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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2018 (“1Q2018”)

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)		
	1Q2018	1Q2017	% Change	1Q2018	1Q2017	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	20,743	24,235	(14%)	20,743	24,235	(14%)
Cost of sales	(9,519)	(20,051)	(53%)	(9,519)	(18,715)	(49%)
Gross profit	11,224	4,184	168%	11,224	5,520	103%
Other income	51,451	150,944	(66%)	51,451	150,610	(66%)
Selling and distribution expenses	(622)	(3,164)	(80%)	(622)	(3,164)	(80%)
Administrative expenses	(15,816)	(5,338)	196%	(15,816)	(5,338)	196%
Finance costs	(7,798)	(40,177)	(81%)	(7,798)	(40,177)	(81%)
Profit(loss) before income tax	38,439	106,449	(64%)	38,439	107,451	(64%)
Income tax expenses	(19)	(196)	(90%)	(19)	(196)	(90%)
Net profit(loss) for the period	38,420	106,253	(64%)	38,420	107,255	(64%)
Other comprehensive income						
Currency translation difference	1,810	(10,936)	(117%)	1,810	(10,934)	(117%)
Total comprehensive profit(loss) for the period	40,230	95,317	(58%)	40,230	96,321	(58%)
Profit(loss) attributable to:						
Equity holders of the Company	40,594	108,297	(63%)	40,594	109,299	(63%)
Minority interests	(2,174)	(2,044)	6%	(2,174)	(2,044)	6%
	38,420	106,253	(64%)	38,420	107,255	(64%)
Total comprehensive profit(loss) attributable to:						
Equity holders of the Company	42,404	97,361	(56%)	42,404	98,365	(57%)
Minority interests	(2,174)	(2,044)	6%	(2,174)	(2,044)	6%
	40,230	95,317	(58%)	40,230	96,321	(58%)



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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 2017 (“**1Q2017**”) and the first quarter ended 31 March 2018 (“**1Q2018**”), 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 1Q2017 and 1Q2018 (the “**Actual Consolidated Financial Statements**” or “**Actual CFS**”), our Company had also prepared the proforma consolidated financial statements for 1Q2017 and 1Q2018 (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		
	1Q2018	1Q2017	% Change	1Q2018	1Q2017	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	533	856	(38%)	1,177	856	38%
Amortization	-	56	(100%)	0	56	(100%)
Interest expense	7,798	24,699	(68%)	7,798	24,699	(68%)
Interest income	(337)	(450)	(25%)	(337)	(450)	(25%)
Exchange (gain)loss	(1,810)	(10,936)	(83%)	(1,810)	(10,934)	(83%)



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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	
	31.3.2018 RMB'000	31.12.2017 RMB'000	31.3.2018 RMB'000	31.12.2017 RMB'000	31.3.2018 RMB'000	31.12.2017 RMB'000
Assets						
<u>Current assets</u>						
Cash and bank equivalents	67,929	46,166	67,929	46,166	53	100
Restricted cash and cash equivalents	195,077	205,031	195,077	205,031		
Trade and other receivables	827,515	1,002,161	827,516	1,002,161	391,641	391,563
Amount due from related parties	14,671	45,092	14,671	45,092		
Due from subsidiaries					561,900	907,307
Amount due from customers for contract work						
Inventories	255	255	255	255		
Property held for sales	134,220	139,800	125,526	131,108		
Development properties	1,076,901	1,094,808	821,152	839,059		
Prepaid land use right						
Asset held for sales	-	-	-	-		
Dividends receivable	-	-	-	-	22,534	-
Total current assets	2,316,568	2,533,313	2,052,126	2,268,872	976,128	1,298,970
<u>Non-current Assets</u>						
Prepaid land use right	4,932	4,141	4,932	4,141		
Property, plant and equipment	20,303	21,017	17,652	18,366		
Investment properties	2,044,010	2,042,066	2,044,010	2,042,066		
Joint venture	180	0	-	-179		
Trade and other receivables	18,826	0	18,826	0		
Investment in subsidiaries					1,018	1,018
Other investment	4,554	1,300	4,554	1,300		
Deferred tax assets	17,309	17,509	17,309	17,509		
Goodwill	4,192	4,192	4,192	4,192		
Total non-current assets	2,114,306	2,090,225	2,111,475	2,087,395	1,018	1,018
Total assets	4,430,874	4,623,538	4,163,601	4,356,267	977,146	1,299,988
Liabilities and shareholders' equity						
<u>Current liabilities</u>						
Bank and other loans	475,911	618,067	475,911	618,067		
Trade and other payables	850,320	1,066,364	850,320	1,066,364	97,351	186,494
Long term payable-current portion	24,779	24,779	24,779	24,779		
Amount due to related parties	-	26,426	-	26,426	-	17,721
Due to subsidiaries					-	320,562
Liability held for sales						
Tax payables	92,548	130,404	92,548	130,404	37,011	37,623
Total current liabilities	1,443,558	1,866,040	1,443,558	1,866,040	134,362	562,400
<u>Non-current liabilities</u>						
Bank and other loans	1,218,905	1,016,600	1,218,905	1,016,600		
Trade and other payable	-	-	-	0		
Long term payable	151,309	152,809	151,309	152,809		
Deferred tax liabilities	293,391	304,610	227,823	239,042		
Total non-current liabilities	1,663,605	1,474,019	1,598,037	1,408,451	-	-
Shareholders' equity	1,323,711	1,283,479	1,122,006	1,081,776	842,784	737,588
Total liabilities and Shareholders' equity	4,430,874	4,623,538	4,163,601	4,356,267	977,146	1,299,988



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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)	
	31.3.2018	31.12.2017
	RMB'000	RMB'000
Amount repayable in one year or less, or on demand:-		
Secured	450,911	618,067
Unsecured		-
Sub-total (1)	450,911	618,067
Amount repayable after one year		
Secured	1,218,905	1,016,600
Sub-total (2)	1,218,905	1,016,600
Total debt (1)+(2)	1,669,816	1,634,667



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

The following loans are still outstanding:

(a) Bank loans

1. Loans from a lender amounting to RMB40,000,000 (2017: RMB54,000,000) with an effective interest rate at 5.22% (2017: 4.35% to 5.66%) per annum, is secured by directors of the Group and subsidiaries, restricted cash and cash equivalents and land use rights of the Group and repayable in 2018 (2017 : repayable in 2017).
2. Loans from a lender amounting to RMB12,000,000 (2017 : RMB48,000,000) with an effective interest rate at 4.35% to 8.5% (2017 : 4.35%) per annum, was secured by restricted cash and cash equivalents and was fully repaid in 2018 (2017: repayable in 2017).
3. Loans from a lender amounting to RMB15,000,000 (2017: RMB Nil) with an effective interest rate at 5.66% (2017 : Nil) per annum, is secured by a director of the Group and subsidiaries, land use rights of the Group and repayable in 2018.
4. Loans from a lender amounting to RMB274,790,000 (2017: RMB367,000,000) with an effective interest rate from 6.86% to 7.35% (2017 : 4.34% to 5.67%) per annum, is secured by a director of the Group and subsidiaries, land use rights of the Group, property, plant and equipment and investment properties and repayable in 2032 to 2035 (2017 : repayable in 2017).
5. Loans from a lender amounting to RMB158,020,000 (2017: RMB139,042,000) with an effective interest rate from 3.00% to 3.30% (2017: 1.90% to 3.30%) per annum, is secured by restricted cash and cash equivalents and repayable in 2018 (2017 : repayable in 2017).

(b) Other loans

1. Loans from a lender amounting to RMB944,115,000 (2017: RMB1,419,000,000) with an effective interest rate from 9.92% to 12.94% (2017: 9.92% to 14.00%) per annum and is secured by a director of the Group (2017: is secured by a director of the Group and subsidiaries, properties held for sale, development properties, land use rights of the Group and investment properties). The current portion of this loan amounted to RMB Nil (2017: RMB313,560,000) is repayable in 2017, while the non-current portion of this loan amounted to RMB944,115,000 (2017: RMB1,105,440,000).
2. A loan from a lender amounting to RMB12,486,000 (2017: RMB12,486,000) is interest free, unsecured and repayable on demand.
3. Loans were raised together with a contractor for a total of RMB9,577,000 with an interest rates ranging from 7% to prime rate, repayable within one (1) to ten (10) years, secured by certain land use rights.
4. To support the Group's operating cash flows requirements, the Group obtained loans from individuals and other non-financial institutions amounting to RMB203,828,000. These loans bore average annual interest rate from 18% to 48%, and 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	
	1Q2018	1Q2017	1Q2018	1Q2017
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit (loss) before tax	38,439	106,448	38,439	107,450
Adjustments for:				
Depreciation and amortisation	533	912	1,177	912
Interest expense	7,798	24,699	7,798	24,699
Interest income	(337)	(450)	(337)	(450)
Unrealised exchange gain	1,810	(10,936)	1,810	(10,934)
Operating profit before working capital changes	48,243	120,673	48,887	121,677
Trade and other receivables	105,049	(111,274)	105,049	(26,174)
Development properties	24,332	89,317	23,489	2,923
Property held for sales	3,995	1,653	3,995	-
Amount due from customers for contract work	74,800	949	74,800	949
Inventories		(1,352)		(1,352)
Trade and other payables	(231,972)	251,450	(228,563)	329,891
Amounts due to related parties		-		1,653
Net cash (used in) from operations	24,447	351,416	27,657	429,567
Interest paid	(7,798)	(24,699)	(7,798)	(24,699)
Interest received	337	450	337	450
Income taxes paid	(37,875)	(3,186)	(37,875)	(3,186)
Net cash used in operating activities	(20,889)	323,981	(17,679)	402,132
Cash flows from investing activities				
Addition in investment property	(1,944)	-	(1,944)	-
Disposal of other investment	(44)	1,291	(3,254)	1,291
Purchases of properties, plant and equipment	(463)	(1,229)	(463)	(1,229)
Proceeds on disposal subsidiaries		50,000		49,999
Advance to joint venture		-		-
Net cash used in investing activities	(2,451)	50,062	(5,661)	50,061
Cash flows from financing activities				
Amount due from related parties		-		-
Fixed deposit & Restricted cash	9,954	(29,871)	9,954	(29,871)
Proceeds from bank and other loans	202,305	-	202,305	-
Repayment of bank and other loans	(167,156)	(392,319)	(167,156)	(470,469)
Net cash used in financing activities	45,103	(422,190)	45,103	(500,340)
Net decrease in cash and cash equivalents	21,763	(48,147)	21,763	(48,147)
Effects of exchange rate changes on the balance of cash held in foreign currencies		-		-
Cash and cash equivalents at the beginning of the period	46,166	88,448	46,166	88,448
Cash and cash equivalents at the end of the period	67,929	40,301	67,929	40,301

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 2017	909,831	229,543	(152)	23,887	86,724	17,788	1,267,621	2,678	1,270,299
Total comprehensive loss for the period		108,299	(10,936)				97,363	(2,044)	95,319
Disposal of subsidiaries						(17,788)	(17,788)		(17,788)
Balance as at 31 March 2017	909,831	337,842	(11,088)	23,887	86,724	-	1,347,196	634	1,347,830
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 loss 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

	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 2017	909,831	164,410	(154)	(148,414)	31,442	86,724	21,707	1,065,546	2,678	1,068,224
Total comprehensive loss for the period		109,299	(10,934)					98,365	(2,044)	96,321
Disposal of subsidiaries							(17,788)	(17,788)		(17,788)
Balance as at 31 March 2017	909,831	273,709	(11,088)	(148,414)	31,442	86,724	3,919	1,146,123	634	1,146,757
Balance as at 1 January 2018	909,831	198,361	11,610	(148,414)	31,442	86,726	3,919	1,093,475	(11,699)	1,081,776
Total comprehensive loss for the period		40,594	1,810					42,404	(2,174)	40,230
Balance as at 31 March 2018	909,831	238,955	13,420	(148,414)	31,442	86,726	3,919	1,135,879	(13,873)	1,122,006



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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
Balance as at 1 January 2017	909,831	(297,821)	(10,746)	601,264
Total comprehensive loss for the period		127,629	8,695	136,324
Balance as at 31 March 2017	909,831	(170,192)	(2,051)	737,588
Balance as at 1 January 2018	909,831	(66,187)	(2,153)	841,491
Total comprehensive loss for the period		15,080	(13,787)	1,293
Balance as at 31 March 2018	909,831	(51,107)	(15,940)	842,784

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 2018 and 31 December 2017 respectively.

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

	31.Mar.2018		31.Dec.2017	
	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.



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

Not applicable.

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 2018 as those of the audited financial statements for the year ended 31 December 2017, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2018. The adoption of all new and revised FRSs has no material effect on the 1Q 2018 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	
	1Q2018	1Q2017	1Q2018	1Q2017
Profit(Loss) Per Share				
(i) Basic (a)	54.13	144.40	54.13	145.73

(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	
	31.3.2018	31.12.2017	31.3.2018	31.12.2017	31.3.2018	31.12.2017
Net asset value per ordinary share based on issued share capital at end of financial year*	17.65	17.11	14.96	14.42	11.24	9.83

* 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 2018

	Actual*	Proforma**	Difference
	1Q2018	1Q2018	***
	RMB'000	RMB'000	RMB'000
<u>Comprehensive income statement item</u>			
Cost of sales	(9,519)	(9,519)	-
Administrative expenses	(15,816)	(15,816)	-
Income tax expense	(19)	(19)	-
Profit for the period	38,420	38,420	-
<u>Balance sheet items</u>			
Property held for sales	24,220	15,526	8,694
Development properties	1,186,901	931,152	255,749
Property, plant and equipment	20,303	17,652	2,651
Deferred tax liabilities	293,391	227,823	65,568
Shareholders' equity	1,323,711	1,122,006	201,705

* 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).



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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):*

Review based on our unaudited Actual Consolidated Financial Statements

Income statement

Revenue

Our Group's revenue decreased by RMB3.5 million, or 14%, from RMB24.2 million in 1Q2017 to RMB20.7 million in 1Q2018. The decrease was mainly attributed to the decrease in revenue from our property development sales by RMB10.7 million, from RMB18.6 million in 1Q2017 to RMB7.9 million in 1Q2018. The decrease in revenue from the property development sales was mainly due to the decrease of gross floor area ("GFA") sold compared with the previous corresponding period.

The decrease in revenue was partially offset by a decrease in property management service income and property rental income of RMB7.2 million, mainly due to the increase rental income from Sihui Project.

Cost of Sales and Gross Profit

Our cost of sales is decreased by RMB10.5 million, or 53%, from RMB20.0 million in 1Q2017 to RMB9.5 million in 1Q2018. This was mainly caused by a decrease in cost of property development sales.

In terms of gross profit margin, our overall gross profit margin increased from 17.3% in 1Q2017 to 54.1% in 1Q2018, as a result of increase 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 22.8% and 54.1% in 1Q2017 and 1Q2018.



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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 RMB99.5 million or approximately 66% from RMB150.9 million in 1Q2017 to RMB51.5 million in 1Q2018, which was mainly caused by an one-off disposal gain of 100% shareholdings in Infinity Real Estate Holdings Pte. Ltd. (together with its wholly-owned subsidiary, Foshan Sanshui Nengrun Property Development Co., Ltd.) and Foshan Sanshui Fangao Land Co., Ltd happened in 1Q2017. An increase of foreign exchange gain had partially mitigated the decrease.

Selling and Distribution Expenses

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

The selling and distribution expenses decreased by RMB2.5 million in 1Q2018 as compared with the previous corresponding period. The lower selling and distribution expenses in 1Q2018 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 increased by RMB10.5 million or 196% from RMB5.3 million in 1Q2017 to RMB15.8 million in 1Q2018, It is mainly attributable to an increase of foreign exchange loss because of the appreciation of Malaysia Ringgit against RMB.

Finance Costs

Finance cost, net of capitalised interest, recorded a decrease of RMB32.4 million in 1Q2018 mainly due to the one-off penalty interest expense for advancement repayment the loan related to the disposal subsidiaries which happened in 1Q2017

Amortisation

Amortization relates to the amortisation of prepaid land use rights for our corporate office since 4Q2009. The amortisation is based on 40 years rights of use of the land.

Depreciation

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

Depreciation is almost equivalent as to that in the last period.



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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):*

Income Tax Expenses

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

The Proforma CFS has a higher income tax expense compared to the Actual CFS, and was mainly due to the estimated deferred tax liability adjustment on the pertained fair value Notional Adjustment to the cost of property development.

Net Profit

The Group recorded a net profit of RMB38.4 million in 1Q2018, compared to RMB106.2 million in 1Q2017. 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 RMB38.4 million in 1Q2018 and RMB106.2 million in 1Q2017 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

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 FY2017 and 1Q2018 amounted to approximately RMB2,533.3 million and RMB2,316.6 million respectively.

The largest component of our current assets were trade and other receivables, property held for sales, and development properties. In total, these amounted to approximately RMB 2,236.7 million and RMB2,038.6 million as at the end of FY2017 and 1Q2018 respectively.

Development properties, which include the cost of land, interest capitalised, and related costs, accounted for approximately 43.2% and 46.5% of our current assets as at the end of FY2017 and 1Q2018 respectively. Though the proportion of development properties increase, the absolute amount was decreased. The decreasing of 1.6% (RMB17.9 million) in development properties was mainly due to the completed Sihui City Mall project.

Properties held for sales amounted to RMB139.8 million and RMB134.2 million as at the end of FY2017 and 1Q2018 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 2018 increased by RMB21.8 million or 47.1% to RMB67.9 million as compared with 31 December 2017, which was primarily attributable to the net generate from financing activities of RMB45.1 million, which offset by net used in with operating activities of RMB20.9 million and investing activities of RMB2.5 million.

In addition, restricted cash stood at RMB205.0 million and RMB195.1 million as at end of FY2017 and 1Q2018 respectively.

Trade and other receivables stood at approximately RMB1,002.2 million and RMB827.5 million at the end of FY2017 and 1Q2018 respectively. The decrease of RMB174.6 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, plant and equipment. As at the end of FY2017 and 1Q2018, our non-current assets had an aggregate net book value of approximately RMB2,090.2 million and RMB2,114.3 million respectively.

The investment properties are held to earn rental income and/or for capital appreciation. Our investment properties is comprised of mainly our Debao Hotel Complex together with the adjacent land and underground car parks, commercial premises located in Debao Garden and Jiangnan Mingju, car parks located in Debao Garden, Tianjin Boulevard buildings and Sihui City Mall. The net book value of our investment properties was approximately RMB2,042.1 million and RMB2,044.0 million as at the end of FY2017 and 1Q2018, which accounted for approximately 97.7% and 96.7% of our non-current assets as at the end of FY2017 and 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) :*

The prepaid land use right, and property, plant and equipment increased by RMB0.1 million was mainly due to purchase of office equipment and vehicle which was partially offset by amortisation/depreciation charge for 1Q2018.

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 RMB1,066.4 million and RMB850.3 million at the end of FY2017 and 1Q2018 respectively. The decrease of RMB216.1 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) 38% shareholding held by the minority interest in a Malaysia subsidiary, Profit Consortium Sdn Bhd and
- d) 50% shareholding held by the minority interest in a Malaysia subsidiary, Poly Ritz Green (Malaysia) Sdn. Bhd.

In FY2017 and 1Q2018, the shareholders' equity amounted to RMB1,283.5 million and RMB1,323.7 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 outflow from operating activities of RMB20.9 million in 1Q2018, which comprised of operating cash inflows before movements in working capital of RMB48.2 million, addition of net working capital used of operations of RMB23.8 million, and adjusted by net use of finance cost and interest received as well as income tax of RMB45.3 million. The net working capital outflows were mainly due to the decrease in trade and other payables during the current reporting period.

The net cash outflow from investing activities is RMB2.4 million.

The Group recorded a net cash inflow from financing activities of RMB45.1 million during 1Q2018. This was mainly due to proceeds from bank and other loans.

With the above, the Group has a net decrease in cash and cash equivalents of RMB67.9 million for 1Q2018.



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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 2017.

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. Transacted property average selling prices per sqm in Foshan has slight increased by 1.9% during the current reporting period, from RMB10,083 per sqm (See Note 1 below) in 4Q2017 to RMB10,271 per sqm (See Note 1 below) in 1Q2018. Meanwhile, transaction volumes have decreased from 2.85 million sqm in 4Q2017 to 2.47 million sqm (See Note 1 below) in 1Q2018, a decrease of approximately 13.2%.

Project Updates

As at 31 March 2018, the Group has six development projects with GFA of approximately 1.84 million sqm under development. Four projects are located at Kuala Lumpur in Malaysia as follows:

- 1) Project Imbi
- 2) Project Kuchai Lama
- 3) Project Plaza Rakyat
- 4) Project Cheras Mukota

These are expected to be separately completed in various phases up to 2023 and are currently arranging for financing for these projects.

The remaining two projects are located in PRC as follows:

- 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 2018 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	834,924	83,905	9,951	100%
Jiangnan Minju Phases 5 and 6	992,611	145,763	6,810	100%
Sihui City Mall	366,087	57,364	6,382	99-100%
Total	2,193,622	287,032	7,642	NA



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The sales/pre-sales (See Note 2 below) of our projects for 1Q2018 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	2,818	379	7,427	100%
Jiangnan Minju Phases 5 and 6	298	52	5,712	100%
Sihui City Mall	12,035	2,085	5,771	99-100%
Total	15,151	2,516	6,022	NA

Pursuant to the effect of INT FRS 115, the sales for Jiangnan Minju Phases 5 and 6 in 1Q2018 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 1Q2018 when handed over.

10(b). *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 Group remains cautious about the outlook of the property market. Nonetheless, the Group will strategically continue to explore opportunities for following period.

Notes

(1) Source from Bureau of Housing and Urban-Rural Development of Foshan (<http://www.fsjw.gov.cn/zqgk/zdxczgk/jdsc/sj/j/>)

(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.*

Not applicable.



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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) 1Q2018	Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) 1Q2018
Zhong Yu Xin ⁽¹⁾	S\$ 169,150 ⁽²⁾	-

Notes:

(1) Mr Zhong Yu Xin is the brother of our Executive Director, Mr Zhong Yu Zhao.

(2) Lease of Debao Hotel.

BY ORDER OF THE BOARD

Zhong Yu Zhao
Executive Director and CEO
9 May 2018



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 2018 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

9 May 2018