



Company No. 200715053Z

## **Debao Property Development Ltd AND ITS SUBSIDIARIES**

### **Condensed Interim Financial Statements For the Nine Months Ended 30 September 2021**

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	The Group		change %
		9 months ended		
		30-Sep-21 RMB '000	30-Sep-20 RMB '000	
Revenue	3	223,771	260,180	(14)
Cost of sales		(125,024)	(134,010)	(7)
<b>Gross profit</b>		98,747	126,170	(23)
<b>Other expenses</b>				
Other income (expenses), net		6,362	(521)	NM
Distribution and marketing expenses		(7,194)	(4,236)	70
General and administrative expenses		(25,411)	(39,523)	(36)
Finance expenses		(92,918)	(165,878)	(44)
<b>Loss before taxation</b>	4	(20,414)	(83,988)	(76)
Tax expense	5	(1,719)	(3,132)	(45)
<b>Loss for the financial period, net of tax</b>		(22,133)	(87,120)	(75)
<b>Other comprehensive income</b>				
<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)		23,434	5,598	319
<b>Total comprehensive income (loss) for the period</b>		1,301	(81,522)	NM
<b>Profit (Loss) attributable to:</b>				
Owners of the Company		(14,517)	(81,698)	
Non-controlling interests		(7,616)	(5,422)	
		(22,133)	(87,120)	
<b>Total comprehensive income (loss) attributable to:</b>				
Owners of the Company		8,917	(76,100)	
Non-controlling interests		(7,616)	(5,422)	
		1,301	(81,522)	
<b>Earnings (loss) per share for profit (loss) for the period attributable to owners of the Company (SGD per share)</b>				
Basic and diluted		(0.057)	(0.225)	

NM: Not meaningful

# CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Note	Group		Company	
		30.09.2021	31.12.2020	30.09.2021	31.12.2020
		RMB'000	RMB'000	RMB'00	RMB'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and bank equivalents		18,750	23,759	23	26
Trade and other receivables	11	355,080	448,007	959,934	1,295,211
Contract assets	3	19,254	18,650	-	-
Prepaid leases		81	81	-	-
Inventories		283	264	-	-
Property held for sale	12	26,829	27,290	-	-
Development properties	13	1,069,219	1,012,904	-	-
Disposal group assets classified as held-for-sale		48,735	48,735	-	-
<b>Total current assets</b>		<b>1,538,231</b>	<b>1,579,690</b>	<b>959,957</b>	<b>1,295,237</b>
<b>Non-current Assets</b>					
Prepaid leases		2,143	3,776	-	-
Property, plant and equipment		12,267	13,828	-	-
Investment properties		2,191,705	2,193,674	-	-
Investment in an associate		45	45	-	-
Financial asset, FVOCI		-	-	*	*
Deferred tax assets		19,017	19,017	-	-
<b>Total non-current assets</b>		<b>2,225,177</b>	<b>2,230,340</b>	<b>*</b>	<b>*</b>
<b>Total assets</b>		<b>3,763,408</b>	<b>3,810,030</b>	<b>959,957</b>	<b>1,295,237</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank and other loans	10	1,364,254	1,342,577	-	-
Trade and other payables	14	736,677	721,869	15,470	358,664
Lease payables		40,416	36,446	-	-
Contract liabilities	3	99,921	99,921	-	-
Provisions	18	89,251	96,311	82,569	83,868
Tax payables		126,581	122,645	32,897	33,645
Liabilities directly associated with disposal assets classified as held-for-sale		46,735	46,735	-	-
<b>Total current liabilities</b>		<b>2,503,835</b>	<b>2,466,504</b>	<b>130,936</b>	<b>476,177</b>
<b>Non-current liabilities</b>					
Bank and other loans	10	306,234	356,986	-	-
Long term payables		167,700	155,277	-	-
Deferred tax liabilities		283,689	283,746	-	-
<b>Total non-current liabilities</b>		<b>757,623</b>	<b>796,009</b>	-	-
<b>Total liabilities</b>		<b>3,261,458</b>	<b>3,262,513</b>	<b>130,936</b>	<b>476,177</b>
<b>Net assets (liabilities)</b>		<b>501,950</b>	<b>547,517</b>	<b>829,021</b>	<b>819,060</b>
<b>Equity attributable to equity holders of the Company</b>					
Share Capital	16	909,831	909,831	909,831	909,831
Retained profits		(475,852)	(461,335)	(71,953)	(100,262)
Other reserves		67,971	99,021	(8,857)	9,491
<b>Total equity</b>		<b>501,950</b>	<b>547,517</b>	<b>829,021</b>	<b>819,060</b>

\* 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 2020	909,831	(376,601)	(10,344)	23,886	86,726	-	633,498	(32,062)	601,436
Loss for the period	-	(81,698)	-	-	-	-	(81,698)	(5,422)	(87,120)
Other comprehensive loss for the period	-	-	5,598	-	-	-	5,598	-	5,598
Balance as at 30 Sep 2020	909,831	(458,299)	(4,746)	23,886	86,726	-	557,398	(37,484)	519,914
Balance as at 1 January 2021	909,831	(461,335)	29,768	23,886	86,726	-	588,876	(41,359)	547,517
Loss for the period	-	(14,517)	-	-	-	-	(14,517)	(7,616)	(22,133)
Other comprehensive loss for the period	-	-	(23,434)	-	-	-	(23,434)	-	(23,434)
Balance as at 30 Sep 2021	909,831	(475,852)	6,334	23,886	86,726	-	550,925	(48,975)	501,950

	The Company			
	Share capital RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
Balance as at 1 January 2020	909,831	(135,501)	47,702	822,032
Total comprehensive (loss)/profit for the period	-	29,704	(32,635)	(2,931)
Balance as at 30 September 2020	909,831	(105,797)	15,067	819,101
Balance as at 1 January 2021	909,831	(100,262)	9,491	819,060
Total comprehensive loss for the period	-	28,309	(18,348)	9,961
Balance as at 30 September 2021	909,831	(71,953)	(8,857)	829,021

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	The Group	
		9 months ended	9 months ended
		30 September 2021	30 September 2020
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Profit after tax		(22,133)	(87,120)
Adjustments for:			
Income taxes expenses/(credit)		1,719	3,132
Depreciation and amortisation		1,027	1,367
Interest expense		92,918	165,878
Interest income		(41)	(673)
Unrealized exchange loss		(23,434)	5,598
<b>Operating profit before working capital changes</b>		<b>50,056</b>	<b>88,182</b>
Trade and other receivables		92,927	56,151
Contract assets		(604)	(24,055)
Development properties		(56,315)	80,695
Property held for sales		460	(6,533)
Inventories		(19)	(13)
Trade and other payables		20,171	14,533
<b>Net cash from operations</b>		<b>106,676</b>	<b>208,960</b>
Interest paid		(92,918)	(165,878)
Interest received		41	673
Income taxes paid		2,161	(336)
<b>Net cash from (used in) operating activities</b>		<b>15,960</b>	<b>43,419</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of properties, plant and equipment		534	504
Addition in investment property		1,969	4,744
<b>Net cash from (used in) investing activities</b>		<b>2,503</b>	<b>5,248</b>
<b>Cash flows from financing activities</b>			
Increase in fixed deposits and restricted cash		-	10,000
Prepaid leases		1,633	-
Lease payables		3,970	2,217
(Repayment) Drawing of bank and other loans, net		(29,075)	(58,355)
<b>Net cash (used in) from financing activities</b>		<b>(23,472)</b>	<b>(46,138)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(5,009)</b>	<b>2,529</b>
Cash and cash equivalents at the beginning of the period		23,759	15,897
<b>Cash and cash equivalents at the end of the period</b>		<b>18,750</b>	<b>18,426</b>

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 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 interim financial statements for the nine months ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 2020.

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 interim 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

The COVID-19 outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has negatively impacted the Group’s operations and its financial performance for the financial year.

As at 30 September 2021, the Group had net current liabilities of RMB 501,950,000 (2020: RMB 547,517,000) and the Group had incurred net loss of RMB 22,133,000 (2020: net loss of RMB 87,120,000) 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) Barring unforeseen circumstances, 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 2021;
- (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 2021

## 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 effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

- Amendments to SFRS(I)16 COVID-19 Related Rent Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

### 2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the condensed interim 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 2020.

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.

### 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 2021

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

	30-Sep-21 RMB'000	30-Sep-20 RMB'000
Revenue from contract revenue with customers:		
- Sales of development properties	132,109	192,537
Revenue from construction contracts	49,837	24,580
Property management service income	<u>18,140</u>	<u>17,062</u>
	<u>200,086</u>	<u>234,179</u>
Property rental income	<u>23,685</u>	<u>26,001</u>
	<u>223,771</u>	<u>260,180</u>

### (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
<b><u>30-Sep-21</u></b>			
Sales of development properties			
- China	132,109	-	132,109
Revenue from construction contracts			
- China	-	49,837	49,837
Property management service income			
- China	<u>18,140</u>	<u>-</u>	<u>18,140</u>
	<u>150,249</u>	<u>49,837</u>	<u>200,086</u>

	At a point in time RMB'000	Over time RMB'000	Total RMB'000
<b><u>30-Sep-20</u></b>			
Sales of development properties			
- China	192,537	-	192,537
Revenue from construction contracts			
- China	-	24,580	24,580
Property management service income			
- China	<u>17,062</u>	<u>-</u>	<u>17,062</u>
	<u>209,599</u>	<u>24,580</u>	<u>234,179</u>



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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

### (b) Contract assets and liabilities

	30-Sep-21	31-Dec-20
	RMB'000	RMB'000
<i>Over time:</i>		
Contract assets – construction contracts	<u>19,254</u>	<u>18,650</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 fulfils its performance obligations under contract when control of properties transfers to the customer.

### *Revenue recognised in relation to contract liabilities*

	30-Sep-21	Group 30-Dec-20
	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>18,650</u>	<u>19,297</u>

### (c) Assets recognised from costs to fulfil contracts

The Group has no other current assets in relation to costs to fulfil 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 2021 are expected to be completely recovered through contract revenue, hence no expected loss is recognised in the financial year ended 30 September 2021 (2020: RMB Nil).

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 4. PROFIT/(LOSS) BEFORE TAX

The following significant items have been included in arriving at profit/(loss) before tax:-

The Group	9 months ended	
	30 September 2021	30 September 2020
	RMB'000	RMB'000
Interest expenses	92,918	165,878
Interest income	(41)	(673)
Depreciation	1,027	1,367
Exchange loss (gain)	(23,434)	(5,598)

## 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 interim consolidated statement of profit or loss are

The Group	9 months ended	
	30 September 2021	30 September 2020
	RMB'000	RMB'000
Current income tax expenses	1,719	3,132
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)	Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000)
	30 Sep 2021	30 Sep 2021
Zhong Yu Xin <sup>(1)</sup>	S\$ 566,837 <sup>(2)</sup>	-
Yuan Le Sheng <sup>(3)</sup>	S\$ 94,601 <sup>(4)</sup>	-

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

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 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 2021	30 September 2020
	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	<u>(20,414)</u>	<u>(83,988)</u>
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation (no. of shares)	<u>74,999,688</u>	<u>74,999,688</u>

## 8. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2021, the Group has no addition of property, plant and equipment (2020: NIL).

## 9. INVESTMENTS IN SUBSIDIARIES

	Company	
	30 Sep- 2021	31 Dec-2020
	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 2021

## 9. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group has the following subsidiary corporations as at 30 September 2021 and 2020:

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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
<b>Held by the Company</b>								
Dynamic Real Estate Holdings Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100	100	100	-	-
Derong Real Estate Holdings Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100	100	100	-	-
Pavillion Treasures Land and Development Sdn. Bhd. <sup>(3)</sup>	Property development and investment	Malaysia	100	100	100	100	-	-
<b>Held by Dynamic Real Estate Holdings Pte. Ltd.</b>								
Foshan Nanhai Jiangnan Mingju Property Development Co., Ltd. <sup>(2)</sup>	Property development	People's Republic of China ("PRC")	100	100	100	100	-	-
Debao Property Development (HK) Limited <sup>(2)</sup>	Property development, general trade and investment	Hong Kong	100	100	100	100	-	-
Million Goldyear Sdn. Bhd. <sup>(4)</sup>	Property development and investment	Malaysia	100	100	100	100	-	-
<b>Held by Derong Real Estate Holdings Pte. Ltd.</b>								
Foshan Nanhai Debao Investment Management Co., Ltd. <sup>(2)</sup>	Investment property holding and development	PRC	100	100	100	100	-	-

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 9. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group has the following subsidiary corporations as at 30 September 2021 and 2020 (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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
<b>Held by Foshan Nanhai Jiangnan Mingju Property Development Co., Ltd.</b>								
Foshan Nanhai Guiyu Property Management Co., Ltd. <sup>(2)</sup>	Property management	PRC	100	100	100	100	-	-
Foshan Nanhai Guihe Construction Engineering Co., Ltd. <sup>(2)</sup>	Construction	PRC	100	100	100	100	-	-
<b>Held by Foshan Nanhai Debao Investment Management Co., Ltd.</b>								
Sihui Debao Jiangnan Mingju Development Co., Ltd. <sup>(2)</sup>	Investment property holding and development	PRC	100	100	100	100	-	-
Tianjin Hotel Street Co., Ltd. <sup>(2)</sup>	Investment property holding	PRC	57.8	57.8	57.8	57.8	42.2	42.2
<b>Held by Foshan Nanhai Guiyu Property Management Co., Ltd.</b>								
Foshan Nanhai Shun Mao Public Utilities Engineering Co., Ltd. <sup>(2)</sup>	Public utilities engineering	PRC	100	100	100	100	-	-
<b>Held by Foshan Nanhai Guihe Construction Engineering Co., Ltd.</b>								
Foshan Nanhai Yi Tian Procurement and Trading Co., Ltd. <sup>(2)</sup>	Sales and distribution of construction materials	PRC	100	100	100	100	-	-
<b>Held by Foshan Nanhai Yi Tian Procurement and Trading Co., Ltd.</b>								
Foshan Nanhai Yuzhi Landscaping Services Co., Ltd. <sup>(2)</sup>	Landscaping services	PRC	100	100	100	100	-	-
Foshan Nanhai Fangao Renovation Services Co., Ltd. <sup>(2)</sup>	Renovation services	PRC	100	100	100	100	-	-

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 9. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group has the following subsidiary corporations as at 30 September 2021 and 2020 (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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
<b><u>Held by Foshan Nanhai Yuzhi Landscaping Services Co., Ltd.</u></b>								
Guangdong Debao Land Co., Ltd. <sup>(2)</sup>	Property development	PRC	<b>50</b>	50	<b>100</b>	100	-	-
<b><u>Held by Guangdong Debao Land Co., Ltd.</u></b>								
Guangxi Hezhou Deneng Mining Co., Ltd. <sup>(2)</sup>	Mining, yet to commence operations	PRC	<b>68</b>	68	<b>68</b>	68	<b>32</b>	32
<b><u>Held by Foshan Nanhai Fangao Renovation Services Co., Ltd.</u></b>								
Guangdong Debao Real Estate Investment Co., Ltd. <sup>(2)</sup>	Property development	PRC	<b>50</b>	50	<b>100</b>	100	-	-
<b><u>Held by Sihui Debao Jiangnan Mingju Development Co., Ltd</u></b>								
Sihui BaoHeng Property Development Co., Ltd. <sup>(5)</sup>	Property holding and development	PRC	<b>100</b>	-	<b>100</b>	-	-	-
<b><u>Held by Foshan Nanhai Shun Mao Public Utilities Engineering Co., Ltd.</u></b>								
Foshan Nanhai Deqiang Trading Co., Ltd. <sup>(2)</sup>	Sales and distribution of construction materials	PRC	<b>100</b>	100	<b>100</b>	100	-	-
Foshan Nanhai Shichu Investment Co., Ltd. <sup>(2)</sup>	Investment holding	PRC	<b>100</b>	100	<b>100</b>	100	-	-
<b><u>Held by Debao Property Development (HK) Limited</u></b>								
Deao Investment Company Limited <sup>(2)</sup>	Investment holding	PRC	<b>100</b>	100	<b>100</b>	100	-	-
Elite Starhill Sdn. Bhd. <sup>(3)</sup>	Property development	Malaysia	<b>100</b>	100	<b>100</b>	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 2021

## 10. BORROWINGS

	The Group	
	30 September 2021	31 December 2020
	RMB'000	RMB'000
Amount repayable in one year or less, or on demand:		
Secured	1,364,254	1,342,577
<b>Sub-total (1)</b>	<b>1,364,254</b>	<b>1,342,577</b>
Amount repayable after one year:		
Secured	306,234	356,986
<b>Sub-total (2)</b>	<b>306,234</b>	<b>356,986</b>
<b>Total debt (1)+(2)</b>	<b>1,670,488</b>	<b>1,699,563</b>

The following loans are still outstanding:

### (a) Bank loans

- Loans from a lender amounting to RMB 22,900,000 (2020: RMB 22,900,000) with an effective interest rate at 8.5% (2020: 8.5%) per annum, is secured by property, plant and equipment and investment properties, restricted cash and cash equivalents and repayable in 2021.
- Loans from a lender amounting to RMB 31,000,000 (2020:34,000,000 ) with an effective interest rate at 5% (2020:5%) per annum, is secured by investment properties and repayable in 2022.
- Loans from a lender amounting to RMB 319,105,700 (2020: RMB 335,616,000) with an effective interest rate at 5.88% (2020: 5.635% to 7.35%) 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 15,000,000 (2020: RMB 15,000,000) with an effective interest rate at 4.85% (2020:4.65%) per annum, is secured by investment properties and repayable in 2022.
- Loans from a lender amounting to RMB 3,240,000 (2020: 3,510,000) with an effective interest rate at 5.8% (2020: 5.8%) per annum, is secured by commercial bills and repayable in 2030.
- Loans from a lender amounting to RMB 23,510,000 (2020: Nil) with an effective interest rate from 4.35% to 8% (2020: Nil) per annum, is secured by property, plant and equipment and investment properties, restricted cash and cash equivalents and repayable in 2022.

### (b) Other loans

- Loans from a lender amounting to RMB 973,935,000 (2020: RMB 979,815,000) with an effective interest rate 6.00% (2020: 13.00%) 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. Please also refer to the announcement dated 21 October 2021. The lender is negotiating with the Company to realise the underlying pledged land and if the selling price is under the borrowed amount, the lender will write off the remaining outstanding balance with the Company and if the selling price is higher than the outstanding amount, the lender will return the excess amount to the Company. . 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 91,200,000. These loans bore average annual interest rate from 12% to 33.6%, 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 (2020: RMB 190,597,000) with interest rate from 4.35% to 18% (2020: 15% to 20%) per annum, are secured by the shares of our subsidiaries.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 11. TRADE AND OTHER RECEIVABLES

RMB million	Group		Company	
	30-Sep-21 RMB	31-Dec-20 RMB	30-Sep-21 RMB	31-Dec-20 RMB
Management fees	3.1	3.2	-	-
Construction works	10.0	42.8	-	-
Rental	7.0	14.3	-	-
ShengYu (BVI) Limited	160.0	160.0	-	-
Prepayments	6.3	8.4	-	-
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	62.2	110.0	-	-
Others	5.6	7.4	-	-
Inter-company receivables	-	-	959.9	1,295.2
	<b>355.1</b>	<b>448.0</b>	<b>959.9</b>	<b>1,295.2</b>

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 batch of information was provided on 23 October 2021. We are in the progress waiting for the court hearings and until the results of the court hearing come out, we plan no further actions.

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.

## 12. PROPERTIES HELD FOR SALE

	Group	
	30-Sep-21 RMB'000	31-Dec-20 RMB'000
Cost	<u>26,829</u>	<u>27,290</u>

During the year, properties with a carrying amount of RMB Nil (2020: NIL) were transferred to investment properties.

## 13. DEVELOPMENT PROPERTIES

	Group	
	30-Sep-21 RMB'000	31-Dec-20 RMB'000
Properties under development	366,942	310,627
Land for development	<u>702,277</u>	<u>702,277</u>
	<b>1,069,219</b>	<b>1,012,904</b>



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 14. TRADE AND OTHER PAYABLES

RMB million	Group		Company	
	30-Sep-21 RMB	31-Dec-20 RMB	30-Sep-21 RMB	31-Dec-20 RMB
<b>Trade and other payables:</b>				
Trade payables	121.0	128.4	-	-
Accruals	453.0	454.0	-	-
Deposits received	28.9	17.7	-	-
Receive in advance	127.4	115.4	-	-
Others	6.4	6.4	-	-
Inter-company payables	-	-	15.5	358.7
<b>Total trade and other payables</b>	<b>736.7</b>	<b>721.9</b>	<b>15.5</b>	<b>358.7</b>

30 September 2021	RMB (millions)	Aging (days)				
		within 90	91-180	181-270	271-365	Over one year
Interest accrual	361.2	-	-	-	-	361.2
Construction works accrual	91.8	10.0	20.3	50.3	11.2	-
	453.0	10.0	20.3	50.3	11.2	361.2

31 December 2020	RMB (millions)	Aging (days)				
		within 90	91-180	181-270	271-365	Over one year
Interest accrual	306.1	-	-	-	-	306.1
Construction works accrual	147.9	25.3	28.8	63.3	30.5	-
	454.0	25.3	28.8	63.3	30.5	306.1

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 mainly related to the loan interest payables to Huarong and Binhai.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 15. NET ASSET/(LIABILITIES) VALUE

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
Net assets value per share (RMB)	<u>6.69</u>	<u>7.30</u>	<u>11.05</u>	<u>10.92</u>
Number of ordinary shares	<u>74,999,688</u>	<u>74,999,688</u>	<u>74,999,688</u>	<u>74,999,688</u>

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-21	31-Dec-20	30-Sep-21	31-Dec-20
	Number of shares		RMB'000	RMB'000
Balance at beginning and at end	<u>74,999,688</u>	<u>74,999,688</u>	<u>909,831</u>	<u>909,831</u>

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 2021 and 31 December 2020 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 3<sup>rd</sup> 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 2021

## 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	
<b>2021</b>						
<b>Revenue</b>						
Total segment sales	132,109	76,996	23,685	18,140	(27,159)	223,771
Inter segment revenue	-	27,159	-	-	(27,159)	-
Sales to external parties	132,109	49,837	23,685	18,140	-	223,771
<b>Adjusted EBITDA</b>	<b>48,372</b>	<b>10,553</b>	<b>6,810</b>	<b>7,755</b>	<b>-</b>	<b>73,490</b>
Depreciation of property, plant and	(771)	(7)	(247)	(2)	-	(1,027)
Interest expense	(69,419)	(2,558)	(9,052)	(11,889)	-	(92,918)
Interest income	31	3	2	5	-	41
Loss before taxation	(21,787)	7,991	(2,487)	(4,131)	-	(20,414)
Income tax expense	(829)	(420)	(470)	-	-	(1,719)
Segment results	(22,616)	7,571	(2,957)	(4,131)	-	(22,133)

	Group					Total RMB'000
	Property development RMB'000	Construction contract RMB'000	Property investment RMB'000	Others RMB'000	Inter segment elimination RMB'000	
<b>2020</b>						
<b>Revenue</b>						
Total segment sales	192,537	37,091	26,001	17,062	(5,307)	260,180
Inter segment revenue	-	12,511	-	-	(5,307)	-
Sales to external parties	192,537	24,580	26,001	17,062	-	260,180
<b>Adjusted EBITDA</b>	<b>75,914</b>	<b>4,573</b>	<b>(2,030)</b>	<b>4,127</b>	<b>-</b>	<b>82,584</b>
Depreciation of property, plant and	(328)	(19)	(985)	(35)	-	(1,367)
Interest expense	(138,435)	(2,569)	(6,161)	(18,713)	-	(165,878)
Interest income	479	78	106	10	-	673
Loss before taxation	(62,370)	2,063	(9,070)	(14,611)	-	(83,988)
Income tax expense	(2,477)	(516)	(139)	-	-	(3,132)
Segment results	(64,847)	1,547	(9,209)	(14,611)	-	(87,120)

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 17. SEGMENT INFORMATION (CONT'D)

The Group has the following subsidiary corporations as at 30 September 2021 and 31 December 2020: (continued)

*Carrying value of non-controlling interests*

	2021	Group 2020
	RMB'000	RMB'000
Tianjin Hotel Street Co., Ltd.	(35,324)	(35,739)
Others	(13,651)	(5,620)
Total	<u>(48,975)</u>	<u>(41,359)</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 2021 and 31 December 2020.

### (i) Tianjin Hotel Street Co., Ltd.

#### *Summarised statement of financial position*

	30-Sep-21	31-Dec-20
	RMB'000	RMB'000
<b>Current</b>		
Assets	17,424	5,340
Liabilities	<u>(339,706)</u>	<u>(315,347)</u>
Total current net liabilities	<u>(322,282)</u>	<u>(262,576)</u>
<b>Non-current</b>		
Assets	403,855	397,342
Liabilities	<u>(165,380)</u>	<u>(177,975)</u>
Total non-current net assets	<u>238,576</u>	<u>219,367</u>
<b>Net liabilities</b>	<u>(83,706)</u>	<u>(43,209)</u>

#### *Summarised income statement*

	30-Sep-21	30-Sep-20
	RMB'000	RMB'000
Revenue	13,613	1,121
<b>Loss before income tax</b>	<u>1,311</u>	<u>(9,957)</u>
Income tax expenses	(328)	-
<b>Total comprehensive loss, representing net loss</b>	<u>983</u>	<u>(9,957)</u>
Total comprehensive loss allocated to non-controlling interests	<u>415</u>	<u>(4,202)</u>

#### *Summarised cash flows*

	30-Sep-21	30-Sep-20
	RMB'000	RMB'000
<b>Net cash provided by operating activities</b>	(1,227)	418
<b>Net cash used in investing activities</b>	-	-
<b>Net increase in cash and cash equivalents</b>	<u>(1,227)</u>	<u>418</u>
Cash and cash equivalents at beginning of financial year	1,553	572
<b>Cash and cash equivalents at end of financial year</b>	<u>326</u>	<u>990</u>

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 18. PROVISIONS

<b>RMB'000</b>	<b>30.09.2021</b>	<b>30.12.2020</b>
Provision for cost of disposed subsidiaries	88,297	88,297
Provision for late delivery of properties to buyer and construction works	954	8,014
Provisions	<u>89,251</u>	<u>96,311</u>

The decrease in provision for late delivery of properties to buyer was mainly due to the lapse in the legal prosecution period that the buyer can file a court proceedings for penalties.

## 19. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

# OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## OTHER INFORMATION

### 1. REVIEW

The condensed consolidated balance sheet of the Company and its subsidiaries as at 30 September 2021 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 nine month 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 and is expected to conclude by the end of 2021. 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 FY2020 to ascertain the consolidated results and thus the Debao considered this issue resolved as this disclaimer will not carry forward to FY2021

*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 police in November 2021 to discuss the progress of investigation but we did not get any updates from the police.

We contacted the Economic Investigation Team of Commercial Criminal Investigation Department of Municipal Public Security Bureau of Guangzhou City in November 2021 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 2021

(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 audited financial statements for the financial year ended 31 December 2020.

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 36.4 million, or 14.0%, from RMB 260.2 million in 9M2020 to RMB 223.8 million in 9M2021. This was mainly due to a decrease in property sale revenue by 60.4 million, offset by an increase in construction revenue by 24.6 million in 9M2021.

The decrease in property sales are mainly due to the completion progress of Bay ONE and the increase in construction revenue are mainly due to work progress of the work sites.

### **Cost of Sales and Gross Profit**

Cost of sales decreased by RMB 9 million, or 7%, from RMB 134.0 million in 9M2020 to RMB 125.0 million in 9M2021. This is mainly due to decrease in construction cost which are in line with the decrease in properties sales in 3Q2021.

Our overall gross profit margin decreased from 48.5% in 9M2020 to 44.1% in 9M2021, as a result of the product mix.

### **Other Income (Expenses), net**

Other income 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 increased by RMB 6.9 million from expenses RMB 0.5 million in 9M2020 to RMB 6.4 million in 9M2021. The increase is mainly due to the one-off bad debt recovered which was provided prior to 2021 amounting to RMB 4.2 million in 9M2021. The original bad debt provision was related to a long outstanding trade receivables on construction projects. Please also refer to announcement dated 1 September 2021.

### **Selling and Distribution Expenses**

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

The selling and distribution expenses increased by RMB 3.0 million in 3Q2021 as compared to the previous corresponding period. The increase in selling and distribution expenses in 3Q2021 were due mainly to increased advertising, decoration of sample units for use in promotions and the use of third parties real estate agents incurred in marketing of the property development project "Bay One".

# OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 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 14.1 million or 36.0% from RMB 39.5 million in 9M2020 to RMB 25.4 million in 9M2021. It was mainly attributable to the Group's efforts to control the salary and bonus expenses.

## Finance Costs

Finance cost, net of capitalised interest, was lower at RMB 92.9 million in 9M2021 vs. RMB 165.9 million in 9M2020. It is mainly due to the Group's remaining loans with overall lower interest rate in 9M2021. For loans from Huarong and Binhai which matured but not yet required to repay yet, we used the best lending rate as the law in Hong Kong and PRC required, which is 6% p.a. and 4.35% p.a. respectively and is lower than its original interest rate which makes the finance cost in 9M2021 lower than 9M2020.

## 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 decrease is mainly due to the decrease in revenue.

## 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 gains in 3Q2021 is mainly due to the appreciation of RMB against MYR and SGD which led to loss in Malaysia and Singapore assets, offset by the appreciation of RMB against USD which resulted in translation gain in our USD loan and liabilities.

## Net Loss

The Group recorded a net loss of RMB 5.2 million in 3Q2021, compared to a net loss of RMB 37.3 million in 3Q2020.

## Statement of Financial Position as at 30 September 2021

### 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 1,538 million in 9M2021 compared to approximately RMB 1,580 million in FY2020.

The largest components of our current assets were development properties, property held for sales and trade and other receivables, which stood at RMB 1,431 million, as compared to RMB 1,488 million in FY2020.

Development properties, which include the cost of land, interest capitalised, and related costs, accounted for approximately RMB 1,069 million compared to RMB 1,013 million a year ago. The increase in development properties is mainly due to the increased construction works done in Bay ONE.

Trade and other receivables stood at approximately RMB 355.1 million, which decreased by 92.9 million compared to RMB 448.0 million in FY2020. The decrease is mainly due to the increase in collection of the remaining proceeds after the purchaser have arranged their mortgages.

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. For the details on loan with Huarong, please refer to Notes 10 (b) (1) of the Notes to the Condensed Financial Statement.



# OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## Non-current assets

Non-current assets comprise mainly property, plant and equipment and investment properties. The amount stood at RMB 2,225.2 million compared to 2,230.3 million as at end of FY2020.

The net book value of investment properties was approximately RMB 2,191.7 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 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 Group will engage a licensed valuer to perform a valuation appraisal of its properties as part of the FY2020 audit.

## 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 736.7 million, approximately 2.0% higher than RMB 721.9 million as at 31 December 2020. The increase in trade and other payables was mainly due to the increased work done for the construction in Bay ONE 3Q2021 but not yet due for payment.

## 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 502.0 million, representing a decrease of RMB 45.5 million from RMB 547.5 million at 31 December 2020 due to the loss for the period and offset by the translation gain incurred in this period.

## Cash flow statement

The Group has a net cash inflow in operating activities of RMB 16.0 million in 9M2021, which comprise operating cash inflows before movements in working capital of RMB 50.0 million, in addition to net working capital generated from operations of RMB 56.6 million and adjusted by net use of finance cost and interest received as well as income tax of approximately RMB 90.7 million. The net working capital inflows were mainly due to net cash inflow by the decrease in trade and other receivables and the increase in trade and other payables, offset by the increase in development properties.

The net cash inflow in investing activities is RMB 2.5 million.

The Group recorded a net cash outflow in financing activities of RMB 23.5 million during 9M2021. This was mainly due to the increased repayments in bank loans.

With the above, the Group has recorded a net decrease in cash and cash equivalents of RMB 5 million for 9M2021.

7. *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 statement which was previously disclosed to shareholders in the results announcement for the financial year ended 31 December 2020.

# OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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<sup>(1)</sup>. Transaction volumes are decreased from 3.3 million sqm in 2Q2021 to 2.3 million sqm in 3Q2021<sup>(1)</sup>. However, with the current market climate, the management takes the view that the property market is challenging.

## 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 FY2021 onwards.

Malaysia is now under strict Movement Control Order and we will closely monitor the situation. The Company will update shareholders if there are any updates on the projects in Malaysia.

### 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 2021 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	377,480	58,229	6,483	100%
Sihui Bay One	367,904	43,002	8,556	63%
<b>Total</b>	<b>2,671,588</b>	<b>337,444</b>	<b>7,917</b>	<b>NA</b>

The accumulated sales/pre-sales (See Note 2 below) status of our projects for 9M2021 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	130,880	13,587	9,663	63%
<b>Total</b>	<b>130,880</b>	<b>13,587</b>	<b>9,663</b>	<b>NA</b>

# OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

The sales/pre-sales (See Note 2 below) of our projects for 3Q2021 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	45,321	3,960	11,445	63%
<b>Total</b>	<b>45,321</b>	<b>3,960</b>	<b>11,445</b>	<b>NA</b>

## Notes

- (1) Source from Bureau of Housing and Urban-Rural Development of Foshan (<http://www.fsjw.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 as the Company is loss making for the period.

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 recorded a net loss for 3Q2021.

# OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 10. *INTERESTED PERSON TRANSACTIONS*

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

BY ORDER OF THE BOARD

Zhong Yu Zhao  
Executive Director and CEO  
12 November 2021

### *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 2021 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

12 November 2021