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**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2017 (“1Q2017”)**

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (“1Q”, “2Q”, “3Q” & “4Q”), HALF-YEAR (“HY”) AND FULL YEAR (“FY”) RESULTS**

1(a)(i) *An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.*

*\*Please read the Consolidated Financial Statements in conjunction with the explanatory notes at the end of items 1(a)(i) and 1(b)(i)\**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

	Actual CFS (As defined herein)			Proforma CFS (As defined herein)		
	1Q2017	1Q2016	% Change	1Q2017	1Q2016	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	24,235	16,782	44%	24,235	16,782	44%
Cost of sales	(20,051)	(9,589)	109%	(18,715)	(9,528)	96%
<b>Gross profit</b>	<b>4,184</b>	<b>7,193</b>	<b>(42%)</b>	<b>5,520</b>	<b>7,254</b>	<b>(24%)</b>
Other income	150,944	56,209	171%	150,610	56,209	168%
Selling and distribution expenses	(3,164)	(1,167)	171%	(3,164)	(1,167)	171%
Administrative expenses	(5,338)	(12,619)	(58%)	(5,338)	(12,563)	(58%)
Finance costs	(40,177)	(16,641)	141%	(40,177)	(16,641)	141%
<b>Profit(loss) before income tax</b>	<b>106,449</b>	<b>32,975</b>	<b>223%</b>	<b>107,451</b>	<b>33,092</b>	<b>225%</b>
Income tax expenses	(196)	(374)	(48%)	(196)	(403)	(51%)
<b>Net profit(loss) for the period</b>	<b>106,253</b>	<b>32,601</b>	<b>226%</b>	<b>107,255</b>	<b>32,689</b>	<b>228%</b>
<b>Other comprehensive income</b>						
Currency translation difference	(10,936)	(23,659)	(54%)	(10,934)	(23,659)	(54%)
<b>Total comprehensive profit(loss) for the period</b>	<b>95,317</b>	<b>8,942</b>	<b>966%</b>	<b>96,321</b>	<b>9,030</b>	<b>967%</b>
<b>Profit(loss) attributable to:</b>						
Equity holders of the Company	108,297	34,494	214%	109,299	34,582	216%
Minority interests	(2,044)	(1,893)	8%	(2,044)	(1,893)	8%
	<b>106,253</b>	<b>32,601</b>	<b>226%</b>	<b>107,255</b>	<b>32,689</b>	<b>228%</b>
<b>Total comprehensive profit(loss) attributable to:</b>						
Equity holders of the Company	97,361	10,835	799%	98,365	10,923	801%
Minority interests	(2,044)	(1,893)	8%	(2,044)	(1,893)	8%
	<b>95,317</b>	<b>8,942</b>	<b>966%</b>	<b>96,321</b>	<b>9,030</b>	<b>967%</b>



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1(a)(i) *An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (continued).*

Explanatory Notes:

As a result of the restructuring exercise of our Company and its subsidiaries (the “**Group**”) (the “**Restructuring Exercise**”) for the purpose of the Company’s listing on the SGX-ST (the “**Invitation**”), common control over our operating subsidiaries in the People's Republic of China (“**PRC**”) by our shareholders prior to the Invitation could not be established from the start of 1 January 2006 due to changes in legal ownership of our operating subsidiaries.

Please refer to the section titled “*Restructuring Exercise*” in our Prospectus dated 31 March 2010 (the “**Prospectus**”) for more details on the Restructuring Exercise.

The application of the purchase method under the Singapore Financial Reporting Standards 103 (the “**SFRS 103**”) for the acquisition of the PRC subsidiaries by our Group requires, *inter alia*, the development properties and property held for sale by the respective PRC subsidiary to be recorded at fair value at the respective dates of acquisition by our Group.

As a result, our gross profits and earnings for the first quarter ended 31 March 2016 (“**1Q2016**”) and the first quarter ended 31 March 2017 (“**1Q2017**”), as well as future financial periods/years based on the Actual Consolidated Financial Statements (as defined in the Prospectus) would be lower than those that would be prepared under the Proforma Consolidated Financial Statements (as defined in the Prospectus).

Please refer to the risk factor titled “*Our gross profits and earnings for FY2009 and future financial periods/years based on the Actual Consolidated Financial Statements would be lower than those that would be prepared under the Proforma Consolidated Financial Statements mainly due to fair value adjustments to our future cost of property development sales in the Actual Consolidated Financial Statements as a result of application of Singapore Financial Reporting Standards 103 – Business Combinations (“SFRS 103”)*” in the Prospectus for more details.

Accordingly, besides the unaudited consolidated financial statements for 1Q2016 and 1Q2017 (the “**Actual Consolidated Financial Statements**” or “**Actual CFS**”), our Company had also prepared the proforma consolidated financial statements for 1Q2016 and 1Q2017 (the “**Proforma Consolidated Financial Statements**” or “**Proforma CFS**”) for illustrative purposes only, based on certain assumptions and after making certain adjustments to show what the financial results of our Group would have been, if it had been in place since 1 January 2006.

Notwithstanding the above, such notional accounting adjustments (the “**Notional Adjustment**”) have no bearing on the operating cash flow or the cash position of our Group.

1(a)(ii) *Profit before income tax is arrived at after charging/ (crediting):-*

	Group Statement of Comprehensive Income					
	Actual CFS			Proforma CFS		
	1Q2017	1Q2016	% Change	1Q2017	1Q2016	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Depreciation	856	865	(1%)	856	809	(1%)
Amortisation	56	56	-	56	56	-
Interest expense	24,699	16,641	48%	24,699	16,641	48%
Interest income	(450)	(1,188)	(62%)	(450)	(1,188)	(62%)
Exchange (gain)loss	(10,936)	(54,983)	(80%)	(10,934)	(54,983)	(80%)



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1(b)(i) A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	Group				Company	
	Actual CFS		Proforma CFS		Actual CFS	
	31.3.2017 RMB'000	31.12.2016 RMB'000	31.3.2017 RMB'000	31.12.2016 RMB'000	31.3.2017 RMB'000	31.12.2016 RMB'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and bank equivalents	40,301	88,448	40,301	88,448	143	38
Restricted cash and cash equivalents	394,650	364,779	394,650	364,779		
Trade and other receivables	1,385,496	445,131	1,385,496	445,131		6,992
Amount due from related parties	1,273	20,731	1,273	20,731		
Due from subsidiaries					650,960	897,472
Amount due from customers for contract work		949		949		
Inventories	1,614	262	1,614	262		
Property held for sales	106,497	190,384	81,297	181,507		
Development properties	1,057,874	978,446	819,782	722,495		
Prepaid land use right		223		223		
Asset held for sales		2,652,394		2,652,394		787
Dividends receivable					23,167	22,568
<b>Total current assets</b>	<b>2,987,705</b>	<b>4,741,747</b>	<b>2,724,413</b>	<b>4,476,919</b>	<b>674,270</b>	<b>927,854</b>
<b>Non-current Assets</b>						
Prepaid land use right	4,445	4,364	4,445	4,364		
Property, plant and equipment	21,276	20,959	18,399	18,082		
Investment properties	2,183,564	2,005,846	2,183,564	205,846		
Joint venture						
Trade and other receivables		10,000		10,000		
Investment in subsidiaries					1,028	1,028
Other investment	1,558	2,849	1,558	2,849		
Deferred tax assets	16,922	16,922	16,922	16,922		
Goodwill	4,192	4,192	4,192	4,192		
<b>Total non-current assets</b>	<b>2,231,957</b>	<b>2,065,132</b>	<b>2,229,080</b>	<b>2,062,255</b>	<b>1,028</b>	<b>1,028</b>
<b>Total assets</b>	<b>5,219,662</b>	<b>6,806,879</b>	<b>4,953,493</b>	<b>6,539,174</b>	<b>675,298</b>	<b>928,882</b>
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank and other loans	937,975	1,379,513	937,975	1,379,513		
Trade and other payables	1,273,529	983,840	1,273,528	983,843	68,989	774
Long term payable-current portion		23,420		23,420		
Amount due to related parties		17,805	242	17,805		
Due to subsidiaries						326,780
Liability held for sales		1,503,082		1,503,082		
Tax payables	80,190	83,181	80,190	83,181		
<b>Total current liabilities</b>	<b>2,291,694</b>	<b>3,990,841</b>	<b>2,291,935</b>	<b>3,990,844</b>	<b>68,989</b>	<b>327,554</b>
<b>Non-current liabilities</b>						
Bank and other loans	1,045,053	1,050,564	1,045,053	1,050,564		
Trade and other payable		259		259		
Long term payable	174,724	154,725	174,724	154,725		
Deferred tax liabilities	360,361	340,191	295,024	274,520		
<b>Total non-current liabilities</b>	<b>1,580,138</b>	<b>1,545,739</b>	<b>1,514,801</b>	<b>1,480,068</b>		
<b>Shareholders' equity</b>	<b>1,347,830</b>	<b>1,270,299</b>	<b>1,146,757</b>	<b>1,068,262</b>	<b>606,309</b>	<b>601,328</b>
<b>Total liabilities and Shareholders' equity</b>	<b>5,219,662</b>	<b>6,806,879</b>	<b>4,953,493</b>	<b>6,539,174</b>	<b>675,298</b>	<b>928,882</b>



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1(b)(i) *A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year (continued).*

Explanatory Notes :

The main differences in the balance sheet between the Actual Consolidated Financial Statements and the unaudited Proforma Consolidated Financial Statements relate to (i) the recording of the attributed fair values of certain assets (such as property held for sales, and development properties as well as the associated tax effect on fair value these tangible assets) as at the respective dates of legal completion of the acquisitions of each PRC subsidiary as the book values of these assets in the Actual Consolidated Financial Statements, as compared with the unaudited Proforma Consolidated Financial Statements where the corresponding values of these assets were based on the historical purchase costs of the respective assets by the PRC subsidiaries; and (ii) the impact of the different comprehensive income statements between Actual Consolidated Financial Statements and the unaudited Proforma Consolidated Financial Statements as mentioned in the preceding section. Please refer to item 1(a)(i) Explanatory Notes for more details.

The Group reviewed and assessed the classification of the Group's investment in joint arrangements in accordance with the requirements of FRS 111. The Group concluded that investment in Jin Long Garden, which was classified as a jointly controlled operation under FRS 31 and was previously accounted using the equity method, should be accounted to recognise its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly) (Details please refer to the Company's announcement dated on 2 April 2015).

The restatement do not have any effect on the Group's net assets and profit after tax as previously announced in the 1Q2014 Results Announcement.

1(b)(ii) *Aggregate amount of group's borrowings and debt securities*

	Group (Actual CFS)	
	31.3.2017	31.12.2016
	RMB'000	RMB'000
Amount repayable in one year or less, or on demand:-		
Secured	937,975	1,377,513
Unsecured		2,000
<b>Sub-total (1)</b>	<b>937,975</b>	<b>1,379,513</b>
Amount repayable after one year		
Secured	1,045,053	1,050,564
<b>Sub-total (2)</b>	<b>1,045,053</b>	<b>1,050,564</b>
<b>Total debt (1)+(2)</b>	<b>1,983,028</b>	<b>2,430,077</b>



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1(b)(ii) *Aggregate amount of group's borrowings and debt securities (continued)*

#### **Bank loans**

Loans from a lender amounting to RMB199,400,000 (2016: RMB219,300,000) with an effective interest rate from 4.35% to 6.79% (2016: 4.35% to 6.22%) per annum, is secured by directors of the Group and subsidiaries, restricted cash and cash equivalents and investment properties (2016: secured by directors of the Group and subsidiaries, restricted cash and cash equivalents and investment properties) and repayable in 2017 (2016: repayable in 2017).

Loans from a lender amounting to RMB367,000,000 (2016: RMB266,005,000) with an effective interest rate of 5.66% (2016: 4.94% to 5.67%) per annum, is secured by a director of the Group and subsidiaries, land use rights of the Group, property, plant and equipment and investment properties and repayable in 2017 (2016 : repayable in 2017).

Loans from a lender amounting to RMB32,500,000 (2016: RMB27,500,000) with an effective interest rate of 5.22% (2016: 4.44% to 5.27%) per annum, is secured by restricted cash and cash equivalents and land use rights of the Group (2016: secured by restricted cash and cash equivalents and land use rights of the Group) and repayable in 2017 (2016: repayable in 2017).

Loans from a lender amounting to RMB48,000,000 (2016: RMB12,000,000) with an effective interest rate of 4.35% (2016 : 4.35%) per annum, is secured by restricted cash and cash equivalents (2016: secured by restricted cash and cash equivalents) and repayable in 2017 (2016: repayable in 2017).

Loans from a lender amounting to RMB139,041,900 (2016: RMB140,050,000) with an effective interest rate of 1.9% (2016: 1.9%) per annum, is secured by restricted cash and cash equivalents and repayable in 2017 (2016: repayable in 2017).

Loans from a lender amounting to RMB38,226,000 (2016: RMB38,503,000) with an effective interest rate from 1.65% to 1.69% (2016:from 1.65% to 1.69%) per annum, is secured by restricted cash and cash equivalents and repayable in 2017 (2016: repayable in 2017).

#### **Other loans**

Loans were raised together with a contractor for a total of RMB185,300,000 (2016: RMB112,419,000) with an interest rates ranging from 7% to prime rate, repayable within one (1) to ten (10) years, secured by certain land use rights. RMB98,169,000(2016: RMB98,169,000) has been advanced to the Group and are repayable on demand.

Loans from a lender amounting to RMB904,026,000 (2016: RMB1,580,500,000) with an effective interest rate from 9.92% to 14% (2016: 9.92% to 14%) per annum and is secured by a director of the Group and subsidiaries, properties held for sale, development properties, land use rights of the Group and investment properties. The current portion of this loan amounted to RMB384,000,000 (2016: RMB538,000,000) is repayable in twelve months, while the non-current portion of this loan amounted to RMB1,035,000,000 (2016: RMB1,042,500,000).

A loan from a lender amounting to RMB51,255,000 (2016: RMB347,500,000) with an effective interest rate of 15% per annum, is secured by a director of the Group and his shares in the Company and subsidiaries and repayable in 2017.

A loan from a lender amounting to RMB18,279,000 (2016: RMB18,279,000) with an effective interest rate of 18% per annum, is secured by investment properties and repayable in 2017 (2016 : repayable in 2017).



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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period for the immediately preceding financial year.

	Group			
	Actual CFS		Proforma CFS	
	1Q2017	1Q2016	1Q2017	1Q2016
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	106,448	32,975	107,450	33,092
Adjustments for:				
Depreciation and amortisation	912	921	912	865
Interest expense	24,699	16,641	24,669	16,641
Interest income	(450)	(1,188)	(450)	(1,188)
Unrealized exchange gain	(10,936)	(54,983)	(10,934)	(54,983)
<b>Operating profit before working capital changes</b>	<b>120,673</b>	<b>(5,634)</b>	<b>121,677</b>	<b>(5,573)</b>
Trade and other receivables	(111,274)	66,288	(26,174)	66,288
Development properties	89,317	(130,052)	2,923	(130,113)
Property held for sales	1,653	(1,967)	-	(1,967)
Amount due from customers for contract work	949	-	949	-
Inventories	(1,352)	(2)	(1,352)	(2)
Trade and other payables	251,450	35,371	329,891	35,371
Amounts due to related parties	-	2,199	1,653	2,199
<b>Net cash (used in) from operations</b>	<b>351,416</b>	<b>(33,797)</b>	<b>429,567</b>	<b>(33,797)</b>
Interest paid	(24,699)	(46,197)	(24,699)	(46,197)
Interest received	450	1,188	450	1,188
Income taxes paid	(3,186)	(1,641)	(3,186)	(1,641)
<b>Net cash used in operating activities</b>	<b>323,981</b>	<b>(80,447)</b>	<b>402,132</b>	<b>(80,447)</b>
<b>Cash flows from investing activities</b>				
Addition in investment property	-	(243)	-	(243)
Disposal of other investment	1,291	-	1,291	-
Purchases of properties, plant and equipment	(1,229)	(714)	(1,229)	(714)
Process on disposal subsidiaries	50,000	-	49,999	-
Advance to joint venture	-	(4,867)	-	(4,867)
<b>Net cash used in investing activities</b>	<b>50,062</b>	<b>(5,824)</b>	<b>50,061</b>	<b>(5,824)</b>
<b>Cash flows from financing activities</b>				
Amount due from related parties	-	(444)	-	(444)
Fixed deposit & Restricted cash	(29,871)	(12,748)	(29,871)	(12,748)
Proceeds from bank and other loans	-	78,000	-	78,000
Repayment of bank and other loans	(392,319)	(69,383)	(470,469)	(69,383)
<b>Net cash used in financing activities</b>	<b>(422,190)</b>	<b>(4,575)</b>	<b>(500,340)</b>	<b>(4,575)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(48,147)</b>	<b>(90,846)</b>	<b>(48,147)</b>	<b>(90,846)</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>	<b>-</b>	<b>2,090</b>	<b>-</b>	<b>2,090</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>88,448</b>	<b>177,424</b>	<b>88,448</b>	<b>177,424</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>40,301</b>	<b>88,668</b>	<b>40,301</b>	<b>88,668</b>

Explanatory Notes:

Notwithstanding the fair value adjustments to our cost of property development sales of our existing development properties during our Restructuring Exercise, such fair value adjustments do not affect our operating cash flows from existing development properties.



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group - Actual CFS								
	Issued 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 2016	909,831	422,395	27,016	23,887	86,724	17,788	1,487,641	10,566	1,498,207
Total comprehensive loss for the period	-	34,494	(23,659)	-	-	-	10,835	(1,893)	8,942
Balance as at 31 March 2016	909,831	456,889	3,357	23,887	86,724	17,788	1,498,476	8,673	1,507,149
Balance as at 1 January 2017	909,831	229,543	(152)	23,887	86,724	17,788	1,267,621	2,678	1,270,299
Total comprehensive loss for the period	-	108,299	(10,936)	-	-	-	97,363	(2,044)	95,319
Disposal of subsidiaries	-	-	-	-	-	(17,788)	(17,788)	-	(17,788)
Balance as at 31 March 2017	909,831	337,842	(11,088)	23,887	86,724	-	1,347,196	634	1,347,830

	Group - Proforma CFS									
	Issued Capital RMB'000	Retained Earnings RMB'000	Translation Reserve RMB'000	Proforma 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 2016	909,831	355,310	27,016	(148,414)	31,442	86,724	21,707	1,283,616	10,566	1,294,182
Total comprehensive loss for the period	-	34,582	(23,659)	-	-	-	-	10,923	(1,893)	9,030
Balance as at 31 March 2016	909,831	389,892	3,357	(148,414)	31,442	86,724	21,707	1,294,539	8,673	1,303,212
Balance as at 1 January 2017	909,831	164,410	(154)	(148,414)	31,442	86,724	21,707	1,065,546	2,678	1,068,224
Total comprehensive loss for the period	-	109,299	(10,934)	-	-	-	-	98,365	(2,044)	96,321
Disposal of subsidiaries	-	-	-	-	-	-	(17,788)	(17,788)	-	(17,788)
Balance as at 31 March 2017	909,831	273,709	(11,088)	(148,414)	31,442	86,724	3,919	1,146,123	634	1,146,757





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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Company			
	Share capital RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
<b>Balance as at 1 January 2016</b>	<b>909,831</b>	<b>(286,847)</b>	<b>(37,600)</b>	<b>585,384</b>
Total comprehensive loss for the period		(1,104)	24,550	23,446
<b>Balance as at 31 March 2016</b>	<b>909,831</b>	<b>(287,951)</b>	<b>(13,050)</b>	<b>608,830</b>
<b>Balance as at 1 January 2017</b>	<b>909,831</b>	<b>(297,821)</b>	<b>(10,746)</b>	<b>601,264</b>
Total comprehensive loss for the period		(2,222)	7,267	5,045
<b>Balance as at 31 March 2017</b>	<b>909,831</b>	<b>(300,043)</b>	<b>(3,479)</b>	<b>606,309</b>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

At the Extraordinary General Meeting held on 27 April 2016, the shareholders of the Company approved the consolidation of every fifteen (15) existing ordinary shares in the capital of the Company into one (1) ordinary share ("Share Consolidation"). The Share Consolidation was completed on 9 May 2016 when 1,125,000,000 existing ordinary shares were consolidated into 74,999,688 consolidated shares, disregarding any fractions of ordinary shares arising from the Share Consolidation.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and at the end of the immediately preceding year.

There are no treasury shares as at 31 December 2016 and 31 March 2017 respectively.

Number of ordinary shares and share capital of our Company as at the balance sheet dates:

	31.3.2017		31.12.2016	
	No of shares	S\$'000	No of shares	S\$'000
Issued and fully paid	74,999,688	143,750	74,999,688	143,750

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Nil.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the Company's auditors.





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3. *Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).*

Not applicable.

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 its unaudited financial statements for 1Q 2017 as those of the audited financial statements for the year ended 31 December 2016, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2016. The adoption of all new and revised FRSs has no material effect on the 1Q 2017 unaudited financial statements.

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. *Earnings per ordinary share (EPS) of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.*

RMB fens	GROUP			
	Actual CFS		Proforma CFS	
	1Q2017	1Q2016	1Q2017	1Q2016
<b>Profit(Loss) Per Share</b>				
(i) Basic (a)	144.40	45.99	145.73	46.11

(a) Earnings per share has been computed based on the ordinary shares capital of 74,999,688 shares ie: number of ordinary shares issued and paid-up, please refer to item 1(d)(iii).

7. *Net asset value (for the issue and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.*

RMB	Group				Company	
	Actual CFS		Proforma CFS		Actual CFS	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016	31.3.2017	31.12.2016
Net asset value per ordinary share based on issued share capital at end of financial year*	17.97	16.94	15.29	14.24	8.08	8.02

\* Net asset value per share has been computed based on the ordinary shares capital of 74,999,688 shares ie: number of ordinary shares issued and paid-up, please refer to item 1(d)(iii).



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:*
- (a) *any significant factor that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and*
  - (b) *any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.*

**Key differences in the comprehensive income statement and balance sheet items of our Actual Consolidated Financial statements and our Proforma Consolidated Financial statements for 1Q 2017**

	Actual*	Proforma**	Difference
	1Q2017	1Q2017	***
	RMB'000	RMB'000	RMB'000
<u>Comprehensive income statement item</u>			
Cost of sales	(20,051)	(18,715)	(1,336)
Administrative expenses	(5,338)	(5,338)	-
Income tax expense	(196)	(196)	-
Profit for the period	106,253	107,255	(1,002)
<u>Balance sheet items</u>			
Property held for sales	106,497	81,297	25,200
Development properties	1,057,874	819,782	238,092
Property, plant and equipment	21,276	18,399	2,877
Deferred tax liabilities	360,361	295,024	65,337
Shareholders' equity	1,347,830	1,146,757	201,073

\* Based on the unaudited Actual Consolidated Financial Statements.

\*\* Based on the unaudited Proforma Consolidated Financial Statements.

\*\*\* Refer to Explanatory Notes 1(a)(i) and 1(b)(i).



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued):*

### **Review based on our unaudited Actual Consolidated Financial Statements**

#### **Income statement**

##### **Revenue**

Our Group's revenue increased by RMB7.4 million, or 44%, from RMB16.8 million in 1Q2016 to RMB24.2 million in 1Q2017. The increase was mainly attributed to the increase in revenue from our property development sales by RMB8.4 million, from RMB10.2 million in 1Q2016 to RMB18.6 million in 1Q2017. The increase in revenue from the property development sales was mainly due to a higher GFA sold and recognized and a higher average selling price ("ASP") per square metre ("sqm") achieved in 1Q2017 compared with the previous corresponding period.

The increase in revenue was partially offset by a decrease in property management service income and property rental income of RMB1.0 million, mainly due to the decrease after disposal of SanShui Project, the property management service were also transferred out.

There was no significant change in revenue contribution from construction contracts.

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

Our cost of sales is increased by RMB10.5 million, or 109%, from RMB9.6 million in 1Q2016 to RMB20.1 million in 1Q2017. This was mainly caused by an increase in cost of property development sales.

The quantum of the total fair value adjustments to our cost of property development sales over time would be limited to the aggregate of the excess of attributed fair values of these properties over the corresponding historical book values at the time of acquisition of approximately RMB488.7 million (excluding the offset against estimated deferred tax liability adjustment of approximately RMB122.2 million). As the cumulative fair value adjustments to our cost of property development sales amounted to RMB230.0million as at end of 1Q2017, the aggregate of remaining fair value adjustments to our future cost of property development sales in the Actual Consolidated Financial Statements will only be up to RMB258.7 million (**excluding the offset against estimated deferred tax liability adjustment of approximately RMB55.6 million, which will result in net future fair value adjustments of approximately RMB203.1 million only**).

In terms of gross profit margin, our overall gross profit margin decreased from 43% in 1Q2016 to 17% in 1Q2017, as a result of decrease proportion of property rental income in total revenue, with a higher gross profit margin.

With the exclusion of the non-cash fair value adjustment on the cost of property development sales due to the application of SFRS 103 (the "**SFRS 103 Adjustment**"), the Proforma gross profit margins attained are at 23% and 43% in 1Q2017 and 1Q2016.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued):*

#### **Other Income**

Other operating income, which mainly included disposal gain and loss on subsidiaries, interest income, foreign exchange gain and miscellaneous income, and the majority of which is surcharge income from property management services.

Other income increased by RMB94.7 million or approximately 168% from RMB56.2 million in 1Q2016 to RMB150.9 million in 1Q2017, which was mainly caused by an increase of Disposal Gain Of 100% Shareholdings In Infinity Real Estate Holdings Pte.Ltd (together with its wholly-owned subsidiary, Foshan Sanshui Nengrun Property Development Co., Ltd.) and Foshan Sanshui Fangao Land Co., Ltd. And it was offset by decrease of foreign exchange gain happen in 1Q2016 due to the appreciation of Malaysia Ringgit against US dollar as our Group had invested in Malaysia projects financed from overseas facilities in US dollar.

#### **Selling and Distribution Expenses**

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

The selling and distribution expenses increased by RMB2.0 million in 1Q2017 as compared with the respective periods of last year. The higher selling and distribution expenses in 1Q2017 were due mainly to the expenses incurred for the marketing efforts for the commercial units of Sihui City Mall (a property development project located at Sihui Avenue, Dongcheng, Sihui City).

#### **Administrative Expenses**

Administrative expenses comprise various expenses such as salaries and staff-related expenses of general administrative staff, utilities, depreciation charges for building and office equipment, telecommunication expenses, entertainment expenses, professional fees, travelling expenses, foreign exchange loss and other general office overheads expenses.

Administrative expenses decreased by RMB7.3 million or 58% from RMB12.6 million in 1Q2016 to RMB5.4 million in 1Q2017, mainly attributable to a decrease of foreign exchange loss as the appreciation of Singapore dollar against RMB.

#### **Finance Costs**

Finance cost, net of capitalised interest, recorded a increase of RMB23.5 million in 1Q2017 compared to 1Q2016 mainly due to the one-off penalty interest expense for advancement repayment the loan related to the disposal subsidiaries.

#### **Amortization**

Amortization relates to the amortization of prepaid land use rights for our corporate office since 4Q2009. The amortization is based on 40 years rights of use of the land.

#### **Depreciation**

Depreciation relates to the depreciation charge on our properties, plant and equipment.

Depreciation is almost equivalent as to last period.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued):*

#### **Income Tax Expenses**

Income tax includes statutory enterprise income tax and land appreciation tax (“LAT”).

The Proforma CFS has a higher income tax expense compared to the Actual CFS, and was mainly due to the estimated deferred tax liability adjustment on the pertained fair value Notional Adjustment to the cost of property development (please refer to Paragraph 8 – Cost of Sales).

#### **Net Profit (Loss)**

With the above, we incurred a net profit of RMB106.3 million in 1Q2017, compared to RMB32.6 million in 1Q2016. The Proforma CFS, which excludes the Notional Adjustment effects with a better comparability of the Group's performance, has presented a net profit of RMB107.3 million in 1Q2017 and RMB32.7 million in 1Q2016 respectively.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued):*

### **Statement of Financial Position**

#### **Current Assets**

Current assets comprise mainly development properties, properties held for sale, cash and bank balances, trade and other receivables and amount due from customers for contract works. Our current assets as at the end of FY2016 and 1Q2017 amounted to approximately RMB4,741.7 million and RMB2,987.7 million respectively.

The largest component of our current assets was trade and other receivables, property held for sales, development properties and asset held for sales, which integration amounted approximately RMB 4,266.4 million and RMB2,549.9 million as at the end of FY2016 and 1Q2017 respectively.

Development properties, which include the cost of land, interest capitalised, and related costs, accounted for approximately 20.6% and 35.4% of our current assets as at the end of FY2016 and 1Q2017 respectively. The RMB79.4 million or 8% increase in development properties was mainly due to the increase of cost for Malaysia project and development costs for the Sihui City Mall project.

Properties held for sales amounted to RMB190.4 million and RMB106.5 million as at the end of FY2016 and 1Q2017 respectively, which include properties of Jiangnan Mingju, Sihui City Mall and Jin Long Garden.

The Group's cash and bank balances as at 31 March 2017 decreased by RMB48.1 million or 54% to RMB40.3 million as compared with 31 December 2016, which was primarily attributable to the net generate from operating activities of RMB324.0 million and investing activities of RMB50.0 million, and net cash used in financing activities of RMB422.2 million in 1Q2017 respectively.

In addition, restricted cash stood at RMB364.8 million and RMB394.7 million as at end of FY2016 and 1Q2017 respectively.

Trade and other receivables stood at approximately RMB445.1 million and RMB1,385.5 million at the end of FY2016 and 1Q2017 respectively. The increases of RMB940.4 million in trade and other receivables were mainly due to the increase of other receivable amount after disposal the subsidiaries in infinity real estate holdings pte.ltd (together with its wholly-owned subsidiary, foshan sanshui nengrun property development co., ltd.) and foshan sanshui fangao land co., ltd.

#### **Non-current assets**

Non-current assets comprised mainly investment properties, plant and equipment. As at the end of FY2016 and 1Q2017, our non-current assets had an aggregate net book value of approximately RMB2,065.1 million and RMB2,231.9 million respectively.

The investment properties are held to earn rental income and/or for capital appreciation. Our investment properties comprised 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 net book value of our investment properties was approximately RMB2,005.8 million and RMB2,183.6 million as at the end of FY2016 and 1Q2017, which accounted for approximately 97% and 98% of our non-current assets as at the end of FY2016 and 1Q2017 respectively.



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (continued) :*

The prepaid land use right, and property, plant and equipment increased by RMB0.4 million was mainly due to purchase of office equipment and vehicle which was partially offset by amortisation/depreciation charge of RMB0.9 million for 1Q2017.

**Current liabilities**

Trade and other payables, which mainly comprised of amounts payable to contractors and suppliers and advance receipts from property development sales, stood at approximately RMB983.8 million and RMB1,273.5 million at the end of FY2016 and 1Q2017 respectively. The increase of RMB289.7 million in trade and other payables was mainly due to customers for pre-sales of properties that did not meet sales recognition criteria.

**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 32% shareholding held by the minority interest in a PRC subsidiary, Guangxi Hezhou Deneng Mining Co., Ltd, 42.2% shareholding held by the minority interest in a PRC subsidiary, Tianjin Hotel Street Co, Ltd and 38% shareholding held by the minority interest in a Malaysian subsidiary, Profit Consortium Sdn Bhd.

At the end of FY2016 and 1Q2017, shareholders' equity amounted to RMB1,270.3 million and RMB1,347.8 million respectively. The increase in equity was mainly due to the profit incurred in the current period.

**Cash flow statement**

Our Group has a net cash inflow from operating activities of RMB324.0 million during 1Q2017, which comprised of operating cash inflows of RMB120.7 million before movements in working capital, addition for net working capital generate from operations of RMB230.7 million, and adjust by net use of finance cost and interest received as well as income tax 27.4 million. The net working capital inflows were mainly due to the increase in trade and other payables during the current reporting period.

The net cash inflows from investing activities of RMB50.0 million mainly pertained to the disposal of the subsidiaries with 1Q2017.

The Group recorded a net cash outflow from financing activities of RMB422.2 million during 1Q2017. This was mainly due to repayment bank and other loans.

With the above, the Group has a net decrease in cash and cash equivalents of RMB48.1 million for 1Q2017.

9. *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 commentary previously disclosed to shareholders in the results announcement for the full year ended 31 December 2016.





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10(a). *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**

After quick increase on property average selling prices within 2016, a new round of macro control policies comes to stable the market selling prices. Thus we have observed that transacted property average selling prices per sqm in Foshan has slight decreased by 0.87% during the current reporting period, from RMB10,107 per sqm(See Note 1 below) in 4Q2016 to RMB10,019 per sqm(See Note 1 below) in 1Q2017. Meanwhile, transaction volumes have decreased from 4.9 million sqm(1) in 4Q2016 to 3.7 million sqm(See Note 1 below) in 1Q2017, an decrease of approximately 23.8%.

**Project Updates**

As at 31 March 2017, the Group has six development projects with a gross floor area (“GFA”) of approximately 1.84 million sqm under development, including four projects located at Kuala Lumpur in Malaysia, Project Kuchai Lama, Project Cheras Mahkota, Imbi Land and Project Plaza Rakyat. These are expected to be separately completed in various phases up to 2022, providing us with secure and visible business growth opportunities in the foreseeable future. In relation to commercial projects, apart from Sihui City Mall-a residential and shopping mall development project, the Group has a redevelopment project (hotel and shopping mall) in Tianjin Heping District, Nanshi Hotels Street (天津市和平区南市旅馆街)-Tianjin Boulevard. At the same time, the Group will continue 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.

**Shanshui Longpan, Phase 1 and Phase 1(ii) villas (Note 1)**

The Shanshui Longpan, Phase 1 and Phase 1(ii) villas have a saleable GFA of approximately 69,900 sqm (revised) and 36,300 sqm (revised) respectively, of which approximately 69,900 sqm and 36,300 sqm have launched for pre-sales and approximately 55,867 sqm and 21,183 sqm have secured expression of interest to purchase as at 31 March 2017.

**Shanshui Longpan, Phase 2(i) Villas (Note 1)**

Phase 2(i) Villas of Shanshui Longpan, have a GFA of approximately 42,400 sqm, of which approximately 36,040 sqm have been launched for pre-sales and approximately 38,942 sqm have secured expression of interest to purchase as at 31 March 2017.

**Shanshui Longpan, Phase 3 high rise Flats No.1-10 (Note 1)**

Phase 3 high rise of Shanshui Longpan, the construction works which was started since March 2013, has a GFA of approximately 710,000 (revised) sqm, of which approximately 80,000 sqm have been launched for pre-sales and approximately 72,296 sqm have secured expression of interest to purchase as at 31 March 2017.

*Note*

(1) *Shan Shui Project had been disposal as at 10<sup>th</sup> March, 2017.*



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10(b). 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 (continued).

**Sihui City Mall**

Sihui City Mall has a GFA of approximately 155,100 (revised) sqm, of which approximately 153,549 sqm have been launched for pre-sales and approximately 54,887 sqm have secured expressions of interests to purchase as at 31 March 2017.

**Jin Long Garden – South Zone (Phase 2)**

The total saleable GFA of Jin Long Garden – South Zone (Phase 2) is approximately 83,700 sqm (revised), of which approximately 83,700 sqm have been launched for pre-sales and approximately 81,510 sqm have secured expressions of interests to purchase as at 31 March 2017.

The accumulated sales/pre-sales (See Note 2 below) status of our projects as at 31 March 2017 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
Shanshui Longpan Phase 1 Villas	786,917	55,867	14,086	99%-100%
Shanshui Longpan Phase 1(ii) Villas	361,541	21,183	17,068	100%
Jin Long Garden – South Zone	820,518	81,510	10,066	100%
Jiangnan Minju Phases 5 and 6	990,312	145,447	6,809	100%
Shanshui Longpan Phase 3 High Rises Flats No.1-10	354,192	72,296	4,899	100%
Sihui City Mall	351,882	54,887	6,411	99-100%
Shanshui Longpan Phase 2(i) Villas	289,938	38,942	7,445	85%
<b>Total</b>	<b>3,955,300</b>	<b>470,131</b>	<b>8,413</b>	<b>NA</b>

The sales/pre-sales (See Note 2 below) of our projects for 1Q2017 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
Shanshui Longpan Phase 1 Villas	23,875	1,821	13,111	99%-100%
Shanshui Longpan Phase 1(ii) Villas	23,674	1,791	13,218	100%
Jin Long Garden – South Zone	8,064	820	9,834	100%
Jiangnan Minju Phases 5 and 6	904	148	6,108	100%
Shanshui Longpan Phase 3 High Rises Flats No.1-10	-	-	-	100%
Sihui City Mall	9,206	1,263	7,289	99-100%
Shanshui Longpan Phase 2(i) Villas	61,672	7,907	7,800	85%
<b>Total</b>	<b>127,395</b>	<b>13,750</b>	<b>9,265</b>	<b>NA</b>



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- 10(b). *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 (continued).*

Pursuant to the effect of INT FRS 115, the sales for Jiangnan Minju Phases 5 and 6, and Shanshui Longpan Phase 1 and 1(ii) villas and parts of Phase 3 High Rises in 1Q2017 have been recognised as revenue in the current reporting periods. The accumulated sales for Jin Long Garden – South Zone (Phase 2) (a 55% joint-ventured project) have also been be recognised in 1Q2017 when handed over.

The Group remains cautious about the outlook of the property market, Nonetheless, the Group will strategically continue to explore opportunities for investment properties.

Notes

- (1) Source from Bureau of Housing and Urban-Rural Development of Foshan (<http://www.fs.gov.cn/> <http://www.fs.gov.cn/zwygk/zdxcggk/fdsc/sjt/>)  
(2) Sales/pre-sales with certainty on receipt of purchase consideration, including those not ready for handover or key collections

11. *Dividend*

- (a) *Current Financial Period Reported on*

None.

- (b) *Corresponding Period of the Immediately Preceding Financial Year*

None.

- (c) *Date payable*

Not applicable.

- (d) *Books closure date*

Not applicable.

12. *If no dividend has been declared/recommended, a statement to that effect.*

Not applicable.



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13. Interested Person 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) 1Q2017	Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) 1Q2017
Zhong Yu Xin <sup>(1)</sup>	S\$ 166,140 <sup>(2)</sup>	-

Notes:

(1) Mr Zhong Yu Xin is the brother of our Executive Director, Mr Zhong Yu Zhao.

(2) Lease of Debao Hotel.

BY ORDER OF THE BOARD

Yuan Le Sheng  
Executive Chairman and CEO  
8 May 2017



DEBAO PROPERTY  
DEVELOPMENT LTD.  
德宝房地产开发有限公司



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***Confirmation by the Board***

We, Yuan Le Sheng and Zhang Mao, 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 three months ended 31 March 2017 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***

Yuan Le Sheng  
Executive Chairman and CEO

Zhang Mao  
Executive Director

8 May 2017