlling interests		(4,082)	(4,039)	1
		(136,624)	(162,183)	(16)
Loss per share for (loss) profit for the period attributable to owners of the Company (SGD per share)		(0.144)	(0.179)	
Basic and diluted				

NM: Not meaningful

CONDENSED STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	Group		Company	
		30.09.2023	31.12.2022	30.09.2023	31.12.2022
		RMB'000	RMB'000	RMB'00	RMB'00
Assets					
Current assets					
Cash and bank equivalents		5,556	8,448	18	19
Trade and other receivables	11	374,752	376,627	943,909	949,629
Contract assets	3	19,254	19,254	-	-
Prepaid leases		135	133	-	-
Inventories		272	268	-	-
Property held for sale	12	21,414	21,414	-	-
Development properties	13	1,057,319	1,072,743	-	-
Disposal group assets classified as held-for-sale		48,735	48,735	-	-
Total current assets		1,527,437	1,547,622	943,927	949,648
Non-current Assets					
Prepaid leases		2,143	2,143	-	-
Property, plant and equipment		9,578	10,563	-	-
Investment properties		2,189,222	2,190,103	-	-
Investment in an associate		45	45	-	-
Financial asset, FVOCI		-	-	*	*
Deferred tax assets		11,931	11,931	-	-
Total non-current assets		2,212,919	2,214,785	*	*
Total assets		3,740,356	3,762,407	943,927	949,648
Liabilities and shareholders' equity					
Current liabilities					
Bank and other loans	10	1,640,206	1,577,383	-	-
Trade and other payables	14	768,370	717,150	16,040	14,846
Lease payables		56,440	56,956	-	-
Contract liabilities	3	99,921	99,921	-	-
Provisions	18	99,524	96,178	91,508	88,165
Tax payables		127,741	125,990	36,435	35,229
Liabilities directly associated with disposal assets classified as held-for-sale		46,735	46,735	-	-
Total current liabilities		2,838,937	2,720,313	143,983	138,240
Non-current liabilities					
Bank and other loans	10	289,222	293,172	-	-
Long term payables		151,069	151,113	-	-
Deferred tax liabilities		283,575	283,632	-	-
Total non-current liabilities		723,866	727,917	-	-
Total liabilities		3,562,803	3,448,230	143,983	138,240
Net assets (liabilities)		177,553	314,177	799,944	811,408
Equity attributable to equity holders of the Company					
Share Capital	16	909,831	909,831	909,831	909,831
Retained profits		(635,876)	(581,366)	(182,927)	(144,446)
Other reserves		(96,402)	(14,288)	73,040	46,023
Total equity		177,553	314,177	799,944	811,408

* Less than RMB 1,000

CONDENSED STATEMENT OF CHANGES IN EQUITY

	The Group								
	Share 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 2022	909,831	(475,350)	2,172	23,886	86,726	-	547,265	(50,188)	497,077
Loss for the period	-	(63,275)	-	-	-	-	(63,275)	(4,039)	(67,314)
Other comprehensive loss for the period	-	-	(94,869)	-	-	-	(94,869)	-	(94,869)
Balance as at 30 September 2022	909,831	(538,625)	(92,697)	23,886	86,726	-	389,121	(54,227)	334,894
Balance as at 1 January 2023	909,831	(581,366)	(67,597)	23,886	86,726	-	371,480	(57,303)	314,177
Profit for the period	-	(54,510)	-	-	-	-	(54,510)	(4,082)	(58,592)
Other comprehensive loss for the period	-	-	(78,032)	-	-	-	(78,032)	-	(78,032)
Balance as at 30 September 2023	909,831	(635,876)	(145,629)	23,886	86,726	-	238,938	(61,385)	177,553

	The Company			
	Share capital RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
Balance as at 1 January 2022	909,831	(65,989)	(28,579)	815,263
Total comprehensive profit (loss) for the period	-	(83,467)	39,654	(43,813)
Balance as at 30 September 2022	909,831	(149,456)	11,075	771,450
Balance as at 1 January 2023	909,831	(144,446)	46,023	811,408
Total comprehensive loss for the period	-	(38,481)	27,017	(11,464)
Balance as at 30 September 2023	909,831	(182,927)	73,040	799,944

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	The Group	
		9 months ended	9 months ended
		30 September2023	30 September2022
		RMB'000	RMB'000
Cash flows from operating activities			
Profit after tax		(58,592)	(67,314)
Adjustments for:			
Income taxes expenses		773	319
Depreciation and amortisation		1,278	1,003
Interest expense		88,007	88,079
Interest income		(12)	(67)
Unrealized exchange loss		(78,032)	(94,869)
Operating profit before working capital changes		(46,578)	(72,849)
Trade and other receivables		1,875	(4,658)
Change in contract assets (liabilities), net		-	-
Development properties		15,424	(21,913)
Property held for sales		-	5,247
Inventories		(4)	7
Trade and other payables		54,522	(84,309)
Net cash from operations		25,239	(178,475)
Interest paid		(88,007)	(88,079)
Interest received		12	67
Income taxes recovered (paid)		921	4,593
Net cash from operating activities		(61,835)	(261,894)
Cash flows from investing activities			
Proceeds from disposal of properties, plant and equipment		(293)	140
Proceeds from sale of investment properties		881	2,004
Net cash from investing activities		588	2,144
Cash flows from financing activities			
Prepaid leases		(2)	(50)
Lease payables		(516)	-
Drawing of bank and other loans, net		58,873	249,669
Net cash from used in financing activities		58,355	249,619
Net decrease in cash and cash equivalents		(2,892)	(10,131)
Cash and cash equivalents at the beginning of the period		8,448	17,377
Cash and cash equivalents at the end of the period		5,556	7,246

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

1. CORPORATE INFORMATION

Debao Property Development Limited (the “Company”) is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “Singapore Exchange” or “SGX-ST”) and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 80 Raffles Place, #32-01, UOB Plaza 1, Singapore 048624

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations, associated companies and a joint venture are disclosed in Note 9 to the financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed financial statements for the nine months ended 30 September 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed financial statements are presented in RenMinBi (RMB) and all values in the tables are rounded to the nearest thousand (RMB '000), except when otherwise indicated.

Going concern assumption

As at 30 September 2023, the Group had net assets of RMB 177,553,000 (2022: RMB 314,177,000) and the Group had incurred net loss of RMB 58,592,000 (2022: net loss of RMB 67,314,000) for the period then ended.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the Directors believe that the Group can continue as a going concern based on the following factors: -

- (a) The Group is confident in obtaining the lenders’ approval for roll over of all the loans, which are due in the financial year ending 31 December 2023;
- (b) The Group’s ability to sell the development properties at the current market selling price and the timing of the receipt of proceeds estimated by management and thus able to generate positive cashflows from operations;
- (c) The ongoing litigation cases do not have any significant adverse impact on the Group’s core operations;
- (d) The Group’s controlling shareholder has provided an undertaking to provide continuing financial support to the Group for the next 12 months after reporting date; and
- (e) The Group is able to generate positive cash flow from operations for the next twelve months and with the satisfactory outcome of (a) to (d) above, the Group would have sufficient cash to meet its obligations as and when they fall due for the next twelve months.

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all the new and revised standards which are mandatorily effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group. The SFRS(I)s should be read in the context of the Basis for Conclusions on IFRS Standards issued by the IASB. The Basis for Conclusions summarises the IASB's considerations in developing IFRS Standards.

Basis for Conclusions on IFRS Standards

Reference	Title
IFRS 10, IAS 28	Basis for Conclusions: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Basis for Conclusions: Effective Date of Amendments to IFRS 10 and IAS 28
IAS 1	Basis for Conclusions: Classification of Liabilities as Current or Non-current
IAS 1	Basis for Conclusions: Classification of Liabilities as Current or Non-current—Deferral of Effective Date
IFRS 16	Basis for Conclusions: Lease Liability in a Sale and Leaseback
Various	Basis for Conclusions: Non-current Liabilities with Covenants

The Group has not early applied new and revised SFRSs that have been issued but are not yet mandatorily effective for the year beginning 1 January 2023.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

As the company had not completed the FY2022 audit, there is uncertainty on the opening balances on the balance sheet and thus the closing balances for the period ended 30 September 2023.

Investment Properties

Investment properties include those portions of commercial buildings, commercial units and residential units that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties. Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss. Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred

As the company had not completed the FY2022 audit and no valuation on assets are taken place in 9M2023, there is uncertainty on the opening balances and no revaluation of assets has been addressed in this 9M2023 accounts.

2.4 SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

	31-Sep-23 RMB'000	31-Sep-22 RMB'000
Revenue from contract revenue with customers:		
- Sales of development properties	49,271	69,425
Revenue from construction contracts	-	20,446
Property management service income	<u>18,032</u>	<u>18,707</u>
	67,303	108,578
Property rental income	<u>22,132</u>	<u>23,746</u>
	89,435	132,324

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following categories, by nature of revenue and geographical regions.

	At a point in time RMB'000	Over time RMB'000	Total RMB'000
<u>30-Sep-23</u>			
Sales of development properties			
- China	49,271	-	49,271
Revenue from construction contracts			
- China	-	-	-
Property management service income			
- China	<u>18,032</u>	-	<u>18,032</u>
	67,303	-	67,303

	At a point in time RMB'000	Over time RMB'000	Total RMB'000
<u>30-Sep -22</u>			
Sales of development properties			
- China	69,425	-	69,425
Revenue from construction contracts			
- China	20,446	-	20,446
Property management service income			
- China	<u>18,707</u>	-	<u>18,707</u>
	108,578	-	108,578

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) Contract assets and liabilities

	30-Sep-23	30-Sep-22
	RMB'000	RMB'000
<i>Over time:</i>		
Contract assets – construction contracts	<u>19,254</u>	<u>19,254</u>
<i>Point in time:</i>		
Contract liabilities – sales of properties	<u>99,921</u>	<u>99,921</u>

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date arising from construction contracts. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract assets increased due to the timing differences between the agreed payment schedule and the progress of the construction work.

Contract liabilities are in relation to advance consideration received from customers. The contract liabilities are recognised as revenue when the Group fulfills its performance obligations under contract when control of properties transfers to the customer.

Revenue recognised in relation to contract liabilities

	30-Sep-23	Group 31-Dec-22
	RMB'000	RMB'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the year		
- Sales of development properties	<u>19,254</u>	<u>19,254</u>

The contract assets is related to construction work with Evergrande Group. Under the Chinese Government's instructions, Evergrande stopped all work verification and thus we are not able to invoice this customer. The arbitration process was initiated to chase for the amount of the work done and we are waiting for arbitration court hearings in China.

(c) Assets recognised from costs to fulfill contracts

The Group has no other current assets in relation to costs to fulfill contracts with customers. Costs are amortised to profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

Based on the Group's assessment, the expected costs to complete the remaining construction contracts as at 30 September 2023 are expected to be completely recovered through contract revenue, hence no expected loss is recognised in the financial period ended 30 September 2023 (2022: RMB Nil).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

4. LOSS BEFORE TAX

The following significant items have been included in arriving at loss before tax:-

The Group	9 months ended	
	30 September 2023	30 September 2022
	RMB'000	RMB'000
Interest expenses	88,007	88,079
Interest income	(12)	(67)
Depreciation	1,278	1,003
Exchange loss (gain)	78,032	94,869

5. INCOME TAX EXPENSE

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are

The Group	9 months ended	
	30 September 2023	30 September 2022
	RMB'000	RMB'000
Current income tax expenses	773	319
Deferred income tax expense relating to origination and reversal of temporary differences	-	-

6. RELATED PARTY 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) 30 Sep 2023	Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) 30 Sep 2023
Zhong Yu Xin ⁽¹⁾	S\$ 411,920 ⁽²⁾⁽⁵⁾	-
Yuan Le Sheng ⁽³⁾	S\$ 83,803 ⁽⁴⁾⁽⁶⁾	-

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
- (5) The lease is related to the lease of approximately 7,422 sqm of shopping mall space and 110 car park space. The monthly lease price for shopping mall and car park is approximately RMB 28 per sqm and RMB 184 per car park space respectively. The rental period is from 1 March 2016 to 31 May 2024.
- (6) Mr Yuan provide consultancy service mainly on fund raising and project financing for the company and provide professional advice on the development on construction works and properties development. No payment had been made to Mr Yuan since June 2020.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

7. EARNINGS (LOSS) PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share are calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares for diluted earnings per share computation respectively.

The following tables reflect the income and share data used in the computation of basic and diluted loss per share for the end of the period.

The Group	9 months ended	
	30 September 2023	30 September 2022
	RMB'000	RMB'000
Profit/(loss) for the period attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	(57,819)	(66,995)
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation (no. of shares)	74,999,688	74,999,688

8. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2023, the Group has no addition of property, plant and equipment (FY2022: NIL).

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	30 Sep-2023	31 Dec-2022
	RMB'000	RMB\$'000
Unquoted shares, at cost	*	*

* Less than RMB 1,000

Management assessed for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. An allowance for impairment loss was made in respect of the Company's investment in certain subsidiary corporations to reduce the carrying amount of the investments to the recoverable amounts, after taking into account the financial conditions of the related subsidiary corporations.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group has the following subsidiary corporations as at 30 September 2023 and 31 December 2022:

Name of Company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023	2022	2023	2022	2023	2022
			%	%	%	%	%	%
<u>Held by the Company</u>								
Dynamic Real Estate Holdings Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100	100	100	-	-
Derong Real Estate Holdings Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100	100	100	-	-
Pavillion Treasures Land and Development Sdn. Bhd. ⁽³⁾	Property development and investment	Malaysia	100	100	100	100	-	-
<u>Held by Dynamic Real Estate Holdings Pte. Ltd.</u>								
Foshan Nanhai Jiangnan Mingju Property Development Co., Ltd. ⁽²⁾	Property development	People's Republic of China ("PRC")	100	100	100	100	-	-
Debao Property Development (HK) Limited ⁽²⁾	Property development, general trade and investment	Hong Kong	100	100	100	100	-	-
Million Goldyear Sdn. Bhd. ⁽⁴⁾	Property development and investment	Malaysia	100	100	100	100	-	-
<u>Held by Derong Real Estate Holdings Pte. Ltd.</u>								
Foshan Nanhai Debao Investment Management Co., Ltd. ⁽²⁾	Investment property holding and development	PRC	100	100	100	100	-	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group has the following subsidiary corporations as at 30 September 2023 and 31 December 2022 (cont'd)

Name of Company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023	2022	2023	2022	2023	2022
			%	%	%	%	%	%
Held by Foshan Nanhai Jiangnan Mingju Property Development Co., Ltd.								
Foshan Nanhai Guiyu Property Management Co., Ltd. ⁽²⁾	Property management	PRC	100	100	100	100	-	-
Foshan Nanhai Guihe Construction Engineering Co., Ltd. ⁽²⁾	Construction	PRC	100	100	100	100	-	-
Held by Foshan Nanhai Debao Investment Management Co., Ltd.								
Sihui Debao Jiangnan Mingju Development Co., Ltd. ⁽²⁾	Investment property holding and development	PRC	100	100	100	100	-	-
Tianjin Hotel Street Co., Ltd. ⁽²⁾	Investment property holding	PRC	57.8	57.8	57.8	57.8	42.2	42.2
Held by Foshan Nanhai Guiyu Property Management Co., Ltd.								
Foshan Nanhai Shun Mao Public Utilities Engineering Co., Ltd. ⁽²⁾	Public utilities engineering	PRC	100	100	100	100	-	-
Held by Foshan Nanhai Guihe Construction Engineering Co., Ltd.								
Foshan Nanhai Yi Tian Procurement and Trading Co., Ltd. ⁽²⁾	Sales and distribution of construction materials	PRC	100	100	100	100	-	-
Held by Foshan Nanhai Yi Tian Procurement and Trading Co., Ltd.								
Foshan Nanhai Yuzhi Landscaping Services Co., Ltd. ⁽²⁾	Landscaping services	PRC	100	100	100	100	-	-
Foshan Nanhai Fangao Renovation Services Co., Ltd. ⁽²⁾	Renovation services	PRC	100	100	100	100	-	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group has the following subsidiary corporations as at 30 September 2023 and 31 December 2022 (cont'd)

Name of Company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023	2022	2023	2022	2023	2022
			%	%	%	%	%	%
<u>Held by Foshan Nanhai Yuzhi Landscaping Services Co., Ltd.</u>								
Guangdong Debao Land Co., Ltd. ⁽²⁾	Property development	PRC	50	50	100	100	-	-
<u>Held by Foshan Nanhai Fangao Renovation Services Co., Ltd.</u>								
Guangdong Debao Real Estate Investment Co., Ltd. ⁽²⁾	Property development	PRC	50	50	100	100	-	-
<u>Held by Sihui Debao Jiangnan Mingju Development Co., Ltd</u>								
Sihui BaoHeng Property Development Co., Ltd ⁽⁵⁾	Property holding and development	PRC	100	-	100	-	-	-
<u>Held by Foshan Nanhai Shun Mao Public Utilities Engineering Co., Ltd.</u>								
Foshan Nanhai Deqiang Trading Co., Ltd. ⁽²⁾	Sales and distribution of construction materials	PRC	100	100	100	100	-	-
Foshan Nanhai Shichu Investment Co., Ltd. ⁽²⁾	Investment holding	PRC	100	100	100	100	-	-
<u>Held by Debao Property Development (HK) Limited</u>								
Deao Investment Company Limited ⁽²⁾	Investment holding	PRC	100	100	100	100	-	-
Elite Starhill Sdn. Bhd. ⁽³⁾	Property development	Malaysia	100	100	100	100	-	-

⁽¹⁾ FY2019 Audited by Nexia TS Public Accounting Corporation, Singapore.

⁽²⁾ FY2019 Audited by Nexia TS Shanghai Certified Public Accountants, China for consolidation purpose.

⁽³⁾ FY2019 Audited by Hasnan THL Wong & Partners, Malaysia.

⁽⁴⁾ FY2019 Audited by Chew & Associates, Malaysia.

⁽⁵⁾ Newly incorporated and not yet commenced operations.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

10. BORROWINGS

	The Group	
	30 September 2023	31 December 2022
	RMB'000	RMB'000
Amount repayable in one year or less, or on demand:		
Secured	1,640,206	1,577,383
Sub-total (1)	1,640,206	1,577,383
Amount repayable after one year:		
Secured	289,222	293,172
Sub-total (2)	289,222	293,172
Total debt (1)+(2)	1,929,428	1,870,555

The following loans are still outstanding:

(a) Bank loans

- Loans from a lender amounting to RMB21,200,000 (2022: RMB 21,700,000) with an effective interest rate at 8.5% (2022: 8.5%) per annum, is secured by property, plant and equipment and investment properties, restricted cash and cash equivalents and repayable in 2023.
- Loans from a lender amounting to RMB 22,850,000 (2022: RMB 27,750,000) with an effective interest rate at 6.09% (2022: 6.09%) per annum, is secured by investment properties and repayable in 2023.
- Loans from a lender amounting to RMB 304,782,600 (2022: RMB 308,462,600) with an effective interest rate at 5.88% (2022: 5.635% to 5.88%) per annum, is secured by a shareholder of the Group and its subsidiaries, land use rights of the Group, property, plant and equipment and investment properties and repayable in 2032 to 2036.
- Loans from a lender amounting to RMB 12,350,000 (2022: RMB 13,400,000) with an effective interest rate at 4.7% (2022:4.7%) per annum, is secured by investment properties and repayable in 2023.
- Loans from a lender amounting to RMB 2,520,000 (2022: 2,790,000) with an effective interest rate at 5.8% (2022: 5.8%) per annum, is secured by commercial bills and repayable in 2030.
- Loans from a lender amounting to RMB 18,060,000 (2022: 18,060,000) with an effective interest rate at 8.00% (2022: 8.00%) per annum, is secured by property, plant and equipment and investment properties, restricted cash and cash equivalents and repayable in 2023.

(b) Other loans

- Loans from a lender amounting to RMB 1,282,068,000 (2022: RMB 1,204,795,000) with an effective interest rate 6.00% (2022: 6.00%) per annum and are secured by a shareholder of the Group and its subsidiaries, properties held for sale, development properties, land use rights of the Group and investment properties . In relation to this loan with Huarong, Huarong is preparing their staff to commence due diligence for extension of loan. The Company will update shareholders if there are any updates on the loan arrangement.
- To support the Group's operating cash flows requirements, the Group obtained loans from individuals and other non-financial institutions amounting to RMB 75,000,000. These loans bore average annual interest rate at 18%, 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.
- Loan from a lender amounting to RMB 190,597,000 (2022: RMB 190,597,000) with interest rate at 4.35% (2022: 4.35%) per annum, are secured by the shares of our subsidiaries.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

11. TRADE AND OTHER RECEIVABLES

RMB million	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	RMB	RMB	RMB	RMB
Management fees	2.0	1.4	-	-
Construction works	18.5	18.9	-	-
Rental	4.5	3.7	-	-
ShengYu (BVI) Limited	160.0	160.0	-	-
Prepayments	51.7	53.2	-	-
Deposits	60.1	60.1	-	-
Guangzhou Xu Zhou Enterprise Management Co. Ltd.	24.8	24.8	-	-
Perfect Praise Investment Limited	16.0	16.0	-	-
Properties sales	32.6	34.7	-	-
Others	3.8	3.8	-	-
Inter-company receivables	-	-	944	949.6
	374.0	376.6	944	949.6

For details of the receivables from Sheng Yu (BVI) Limited, please refer to our announcement dated 18 January 2021 and 1 September 2021. The Guangzhou Arbitration Commission accepted our application for arbitration and we are waiting for their notice of court hearings. The arbitration commission is asking us to submit various additional information in several batches since January 2021 and we provide the information accordingly. The last court hearing was held on April 2023. We are still waiting for the results of the court hearing and will plan no further action until then

as Deposits mainly related to the deposits that we are required to pay to the government bureaus in order to obtain their approval to commence development properties construction for Project Imbi and Bay One. These can only be recovered in two to three years when our existing development property projects are completed.

It has become prevalent in the construction industry in China that subcontractors are not paid in a timely manner despite agreed payment schedules. In response, the Company's subcontractors had demanded that the payment deadlines be brought forward, otherwise, these subcontractors will not proceed with the construction works of the Company's Bay One development project (the "Bay ONE Project"). In order to complete the Bay ONE Project as per schedule and to avoid any liability in relation to not meeting the relevant completion deadlines, the Company acceded to the demands of its subcontractors and made constructions cost prepayment accordingly. With the near hand over date of another 2 towers of Bay ONE Project, prepayments will be utilized on the construction works verified.

The increase in construction works and decrease in properties sales receivables are mainly due to the increase in construction works and decrease in properties sales in the period.

12 PROPERTIES HELD FOR SALE

	Group	
	30-Sep-23	31-Dec-22
	RMB'000	RMB'000
Cost	<u>21,414</u>	<u>21,414</u>

During the period, properties with a carrying amount of RMB Nil (2022: NIL) were transferred to investment properties.

13 DEVELOPMENT PROPERTIES

	Group	
	30-Sep-23	31-Dec-22
	RMB'000	RMB'000
Properties under development	355,042	370,466
Land for development	<u>702,277</u>	<u>702,277</u>
	1,057,319	1,072,743

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

14. TRADE AND OTHER PAYABLES

RMB million	Group		Company	
	30-Sep-23 RMB	31-Dec-22 RMB	30-Sep-23 RMB	31-Dec-22 RMB
Trade and other payables:				
Trade payables	71.2	63.2	-	-
Accruals	599.3	552.6	-	-
Deposits received	22.3	23.8	-	-
Receive in advance	68	70.3	-	-
Others	7.6	7.3	-	-
Inter-company payables	-	-	16.0	14.8
Total trade and other payables	768.4	717.2	16.1	14.8

30 September 2023	RMB (millions)	Aging (days)				
		within 90	91-180	181-270	271-365	Over one year
Interest accrual	526.6	30.4	20	18.2	40	418
Construction works accrual	72.7	-	-	3	2.2	67.5
	599.3	30.4	20	21.2	42.2	485.5

31 December 2022	RMB (millions)	Aging (days)				
		within 90	91-180	181-270	271-365	Over one year
Interest accrual	477.5	40.0	-	-	-	437.5
Construction works accrual	75.1	2.2	-	20.0	3.6	49.3
	552.6	42.2	-	20.0	3.6	476.7

When the company granted construction works to subcontractors, the payment terms are usually based on the completion of work. The invoice will come in only after the construction work had been verified. During the construction progress, the company will estimate the work done by the subcontractors and provide for the accruals. The days between the actual construction works done and invoice date usually spread over a long period depending on the type of work for the construction work granted. The interest accrual is related to the loan interest payables to Huarong and Binhai.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

15. NET ASSET (LIABILITIES)

	Group		Company	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
Net assets value per share (RMB)	2.37	4.19	10.67	10.82
Number of ordinary shares	74,999,688	74,999,688	74,999,688	74,999,688

Net assets value per share is calculated based on the equity attributable to the owners of the Company divided by the number of issued shares (excluding treasury shares).

16. SHARE CAPITAL

Group and Company	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
	Number of shares		RMB'000	RMB'000
Balance at beginning and at end	74,999,688	74,999,688	909,831	909,831

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

There were no treasury shares as at 30 September 2023 and 31 December 2022 respectively.

17. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer ("CEO"), designated as the Chief Operating Decision Maker ("CODM"), that are used to make strategic decisions, allocate resources, and assess performance.

The CEO considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in two primary geographic areas namely, Malaysia and People's Republic of China. From a business segment perspective, management separately considers the business activities in these geographic areas. All the geographic areas are engaged in property development activity.

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the CEO reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Property development: Development of residential, commercial and other properties

Construction contract: Building structural projects and interior works for our jointly controlled operations and 3rd parties

Property investment : Leasing of investment properties to generate rental income and to gain from the appreciation in the value of the properties in the long term

Others: Provision of property management, trading and public utilities

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

17. SEGMENT INFORMATION (CONT'D)

The segment information provided to the CEO for the reportable segments is as follows:

	Group					Total RMB'000
	Property development RMB'000	Construction contract RMB'000	Property investment RMB'000	Others RMB'000	Inter segment elimination RMB'000	
2023						
Revenue						
Total segment sales	49,271	-	22,132	18,032	-	89,435
Inter segment revenue	-	-	-	-	-	-
Sales to external parties	49,271	-	22,132	18,032	-	89,435
Adjusted EBITDA	15,509	(1,609)	14,801	2,753	-	31,454
Depreciation of property, plant and equipment	(771)	(1)	(501)	(5)	-	(1,278)
Interest expense	(62,508)	(2,284)	(9,961)	(13,254)	-	(88,007)
Interest income	9	-	-	3	-	12
Profit (Loss) before taxation	(47,761)	(3,894)	4,339	(10,503)	-	(57,819)
Income tax expense	-	-	(773)	-	-	(773)
Segment results	(47,761)	(3,894)	3,566	(10,503)	-	(58,592)

	Group					Total RMB'000
	Property development RMB'000	Construction contract RMB'000	Property investment RMB'000	Others RMB'000	Inter segment elimination RMB'000	
2022						
Revenue						
Total segment sales	69,425	28,827	23,746	18,707	(8,381)	132,324
Inter segment revenue	-	8,381	-	-	(8,381)	-
Sales to external parties	69,425	20,446	23,746	18,707	-	132,324
Adjusted EBITDA	5,955	3,284	11,517	1,264	-	22,020
Depreciation of property, plant and equipment	(637)	(21)	(339)	(6)	-	(1,003)
Interest expense	(62,358)	(2,368)	(9,386)	(13,967)	-	(88,079)
Interest income	61	1	1	4	-	67
Loss before taxation	(56,979)	896	1,793	(12,705)	-	(66,995)
Income tax expense	(319)	-	-	-	-	(319)
Segment results	(57,298)	896	1,793	(12,705)	-	(67,314)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

17. SEGMENT INFORMATION (CONT'D)

The Group has the following subsidiary corporations as at 30 September 2023 and 31 December 2022: (continued)

Carrying value of non-controlling interests

	Group	
	2023	2022
	RMB'000	RMB'000
Tianjin Hotel Street Co., Ltd.	(15,858)	(16,552)
Others	(45,527)	(40,751)
Total	<u>(61,385)</u>	<u>(57,303)</u>

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for the subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 30 September 2023 and 31 December 2022.

(i) Tianjin Hotel Street Co., Ltd.

Summarised statement of financial position

	30-Sep-23	31-Dec-22
	RMB'000	RMB'000
Current		
Assets	55,828	41,276
Liabilities	<u>(348,540)</u>	<u>(336,148)</u>
Total current net liabilities	<u>(292,712)</u>	<u>(294,872)</u>
Non-current		
Assets	404,443	404,442
Liabilities	<u>(149,309)</u>	<u>(148,793)</u>
Total non-current net assets	<u>255,134</u>	<u>255,649</u>
Net liabilities	<u>(37,578)</u>	<u>(39,223)</u>

Summarised income statement

	30-Sep-23	30-Sep-22
	RMB'000	RMB'000
Revenue	13,577	13,578
Profit before income tax	<u>2,194</u>	2,298
Income tax expenses	(549)	-
Total comprehensive loss, representing net loss	<u>1,645</u>	2,298
Total comprehensive loss allocated to non-controlling interests	<u>694</u>	970

Summarised cash flows

	30-Sep-23	30-Sep-22
	RMB'000	RMB'000
Net cash provided by operating activities	(1)	(5)
Net cash used in investing activities	-	-
Net increase in cash and cash equivalents	<u>(1)</u>	<u>(5)</u>
Cash and cash equivalents at beginning of financial year	2	32
Cash and cash equivalents at end of financial year	<u>1</u>	<u>27</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

18. PROVISIONS

RMB'000	30.6.2023	31.12.2022
Provision for cost of disposed subsidiaries	90,456	90,456
Provision for late delivery of properties to buyer and construction works	8,875	5,722
Provisions	<u>99,331</u>	<u>96,178</u>

19. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no known subsequent events which have led to adjustments to this set of financial statements.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

OTHER INFORMATION

1. REVIEW

The condensed consolidated balance sheet of Debao Property Development Limited and its subsidiaries as at 30 September 2023 and the related condensed consolidated income statement and statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited and reviewed.

2. *Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.*

Unaudited

3. *Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).*

Not applicable.

3A. *WHERE THE LATEST FINANCIAL STATEMENTS ARE SUBJECT TO AN ADVERSE OPINION, QUALIFIED OPINION OR DISCLAIMER OR OPINION: -*

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

(a)

Divestment of Profit Consortium Sdn. Bhd. ("Profit Consortium")

This disclaimer arose mainly due to the shares sales of Profit Consortium of remaining 1% not completed before year end and thus the auditors could not ascertain whether the provision for impairment were adequate.

Debao is currently finalizing the details with potential buyers. When finalised, it would provide adequate information to auditors for making adequate provision for the impairments.

Divestment of Poly Ritz Green (Malaysia) Sdn. Bhd. ("Poly Ritz")

This disclaimer arose mainly due to the buyer of Poly Ritz refusing to provide auditors the books and records after transfer date.

We confirmed with the auditors that as Poly Ritz was disposed during FY2019, they need not review the books and records of Poly Ritz in FY2021 to ascertain the consolidated results and thus the Debao considered this issue resolved as this disclaimer will not carry forward to FY2023

Litigation case involving key management of Foshan Nanhai Chuangxintian Hotel Management Co., Ltd. ("Chuangxintian")

Chuangxintian is an associated company of the Group. During the period from 9 June 2020 to 17 July 2020, the directors of Chuangxintian, who were appointed by the majority shareholder (the "Majority Shareholder") of Chuangxintian, were arrested for suspect scam cases by Commercial Criminal Investigation Department of Municipal Public Security Bureau of Guangzhou City, Guangdong Province, the People's Republic of China. The cases are currently in the progress of investigations as at the date of this report.

We contacted the Economic Investigation Team of Commercial Criminal Investigation Department of Municipal Public Security Bureau of Guangzhou City in October 2023 to check for the progress of the investigation but we did not get any updates from the police. As the directors of Chuangxintian are still not going through court proceedings and we are not the subject for investigation, it is the only procedure we are informed of the updates of the case.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

(b)

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed in these financial statements.

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 the financial statements for the current period as compared with those used in the company's most recently audited annual 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. *Review Performance of the Group*

Income statement

Revenue

The Group's revenue decreased by RMB 42.9 million, or 32%, from RMB 132.3million in 9M2022 to RMB 89.4 million in 9M2023. This was mainly due to a decrease in properties sales and construction works revenue by RMB 20.1 million and RMB 20.5 million respectively in 9M2023.

The decrease in properties sales and construction work revenue are mainly due to the market sentiment. Although the COVID measures has been lifted but the market sentiment is only improving slowly.

Cost of Sales and Gross Profit

Cost of sales decreased by RMB 36.7 million, or 47%, from RMB 78.3 million in 3Q2022 to RMB 41.6 million in 3Q2023. This is mainly due to decrease in properties sales and construction works in 9M2023.

Our overall gross profit margin increased from 40.8% in 3Q2022 to 53.5% in 3Q2023 mainly as a result of the product mix.

Other Income (Expenses), net

Other income (expenses) mainly includes interest income, miscellaneous expenses, surcharge income from property management services and other miscellaneous income offset by interest and other miscellaneous expenses.

Other income (expenses) decreased by RMB 16.2 million from other expenses RMB -16.7 million in 3Q2022 to other expenses RMB -0.5 million in 3Q2023. The decrease is mainly due to an one-off expenses amounting to RMB 16.6 million due to the competition of Jinlonghuayuan project in 3Q2022.

Selling and Distribution Expenses

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

Selling expenses increased by RMB 1.1 million, or 50%, from RMB 2.2 million in 3Q2022 to RMB 3.3 million in 3Q2023. The increase is mainly due to the increased advertising and promotional activities.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Administrative Expenses

Administrative expenses comprise various expenses such as salaries and staff-related expenses, utilities, depreciation charges for building and office equipment, telecommunication expenses, entertainment expenses, professional fees, travelling expenses and other general office overheads expenses.

Administrative expenses decreased by RMB 0.1 million or 1% from RMB 14.1 million in 3Q2022 to RMB 14 million in 3Q2023. It was mainly attributable to the Group's efforts to control the salary and staff expenses.

Finance Costs

Finance cost, net of capitalised interest, was at RMB 88 million in 3Q2023 and RMB 88 million in 3Q2022. The finance cost remain stable in 9M2023.

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"). The increase is mainly due to the timing of payment of properties sales tax.

Currency Translation Difference

The Group has overseas subsidiaries in Hong Kong, Malaysia and Singapore. The translation differences arose from the difference in exchange rates on overseas assets and liabilities. The major components that caused translation difference (1) USD loan amounting to USD 150 million; (2) investment properties and development properties in Malaysian Ringgit; and (3) Other assets and liabilities in overseas currencies.

The currency translation loss in 9M2023 is mainly due to the depreciation of RMB against MYR and SGD which led to loss in Malaysia and Singapore assets, together with the depreciation of RMB against USD which resulted in translation loss in our USD loan and liabilities.

Net Profit (Loss)

The Group recorded a net loss of RMB 58.6 million in 3Q2023, compared to a net loss of RMB 67.3 million in 3Q2022.

Statement of Financial Position as at 30 September 2023

Current Assets

Current assets comprise mainly development properties, cash and bank balances, restricted cash and cash equivalents, property held for sales and trade and other receivables. Current assets amounted to approximately RMB 1,527 million in 3Q2023 compared to approximately RMB 1,548 million in FY2022.

The largest components of our current assets were development properties, property held for sales and trade and other receivables, which stood at RMB 1,453 million, as compared to RMB 1,471 million in FY2022.

Development properties, which include the cost of land, interest capitalised, and related costs, accounted for approximately RMB 1,057 million compared to RMB 1,073 million in FY2022. The decrease in development properties is mainly due to the development properties sold.

Trade and other receivables stood at approximately RMB 375 million, which decreased by 2 million compared to RMB 377 million in FY2022. The decrease is mainly due to the decrease in construction works receivables, utilization of prepayments and properties sales receivable.

The Group's Net Working Capital (Current Assets - Current Liabilities) is negative largely due to the current loans which are payable in the next 12 months. Accordingly, the Group is in negotiations with the lenders to refinance the loan(s) as appropriate.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Non-current assets

Non-current assets comprise mainly property, plant and equipment and investment properties. The amount stood at RMB 2,212.9 million compared to 2,214.8 million as at end of FY2022.

The net book value of investment properties was approximately RMB 2,189 million. These are held to generate rental income and/or for capital appreciation. Our investment properties comprise mainly 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.

Current liabilities

Trade and other payables, which mainly comprise amounts payable to contractors and suppliers and advance receipts from property development sales, stood at approximately RMB 768 million, approximately 7% higher than RMB 717 million as at 31 December 2022. The increase in trade and other payables was mainly due to the construction works in Bay ONE.

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 De Neng 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) 19% shareholding held by the minority interest in a PRC subsidiary, Sihui Debao Jiangnan Mingju Property Development Co.,Ltd; and

Shareholders' equity amounted to RMB 178 million, representing a decrease of RMB 136 million from RMB 314 million at 31 December 2022 due to the loss for the period and the translation loss incurred in this period.

Cash flow statement

The Group has a net cash outflow in operating activities of RMB 2.9 million in 9M2023, which comprise operating cash outflows before movements in working capital of RMB 46.6 million, in addition to inflow in net working capital movements of RMB 71.8 million and adjusted by net use of finance cost and interest received as well as income tax recovered of approximately RMB 88.9 million. The net working capital inflows were mainly due to net cash inflow by the decrease in the development properties, and the increase in trade and other payables.

The net cash inflow in investing activities is RMB 0.6 million.

The Group recorded a net cash inflow in financing activities of RMB 58.4 million during 9M2023. This was mainly due to the repayment in bank and other loans, offset with the increase in translation gain from USD loans.

With the above, the Group has recorded a net decrease in cash and cash equivalents of RMB 2.9 million for 9M2023.

7. *Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.*

No forecast or a prospect statement has been previously disclosed to shareholders.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

8. *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 in Foshan average selling price has stabilised⁽ⁱ⁾. Transaction volumes are decreased from 1.7 million sqm in 2Q2023 to 1.1 million sqm in 3Q2023⁽ⁱ⁾.

In October 2022, we have replied SGX queries in relation to the dividend and delisting. The Group is making efforts to accumulate cash of SGD 749,997 to pay the 2017 dividend. The Group is also trying to address the delisting issue but due to the current state of its financial position, and the difficulty in raising bank loans in the property sector, the Company is unfortunately making slow progress.

Project Updates

Projects in Malaysia

1. Project Imbi ("The Landmark")

The Landmark is a development project of twin residential towers. The towers are located in the CBD of Kuala Lumpur, opposite Tun Razak Exchange. Each tower consists of 73 floors and there are 1338 high-end service apartments in total. The towers have 2 swimming pools, a library, a mini golf park, a BBQ area, sky park and butler services to its residents. It also has a skyline restaurant to provide high end catering for its residents and general public. We are concentrating our efforts in the completion of Bay ONE project first and expect to continue the development of Imbi project in 2024 onwards.

Projects in China

2. Tianjin Boulevard

A development project which consists of a hotel and a shopping mall. Total redevelopment area is approximately 40,000 sq meters. All redevelopment work has been completed. Tianjin Boulevard project is expected to generate rental income till 2032.

3. Bay One

A residential and shopping mall development project comprising 4 tower apartments each of 20 floors and 1 tower of hotel and apartments. The project consists of 1778 apartments with 4 blocks of street style commercial blocks and 739 car parks. The towers are located in a Tier 4 city Sihui.

The accumulated sales/pre-sales (See Note 2 below) status of our projects as at 30 September 2023 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
The Landmark-Malaysia	69,455	2,255	30,800	10%
Jin Long Garden-South Zone	853,234	87,363	9,767	100%
Jiangnan Mingju Phases 5 and 6	1,003,515	146,595	6,845	100%
Sihui City Mall	396,433	58,918	6,729	100%
Sihui Bay One	517,120	58,593	8,826	79%
Total	2,839,757	353,724	8,028	NA

The accumulated sales/pre-sales (See Note 2 below) status of our projects for 9M2023 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
The Landmark-Malaysia	-	-	-	10%
Jin Long Garden - South Zone	-	-	-	100%
Jiangnan Mingju Phases 5 and 6	-	-	-	100%
Sihui City Mall	18,953	689	27,500	100%
Sihui Bay One	30,318	3,295	9,201	79%
Total	49,271	3,984	12,367	NA

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

The sales/pre-sales (See Note 2 below) of our projects for 3Q2023 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
The Landmark-Malaysia	-	-	-	10%
Jin Long Garden – South Zone	-	-	-	100%
Jiangnan Mingju Phases 5 and 6	-	-	-	100%
Sihui City Mall	-	-	-	100%
Sihui Bay One	11,685	1,273	9,179	79%
Total	11,685	1,273	9,179	NA

Notes

- (1) Source from Bureau of Housing and Urban-Rural Development of Foshan (<http://fszj.foshan.gov.cn/zwgk/zdxxgk/fdcsc/sjtj/>).
- (2) Sales/pre-sales with certainty on receipt of purchase consideration, including those not ready for handover or key collections.
- (3) The Landmark Malaysia was previously known as Imbi project.

9. DIVIDEND

a. *Whether an interim (final) ordinary dividend has been declared (recommended) Any dividend declared for the current financial period reported on?*

No dividend is proposed.

b. *Corresponding Period of the immediately preceding financial year
Any dividend declared for the corresponding period of the immediately preceding financial year?*

None

c. *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived*

Not applicable.

d. *The date the dividend is payable*

Not applicable.

e. *The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined*

Not applicable.

f. *If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision*

The Group would like to maintain its cash position to meet working capital requirements.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

10. INTERESTED PERSON TRANSACTIONS

Please refer to Notes 6 of the Notes to the Condensed Financial Statements

11. Disclosure of persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Yuan Jian Sheng	59	Brother of our shareholder, Mr. Yuan Le Sheng	Vice general manager of our subsidiary, Foshan Nanhai Guihe Construction Engineering Co., Ltd, 2014	Nil
Yuan Le Sheng	56	Father of our director, Mr. Yuan Jia Jun	Consultant, 2018	Nil

BY ORDER OF THE BOARD

Zhong Yu Zhao
Executive Director and CEO
14 November 2023

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 nine months ended 30 September 2023 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

14 November 2023

Yuan Jia Jun
Executive Director