

## DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200715053Z)

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### QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

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Debao Property Development Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the watch-list under the Financial Entry Criteria with effect from 4 December 2019, pursuant to Rule 1311(2) of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the “**Board**”) wishes to provide an update on the financial situation of the Company and the Group for the second quarter ended 30 June 2020 (“**2Q2020**”).

#### Update on Financial Position and Outlook

The Group’s revenue increased by RMB 128.58 million from RMB 36.84 million in the second quarter ended 30 June 2019 (“**2Q2019**”) to RMB 165.42 million in 2Q2020, which was mainly due to an increase in property sale of BAY ONE.

The Group’s gross profit increased by RMB 60.16 million from RMB 15.51 million in 2Q2019 to RMB 75.67 million in 2Q2020 as a result of the sale of properties that have a higher gross profit margin.

The Group recorded a net profit of RMB 12.45 million in 2Q2020, as compared to a net loss of RMB 131.67 million in 2Q2019.

For more details on the financial position of the Group, please refer to our announcement of the Group’s unaudited financial statements for 2Q2020 released on 14 August 2020.

#### Update on Future Direction and other Material Development

As a result of the Government’s policy to curb speculation, the average selling price in the property sector has stabilised. Transaction volumes have increased from 1.6 million sqm in 1Q2020 to 3.7 million sqm in 2Q2020, which is an increase of approximately 131.1%.

As at 30 June 2020, the Group has two (2) development projects in Malaysia and two (2) development projects in the People’s Republic of China (“**PRC**”). The development projects are expected to be separately completed in various phases up till 2023.

Although the contributions from the property development business in the PRC are gradually picking up in 2Q2020, the Group is cautiously monitoring the situation and the effect caused by the second wave of the COVID-19 outbreak. While China’s economy has seen an uptick in 2Q2020, the Chinese Government cautioned that the economy remains volatile, caused largely, by the uncertain COVID-19 global situation. The Group will continue to consolidate its development operations to improve productivity, and make prudent investments.

As a result of the COVID-19 outbreak, the Chinese Government has encouraged landlords to provide rent relief to retail tenants, which has affected the Group's retail portfolio and resulted in lower rental income collected from the Group's retail units in the months from January to June 2020. Additionally, the Group has not received financial assistance by the Chinese Government as the Group is privately-owned. However, the Group is gradually recovering the outstanding rentals from the lessees. Given the recovering consumer confidence and the gradual resumption of work activity, the outlook for PRC's retail remains positive as the sector continues to innovate to adapt to the challenges brought about by COVID-19.

As the COVID-19 pandemic shows little signs of abating, the Group conservatively expects to face volatile macro headwinds and foresees its full year results in 2020 to be impacted by the COVID-19 outbreak. The Group will continue to keep a keen eye on the volatile market conditions to ensure appropriate business agility. The Group believes that the Company's growth strategy will continue to be a solid foundation for long-term growth in the PRC.

### **Update on efforts for satisfying Financial Exit Criteria**

The Company will continue to focus on the development and growth of its strategic planning of the business. The Company will also continue to source for other business opportunities to expand and enhance the performance and net asset value of the Company.

The Company is aware of the deadlines given by SGX-ST to meet the Financial Exit Criteria. The Company will, in the meantime, provide shareholders with quarterly updates on its efforts and the progress made in meeting the Financial Exit Criteria. If any material development occurs between the quarterly updates, the Company will make immediate announcement of such development.

By Order of the Board

Zhong Yuzhao  
Executive Director and Chief Executive Officer  
14 August 2020