

DEBAO PROPERTY DEVELOPMENT LTD.
(Incorporated in Singapore on 16 August 2007)
(Registration Number: 200715053Z)

CLARIFICATION ANNOUNCEMENT ON ANNUAL REPORT ON FY2013

The Board of Directors (the “**Board**”) of Debao Property Development Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 24 April 2014 regarding the Company’s Annual Report for the financial year ended 31 December 2013 (“**FY2013**”) (the “**Annual Report**”) and wishes to respond as follows:

Query 1:

Paragraph 11.3 of the Corporate Governance Code 2012 (the “**Code**”) states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the Company’s Annual Report.

For the purpose of complying with Listing Rule 1207(10), please note that “Absence of evidence to the contrary” disclaimer is not allowed in the opinion.

- (a) We note that the confirmation provided in your annual report is not consistent with the guideline stated above. Hence, please provide a clean opinion that is in compliance with Listing Rule 1207(10).
- (b) Pursuant to Rule 710 of the Listing Manual, please make also disclosures on the Board’s comments on the adequacy and effectiveness of the Company’s information technology controls and risk management systems or otherwise explain the reason(s) for the deviation from the following Code recommendations.
- (c) Paragraph 11.3 of the Code also states that the Board should comment in the Company’s Annual Report on whether it has received assurance from the Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”) (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances; and (b) regarding the effectiveness of the company’s risk management and internal control systems.

As required under Listing Rule 710, please make disclosures as recommended in the Code or otherwise explain the reason(s) for the deviation

Response:

- (a) The Board, with the concurrence of the Audit Committee (“**AC**”), is of the opinion that the Group’s internal controls are adequate in addressing financial, operational and compliance risks in the Group’s current business environment based on the following:

- (i) The management of the Group regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks; and
 - (ii) The management of the Group reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.
- (b) The Board confirms that based on the internal controls established by the Group, work performed by the internal and external auditors, and reviews performed by management, the Board is of the opinion that the Group's information technology controls and risk management systems are adequate and effective.
- (c) The Board confirms that it has received assurance from both the CEO, Mr Yuan Le Sheng and the Chief Financial Officer, Mr Tam Kin Bor that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances and the company's risk management and internal control systems are effective.

Query 2:

We note that the annual report did not state whether officers deal in Company's securities on short-term basis. Please provide the necessary disclosure required under Rule 1207(19).

Response:

The Board confirms that the Company has in place an internal policy in relation to dealings in the Company's securities by its officers on short term considerations.

By order of the Board

Yuan Le Sheng
Executive Chairman and CEO

25 April 2014