

DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200715053Z)

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

Debao Property Development Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the watch-list under the Minimum Trading Price (“**MTP**”) Criteria and the Financial Entry Criteria with effect from 5 June 2018 and 4 December 2019 respectively, 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 first quarter ended 31 March 2020 (“**1Q2020**”).

Update on Financial Position and Outlook

The Group’s revenue increased by RMB 22.29 million from RMB 16.45 million in first quarter ended 31 March 2019 (“**1Q2019**”) to RMB 38.83 million in 1Q2020, which was mainly due to an increase in property sale and rental revenue.

The Group’s gross profit increased by RMB 10.38 million from RMB 3.26 million in 1Q2020 to RMB 13.64 million in 1Q2020 as a result of the sale of properties that have a higher gross profit margin.

The net loss of the Group increased from RMB26.33 million in 1Q2019 to RMB 52.54 million in 1Q2020.

For more details on the financial position of the Group, please refer to our announcement of the Group’s unaudited financial statements for 1Q2020 released on 15 May 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 become relatively stable. As a result of the novel coronavirus (“**COVID-19**”) pandemic, transaction volumes have decreased from 3.2 million sqm in the fourth quarter ended 31 December 2019 as compared to 1.6 million sqm in the following quarter of 1Q2020, which is a decrease of approximately 50.0%.

As at 31 March 2020, the Group has two (2) development projects in Malaysia and two (2) development projects in the People’s Republic of China (“**China**”). The development projects are expected to be separately completed in various phases up till 2023. The Group continues to source 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.

Nevertheless, the Group expects to face short term macro headwinds and foresees its results in 2020 to be impacted by the COVID-19 pandemic.

As a result of the COVID-19 pandemic, 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 between January to March 2020.

Additionally, the Group has not received financial assistance by the Chinese Government as the Group is privately-owned.

There continues to be a slowdown in property development activities in China and property unit sale volumes remain weak as China continues to recover from earlier lockdowns and weakened market interest as a result of the COVID-19 pandemic. Contributions from the property development business in China and Malaysia are also expected to be lower due to delays in sales completions arising from the COVID-19 pandemic.

The Group's outlook for the global economy remains uncertain in the face of a potential second wave of COVID-19 infections that will prolong the current climate.

Update on efforts for satisfying MTP and Financial Exit Criteria

On the issue of satisfying the MTP and Financial exit criteria, the Board has been exploring various options to meet the MTP exit criteria and will report any progress as and when it arises.

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 MTP and Financial Exit Criteria. The Company will, in the meantime, provide shareholders with quarterly updates on its efforts and the progress made in meeting the MTP and Financial Exit Criteria. If any material development occurs between the quarterly updates, the Company will make immediate announcements of such developments.

By Order of the Board

Zhong Yuzhao
Executive Director and Chief Executive Officer
15 May 2020