

DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200715053Z)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") ON THE ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

The Board of Directors (the "Board") of Debao Property Development Ltd. (the "Company") wishes to announce the following in response to the queries raised by the SGX-ST on 27 November 2019 in relation to the announcement of the unaudited financial statements for third quarter and nine months ended 30 September 2019 made by the Company on 13 November 2019.

SGX-ST's Query 1

Actual Consolidated Statement of Comprehensive Income table – Page 4

- (a) Explain how the Exchange Gain of RMB 18,011,000 arose for 3Q2019.
- (b) We note from paragraph 8 that "Administrative Expenses" includes foreign exchange loss, whereas "Other Loss" includes foreign exchange gain. How is foreign exchange gain/loss reflected in the consolidated statement of comprehensive income?

Company's Response

- (a) The exchange gain mainly arose from the repayment of foreign currency loans by converting RMB to the overseas currency through PRC subsidiaries to overseas subsidiaries.
- (b) The foreign exchange losses in other losses and administrative expenses pertains to unrealised and realised exchange differences of individual transactions during the period. The currency translation difference in comprehensive income represents translation differences of financial statements of foreign subsidiaries for that period.

SGX-ST's Query 2

Paragraph 8 – Other Loss – Page 20

- (a) Provide a breakdown of "Other Loss" for 3Q2019 and 3Q2018.
- (b) What is the amount of surcharge income from property management services for 3Q2019 and 3Q2018?

Company's Response

(a) Other Loss		
	3Q2019	3Q2018
	RMB '000	RMB '000
Bad debts written-off	-	(25,441)
Gain on disposal of assets held-for-sale	1,528	-
Foreign exchange losses	(2,263)	(13,492)
Other expenses	(1,278)	(1,530)
Other income	1,192	830
	<u>(821)</u>	<u>(39,633)</u>

(b) Surcharge income

	3Q2019	3Q2018
	RMB '000	RMB '000
Surcharge income (also known as Sundry income)	245	181

SGX-ST's Query 3

Paragraph 8 – Selling and Distribution Expenses – Page 21

Explain the reasons for the 44% increase in selling and distribution expenses from RMB 789,000 in 3Q2018 to RMB 1,136,000 in 3Q2019.

Company's Response

The increase in Selling and Distribution Expenses is mainly due to setup of Show Room, sale office and printing of booklets for pre-sales in Bay ONE and Imbi projects that commenced pre-sales in 4Q2019.

SGX-ST's Query 4

Paragraph 13 – Interested Person Transactions – Page 27

Provide details of the transactions set out in Note (4).

Company's Response

The Group paid consultancy fees of S\$116,340 to Yuan Le Sheng from 1 January 2019 to 30 September 2019. Also, the Group disposed the shares of Foshan Nanhai Rural Credit Union at S\$554,547 to Yuan Le Sheng. For details of the disposal, please see announcement dated 25 June 2019.

By Order of the Board

Zhong Yuzhao
Executive Director and Chief Executive Officer
3 December 2019