以人为本

稳定发展，房产前锋

宝

DEBAO PROPERTY DEVELOPMENT LTD.

德宝房地产开发有限公司

ANNUAL REPORT 2011


中国的山水
世界的别墅
府踞龍盤
君临天下
Shanshui Longpan

Contents

Corporate Profile

Established in 2000, Debao Property Development Ltd. is an integrated property developer of quality integrated residential properties and commercial properties in Foshan City, Guangdong Province, the PRC. Our vertically integrated business model and operations enable us to carry out key aspects of property development, such as design, construction and marketing, in-house as well as manage the developments after completion.

Led by our experienced management team, we have built a strong presence and brand name in developing large scale and multi-phased projects that are fully integrated with ancillary facilities.

Our business comprises four segments: property development, construction contract, property investment, and property management. Since October 2011, our eighth completed property development project, Shanshui Longpan Phase 1 Villas, the maiden high-end villas development with a Gross Floor Area (GFA) of 58,000 sq m was officially handed over to buyers in batches. With this, our aggregate GFA for completed property development projects reached 903,000 sq m to date. Shanshui Longpan, our flagship project, with a saleable GFA of 790,000 sq m comprising landed villas, terrace dwellings and high rise apartments, has further strengthened our portfolio of large scale property developments and taken the Group to greater heights of achievement as a quality property developer. As at 29 February 2012, the Group has a total GFA of approximately 1.4 million sq m of properties under and held for future development. As part of our property investment business, we hold selected commercial properties that we developed or bought for capital appreciation for recurring and stable rental income. We also provide management services for residential properties developed by us.

As testament of our quality operations and property developments, our Jiangnan Mingju Phases 1 to 4 won the Double Gold Prize (Construction and Environment) in the National Residential Construction, Planning and Design Competition (全国人居经典建筑规划设计方案竞赛：建筑，环境双金奖) in October 2004.

The Company was successfully listed on the Main Board of the Singapore Exchange on 12 April 2010.

Our corporate office building at Jiangnan Mingju Phase 5

Corporate Milestones

2012 AND BEYOND

Property Development : Shanshui Longpan Phase 1 (ii) Villas and other Phases
Approximate Total GFA (sq m) : 852,000
Location/Type of Development : Foshan / Multi-phases large scale integrated township developement

Property Development : Jin Long Garden South Zone (Joint Venture Project)
Approximate Total GFA (sq m) : 95,000
Location/Type of Development : Foshan / Multi-phases integrated developement

Property Development : Danzao Project
Approximate Total GFA (sq m) : 250,000
Location/Type of Development : Foshan / Large scale integrated developement

Property Development : Sihui Project
Approximate Total GFA (sq m) : 133,000
Location/Type of Development : Zhaoqing / Large scale integrated developement

Property Development : Adjacent Land to Shanshui Longpan Hotel
Approximate Total GFA (sq m) : 41,000
Location/Type of Development : Foshan / To develop ancillary building to Shanshui Longpan Hotel

2011

Property Development : Shanshui Longpan Phase 1 Villas
Approximate Total GFA (sq m) : 58,000
Location/Type of Development : Foshan / Multi-phases integrated developement

2010

Property Development : Jiangnan Mingju Phases 5 and 6
Approximate Total GFA (sq m) : 165,000
Location/Type of Development : Foshan / Multi-phases integrated developement

2009

Property Development : Jin Long Garden North Zone (Joint venture project)
Approximate Total GFA (sq m) : 45,000
Location/Type of Development : Foshan / Multi-phases integrated developement

2007

Property Development : Jiangnan Mingju Phases 1 to 4
Approximate Total GFA (sq m) : 350,000
Location/Type of Development : Foshan / Multi-phases large scale integrated developement

2004

Property Development : Qing Hua Garden (Joint venture project)
Approximate Total GFA (sq m) : 78,000
Location/Type of Development : Foshan / Integrated developement

2002

Property Development : Guicheng Industrial Park
Approximate Total GFA (sq m) : 48,000
Location/Type of Development : Foshan / Integrated developement

2000

Property Development : Debao Garden (Project by our predecessors)
Approximate Total GFA (sq m) : 68,000
Location/Type of Development : Foshan / Integrated developement

1998

Property Development : Xinliwan Garden (Project by our predecessors)
Approximate Total GFA (sq m) : 91,000
Location/Type of Development : Foshan / Integrated developement

Financial Highlights

	Actual Consolidated Financial Statements		Proforma Consolidated Financial Statements[1]	
	FY2011 (RMB'm)	FY2010 (RMB'm)	FY2011 (RMB'm)	FY2010 (RMB'm)
Revenue	447.0	873.8	447.0	873.8
Cost of Sales	(298.1)	(702.2)	(276.2)	(545.9)
Gross Profit	148.9	171.6	170.8	327.9
Net Profit (Loss) for the Year	55.7	(104.6)	69.1	15.4
Gross Profit Margin (%)	33.3	19.6	38.2	37.5
Profit (Loss) per Share[2] – Basic (RMB fens)	4.95	(10.45)	6.14	1.54
Net Asset Value per Share at the End of the Year[3] (RMB fens)	109.4	104.3	89.0	82.6
Net Gearing Ratio (%)	42.3	18.4	52.0	23.2
Net Cash (Used in) from Operating Activities	(330.4)	26.6	(330.4)	26.6
Net Cash (Used in) from Investing Activities	43.4	(16.8)	43.4	(16.8)
Net Cash from Financing Activities	173.3	94.4	173.3	94.4
Cash and Cash Equivalents at the End of the Year	143.9	258.1	143.9	258.1

Notes:

1 The application of the purchase method under the Singapore Financial Reporting Standards 103 (the "SFRS 103") for the acquisition of the PRC subsidiaries by the Group requires, inter alia, the development properties and properties held for sale by the respective PRC subsidiaries to be recorded at fair value at the respective dates of acquisition by the Group. Pursuant to the application of SFRS 103, the cost of property development sales had a fair value upward adjustment of RMB21.9 million with its associated tax of RMB5.5 million in FY2011. Excluding these non-cash items due to application of the SFRS 103, our Proforma Accounting net profit was RMB69.1 million for FY2011.

2 Earnings per Share were computed based on the ordinary shares capital of 1,125,000,000 shares i.e. weighted average number of ordinary shares issued and paid-up.

3 NAV per Share were computed based on the ordinary shares capital of 1,125,000,000 shares i.e. number of ordinary shares issued and paid-up.

Our Properties

As of 29 February 2012, we have completed 8 property development projects with an aggregate GFA of approximately 903,000 sq m, the latest being Shanshui Longpan Phase 1 Villas, which was officially handed over to buyers in October 2011.

Completed Property Development Projects

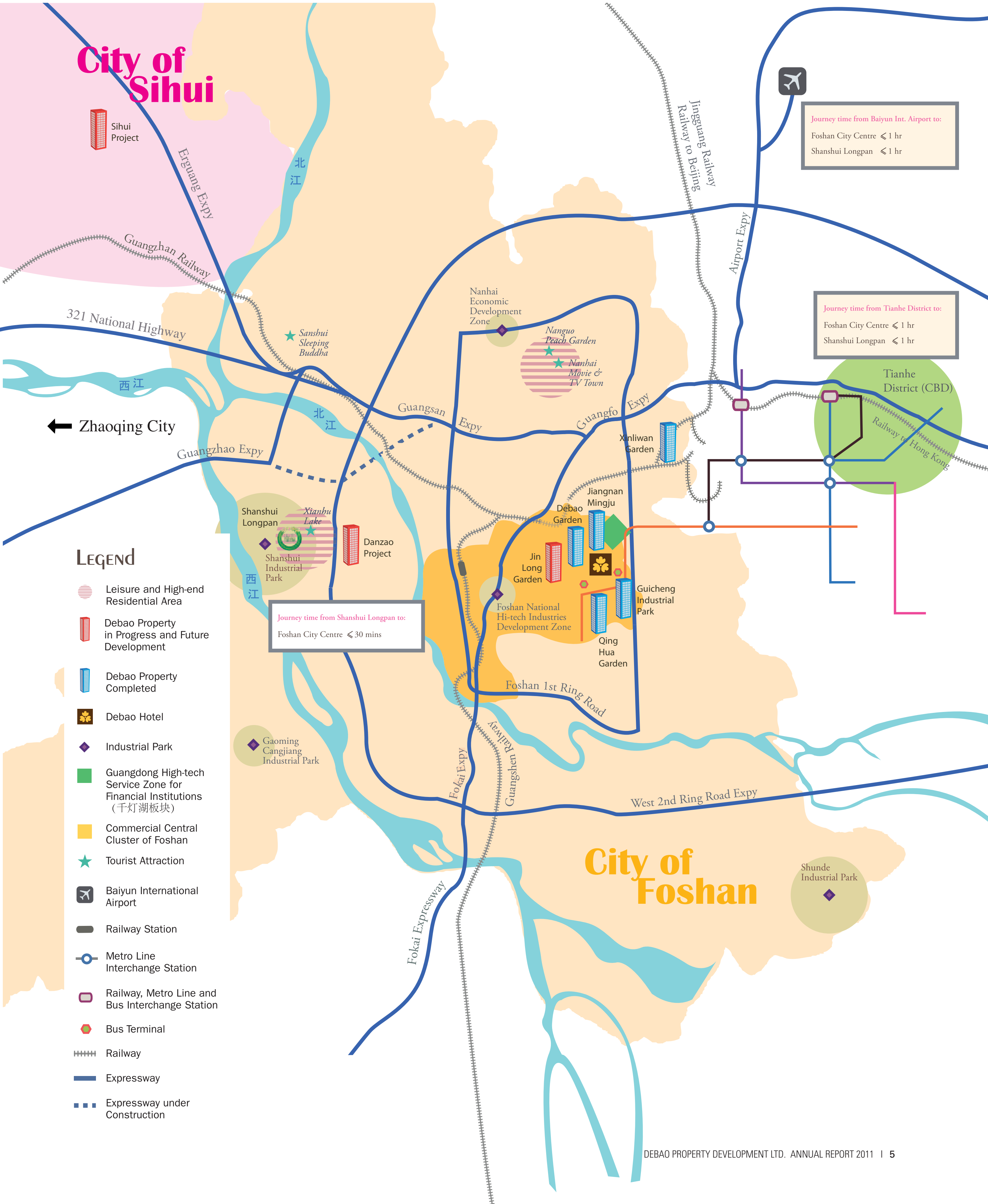
Property Development	Location / Type of Development	Approximate Total GFA (sq m)	Status
1. Xinliwan Garden (Project by Our Predecessors)	Foshan / Integrated development	91,000	Completed in September 1998
2. Debao Garden (Project by Our Predecessors)	Foshan / Integrated development	68,000	Completed in October 2000
3. Guicheng Industrial Park	Foshan / Integrated development	48,000	Completed in April 2002
4. Qing Hua Garden (Joint Venture Project)	Foshan / Integrated development	78,000	Completed in June 2004
5. Jiangnan Mingju Phases 1 to 4	Foshan / Multi-phases large scale integrated development	350,000	Completed in October 2007
6. Jin Long Garden North Zone (Joint Venture Project)	Foshan / Multi-phases integrated development	45,000	Completed in December 2009
7. Jiangnan Mingju Phases 5 and 6	Foshan / Multi-phases integrated development	165,000	Completed in October 2010
8. Shanshui Longpan Phase 1 Villas	Foshan / Multi-phases integrated development	58,000	Completed in October 2011
Total		**903,000**	

As of 29 February 2012, we have a total GFA of approximately 1,371,000 sq m of properties under and held for future development, including our flagship high-end villas project, Shanshui Longpan.

Property Development Projects Under and Held for Future Development

Property Development	Location / Type of Development	Approximate Total GFA (sq m)	Status
1. Shanshui Longpan Phase 1 (ii) Villas and other Phases	Foshan / Multi-phases large scale integrated township development	852,000	• Development in progress • Soft launched the pre-sales of Phase 1 (ii) high-end villas in June 2011 • Expected date of completion in 2017
2. Jin Long Garden South Zone (Joint Venture Project)	Foshan / Multi-phases integrated development	95,000	• Development in progress • Launched the pre-sales in stages since December 2010 • Expected date of completion in 2012
3. Danzao Project	Foshan / Large scale integrated development	250,000	• Reserved for future development
4. Sihui Project	Zhaoqing / Large scale integrated development	133,000	• Reserved for future development • Expected date of completion in 2016
5. Adjacent Land to Shanshui Longpan Hotel	Foshan / to develop ancillary building to Shanshui Longpan Hotel	41,000	• Reserved for future development
Total		**1,371,000**	

Map of Our Properties



Jiangnan Mingju Phases 1 to 4

... Unveiled

our prestigious properties


Jiangnan Mingju
Phases 5 and 6

Shanshui Longpan Hotel

... Unveiled
our signature properties

Shanshui Longpan Lakeview and Landscape Scenery

Shanshui Longpan Villas

Chairman's Statement

Dear Shareholders

2011 was a year filled with challenges and uncertainties, both in the domestic (the PRC) and global economies. Amidst escalating inflationary pressures, the PRC government continued with its measures to contain growing property prices, which included implementing restrictions on property buying and land supply, while closely monitoring the supply and prices of foodstuff and daily consumables. The tightened monetary policies effectively put a cap on liquidity as interest rates continued to mount on an uptrend. Compounded by the higher bank statutory reserves mandated in 2011, credit lending was further tightened. All these macroeconomic policies had somewhat cast a shadow on the outlook of the PRC property market in the near future.

While the property market may be losing its shine in many PRC cities, it remains stable in Foshan city, as evident from the marginal increase in the city's average transacted property prices from RMB7,448/square metre in 2010 to RMB7,674/square metre in 2011[1], albeit that there was a lower transaction volume as some buyers adopted a wait-and-see approach in the hope that the PRC government would ease some of its tough housing measures soon. The property market in Foshan city was able to buck the general price trend because Foshan remains one of the cities in the PRC with the highest home affordability ratios. Many buyers have genuine intentions to purchase properties to stay in or to hold for the long term.

There are also other factors in Foshan's real estate market that work in our favour. These include the support from Beverage City, a business zone for the beverage industry housing big names such as Budweiser, Coca-Cola and Yeo Hiap Seng, as well as automotive industry chains like Toyota, Honda and Volkswagon AG. Foshan is also well known for its furniture, lighting, home appliances and aluminium products, as well as ceramic industries. All these support the city's economic development and population growth.

Against this backdrop, we have reasons to believe that the Group is operating in the right market. Our recent projects, including Shanshui Longpan villas – a cluster of high-end villas and residential township, Jiangnan Mingju Phases 5 and 6 – acclaimed for its modern design, greenery landscaping and full ancillary facilities support, as well as our joint venture project Jin Long Garden – South Zone (Phase 2) - have been well-received. As at 31 December 2011, we are heartened to have sold/pre-sold approximately 41,000 square metres, 1,000 square metres, 29,000 square metres and 140,000 square metres of Shanshui Longpan Phase 1 Villas, Shanshui Longpan Phase 1(ii) Villas, Jiangnan Mingju Phases 5 and 6, and Jin Long Garden – South Zone (Phase 2) respectively.

The Group's 71% improvement in average selling prices, from RMB6,400/metre in FY2010 to RMB11,000/square metre in FY2011, was mainly due to the contribution from our premium development, Shanshui Longpan Phase 1 Villas, comprising high-end bungalows, semi-detached and triple-linked villas.

FINANCIAL REVIEW

During the year in review, the Group's revenue declined 49% to RMB447.0 million as a result of a 70% dip in the total gross floor area ("GFA") recognised, from 127,000 square metres in FY2010 to 37,600 square metres in FY2011. A lower GFA was recognised because of lower sales from Jiangnan Mingju Phases 5 and 6 as the bulk of the residential units were sold and handed over to purchasers in 3Q2010. The lower revenue was also attributed to a 64% decrease in revenue contribution from our Construction Contracts as the majority of the construction contract work for Jin Long Garden – South Zone (Phase 2) was completed in 2010.

However, the decline in revenue was offset by the sales of Shanshui Longpan Phase 1 Villas and Jiangnan Mingju Phases 5 and 6 car park lots, as well as higher revenue contribution from our Property Rental income and Property Management Services income arising from the new property management project for Jiangnan Mingju Phases 5 and 6.

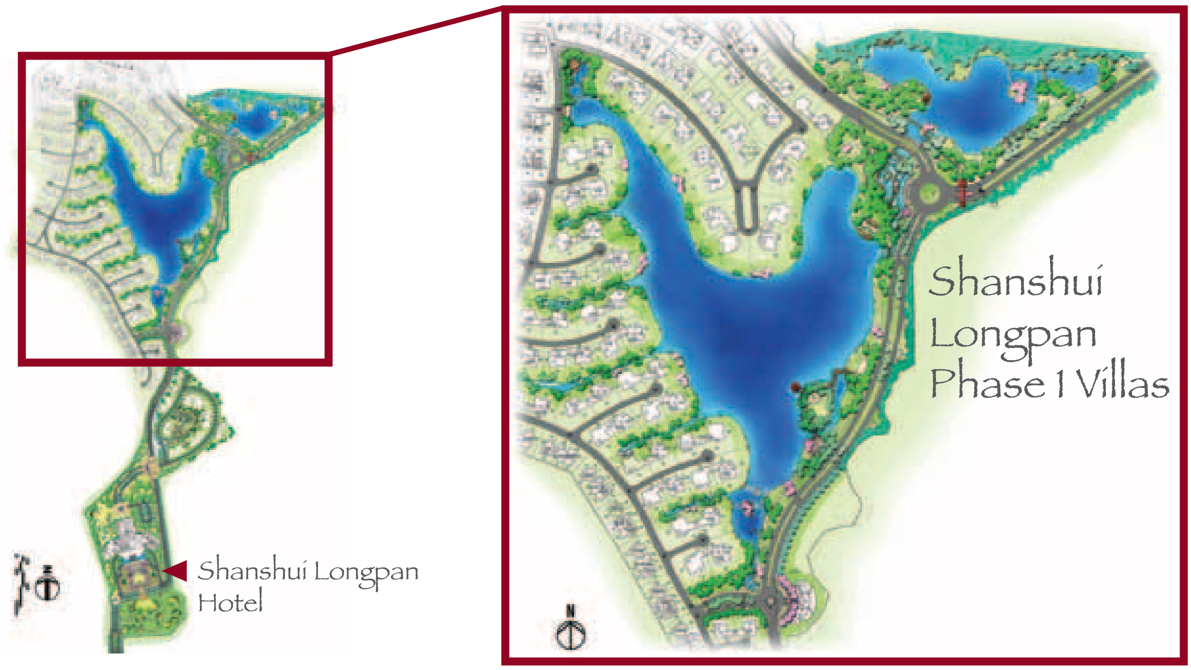
Despite the lower revenue, gross profit margin improved significantly from 20% in FY2010 to 33% in FY2011, driven by a higher ASP for Shanshui Longpan Phase 1 Villas, lifting the Group's overall ASP by 71%.

In FY2011, the Group also incurred lower selling and distribution, and administrative expenses due mainly to lesser marketing activities and the absence of expenses associated with our initial public offering in FY2010. The change in fair value of convertible loan notes, which is notional and has no bearing on the Group's operating cash flow and cash position, also decreased by RMB198.4 million. These lower expenses were offset by an increase of RMB38.2 million in finance cost due to interest expenses incurred for new and existing loans. We had also incurred a loss of RMB2.3 million in FY2011 in our 55% joint venture stake in Jin Long Garden due to minimal sales as the bulk of the residential units for North Zone (Phase 1) were recognised in FY2010.

Correspondingly, net profit stood at RMB55.7 million in FY2011 against a loss of RMB104.6 million in FY2010. Our pro-forma consolidated financial statements, which excludes a notional adjustment on cost of sales, would present a higher net profit of RMB69.1 million.

Cash and bank balances as at 31 December 2011 decreased 44% to RMB143.9 million, primarily attributable to the net cash used in operating activities of RMB330.4 million, offset by net cash from investing activities of RMB43.4 million and financing activities and the effect of exchange rate changes totalling RMB172.9 million in FY2011.

Relative to the industry in the PRC, we are enjoying a healthy net gearing level of 42% with a back of net asset value per share at 109.44 RMB fens as at 31 December 2011.



Chairman's Statement (cont'd)

RISING TO MEET CHALLENGES

There is no doubt that the PRC real estate sector will remain challenging. We believe that the present property buying restrictions will remain intact in the short term and that many potential buyers may choose to wait out until the PRC government eases the current tough regulations. The Minister of Housing and Urban-Rural Development of China reported in October 2011 that the property buying restrictions will be scrapped upon the completion of the national database of property ownership and other related information. This wait-and-see sentiment by buyers may therefore only have a short-term downward pressure on our transaction volume.

Our strategy is to continue to present our competitive edge to homebuyers by offering premium developments at right locations and attractive prices as we believe the demand for this category holds strong.

The high borrowing costs, as a result of the slew of measures implemented by the PRC government to curb inflation, also means that banks and financial institutions will stipulate tougher lending criteria, making it more difficult for the Group to borrow funds for expansion. So far, we have managed to minimise the impact of the tightened credit environment on our financials as we have built up a good credit track record and established good business relationships with major banks and financial institutions over the years.

Moving ahead, we will also continue to source for quality and commercially viable land bank, including retail mall development, redevelopment of industrial land as well as tourism development projects that will further propel the Group's growth.

LATEST DEVELOPMENTS

As at 31 December 2011, the Group has two ongoing projects – the multi-phases premium township development - Shanshui Longpan and Jin Long Garden South Zone (Phase 2) - with a total GFA of approximately 1 million square metres under development.

We are also excited about the approximately 383,000 square metres of land held for future development in the Pearl River Delta area – one of China's leading economic zones and a major manufacturing and logistics hub. This includes our land bank in Sihui City of about 133,000 square metres, acquired in July 2011.

We expect our existing pipelines and land bank to support our developmental projects from now to 2017, providing us with a firm platform for sustainable growth.

In November 2011, the Group had also successfully tendered for a 16,500 square metres plot of land adjacent to the existing Shanshui Longpan Hotel building. We intend to utilise the space to develop an ancillary commercial building to complement the Shanshui Longpan Hotel operations when the entire Shanshui Longpan area is more developed.

Separately, shareholders can also look forward to fairly secured project revenue and profits in FY2012 as we expect to recognise revenue or profits from the sale of Shanshui Longpan Phase 1(ii) Villas and Jin Long Garden – South Zone (Phase 2) residential units in 2H2012 upon the completion of these two projects.

DIVIDEND

To reward loyal shareholders, the Board of Directors is happy to declare a final dividend (tax-exempted and one-tier) of 2.39 RMB fens (equivalent to 0.465 Singapore cents) per share – our first dividend pay-out since the Group's listing in 2010.

WORD OF APPRECIATION

On behalf of the Board of Directors, I would like to thank all our staff for their dedication and hard work. I look forward to working closely with each and every staff in FY2012 and the years ahead to further cement the Group's strong reputation as an integrated property developer in Foshan City and other second and third tier cities.

More importantly, I would like to thank you, our valued shareholders, for your continued support and trust in the Group.

Yuan Le Sheng
Executive Chairman and CEO

[1] *Source from SouFun Real Estate Statistic Supervision Center (http : //newhouse.fs.soufan.com)*

主席献词

尊敬的各位股东：

2011年无论是对于国内还是国际经济环境，都是充满挑战与不确定因素的一年。通胀压力不断增大，中国政府通过限制购房以及限制土地供应等措施持续抑制楼价的攀升，同时严格监控食品与日常消费品的供应及价格。银根紧缩政策对中国国内市场的资金流动性产生了很大影响，且利率也在持续上升。2011年银行法定储备金的增加也使贷款变得更困难。所有这些宏观政策都在一定程度上给中国房地产市场短期内的发展前景蒙上了一层阴影。

尽管中国许多城市的房地产市场发展状况不甚乐观，但佛山市场的发展仍然比较稳定，佛山房地产交易每平方米平均售价从2010财年的人民币7,448元/平方米增至2011财年的人民币7,674元/平方米[1]，而成交量则比去年有所减少，这是由于部分购房者持观望态度并希望政府会尽快放松各种房地产打压措施。佛山的房地产市场一直能保持良好的价格趋势是因为佛山仍然是中国拥有最高购房能力的城市之一。许多购房者购房的真正意图都是自住或长期持有房产的。

佛山房地产市场还有一些有利因素，如佛山的饮料城汇聚了百威、可口可乐、杨协成等多家著名的饮料生产商，还有丰田、本田及大众等汽车品牌也在佛山发展。佛山还以家具、灯饰、家电、铝材以及陶瓷等产业而著称，所有这些产业都有利于促进佛山的经济和人口增长。

在这样的背景下，我们有理由相信集团选对了发展和经营的市场。我们最近开发的项目包括山水龙盘一期别墅（集豪华别墅和镇区住宅于一体的项目）、江南名居五六期（以其现代化的创新设计、优美的绿色园景以及完善的配套设施而著称的项目）以及合作经营项目锦隆花园南区（二期），购房者对这些项目的反响都很热烈。我们的项目业绩显著，令人振奋！截至2011年12月31日，山水龙盘一期别墅、山水龙盘一期2批别墅、江南名居五六期以及锦隆花园南区（二期）已售出（预售）的面积分别为41,000平方米、1,000平方米、29,000平方米以及140,000平方米。

集团的房地产每平方米平均售价从2010财年的人民币6,400元/平方米增至2011财年的人民币11,000　元/平方米，这主要归因于我们的山水龙盘一期别墅（集高端独栋别墅、双联排别墅以及三联排别墅与一体的项目）良好的销售业绩。

财务数据

回顾2011财年，集团的主营业务收入为人民币4.47亿

Shanshui Longpan Hotel

[1] 数据来源于搜房网的房地产统计监督中心（网址：HTTP://NEWHOUSE.FS.SOUFUN.COM/）

主席献词

元，同比减少49%，其主要原因是本财年集团的销售总面积从2010财年的127,000平方米减至2011财年的37,600平方米，同比减少70%。销售总面积减少的主要原因是江南名居五、六期的住宅单位基本上在2010年第三季度售罄并交付使用。而主营业务收入有所减少也归因于锦隆花园南区（二期）的建筑工程（也是集团主要的工程合同）大部分已在2010年完成，从而使2011财年的建筑工程业务收入同比减少了64%。尽管如此，山水龙盘一期别墅、江南名居五六期停车位的销售收入以及上涨的物业租赁收入、新增的江南名居五六期物业管理服务收入都对房地产主营业务收入作出了一定贡献。

虽然主营业务收入减少了，但集团的毛利率则从2010财年的20%增至2011财年33%，主要原因是山水龙盘一期别墅较高的平均售价使集团的总体平均售价同比增长了71%。

2011财年集团的营业费用和管理费用有所减少，主要原因是营销活动和2010财年上市相关费用的减少。可转换债券的公允价值减少了1.984亿人民币，但这只是账面上的调整，不会对集团的现金流产生影响。而由于新增和现有贷款使利息支出有所增加，从而使财务成本增加了人民币3820万元。2011财年集团的合作经营项目锦隆花园由于销售锐减而出现了人民币230万元的亏损，这主要归因于锦隆花园北区（一期）的住宅单位在2010财年已基本上售罄。

2011财年集团实现人民币5570万元的净利润（2010财年净亏损人民币1.046亿元）。我们的模拟合并财务报表不包括账面上的销售成本调整，净利润将是人民币6910万元。

截至2011年12月31日，我们的现金与银行余额为人民币1.439亿元，同比减少44%，这主要归因于经营性活动产生了人民币3.304亿元的现金流出，而投资性活动产生了人民币0.434亿元的现金流入，融资性活动以及汇兑差异则产生了人民币1.729亿元的现金流入。

截至2011年12月31日，我们的净资产负债率为42%，每股净资产价值为人民币1.0944元，与中国同行相比我们拥有健康的资本结构。

迎接挑战

毫无疑问，中国的房地产行业前景依然很严峻。我们相信现行的房地产限购令在短期内不会放宽，且许多潜在购房者可能会保持观望态度直至中国政府放松现行的各种调控政策。中国住房和城乡建设部部长在2011年10月份报告说：当国家房地产所有权及其他相关信息的数据库完善之后，房地产限购令就会被解除。因此，购房者的观望态度不会对我们的交易量造成长期压力。

我们的策略是继续发挥我们的竞争优势，向购房者提供地理位置合适且价格优惠的开发项目，因为我们相信购房者在这方面的需求还是很强烈的。

中国政府为了抑制通货膨胀而出台的各种政策不但使集团财务成本有所增加，也意味着银行及金融机构的贷款条件更苛刻，从而使集团的贷款难度增大。由于我们一直保持良好的信贷记录且多年来与各大银行及金融机构建立了深厚的业务关系，集团能够在贷款紧张的大环境中把负面影响减至最低。

接下来我们也会继续物色高品质、有商业可行性的新地块，包括开发商场、旅游项目以及改造工业用地等有利于推动集团长远发展的土地储备。

最新开发项目

截至2011年12月31日，集团有两个在建工程——多期开发项目山水龙盘以及锦隆花园南区（二期），在建总建筑面积约100万平方米。

我们在中国领先的经济发展区之一以及主要的生产和物流中心——珠江三角洲拥有约38.3万平方米的土地储备用于将来开发。其中包括我们在2011年7月取得的位于四会市的一块地，面积约为13.3万平方米。

我们预计现有项目及土地储备足够我们从现在开发到2017年，从而为集团的持续发展提供坚实的平台。

2011年11月，集团也成功竞得了一块邻近山水龙盘酒店的面积为1.65万平方米的土地。我们打算在这块地上开发附属于山水龙盘酒店的配套设施，以完善山水龙盘酒店之后的经营。

另外，可以预见我们2012财年将会有可观的收入和利润，因为在2012年下半年山水龙盘一期2批别墅以及锦隆花园南区（二期）完工时，我们就可以确认相应的房地产销售收入或利润。

股息

为了报答各位忠诚的股东，董事局很高兴宣布将向各位股东发放每股人民币2.39分（折合新币0.465仙）的年终股息（单层股息）——自2010年集团上市后第一次派息。

感谢词

最后，我代表董事局感谢所有员工一年来的辛勤工作和对集团作出的贡献。展望未来，我会和全体员工更加努力使集团成为享誉佛山及其他二、三线城市的综合房地产开发商。更重要的是，我要感谢各位尊贵的股东对集团一如既往的支持和信任。

袁乐生

董事长兼总裁

Shanshui Longpan Villas

Board of Directors

MR YUAN LE SHENG
Executive Chairman and CEO
(Date appointed to the Board: 20 August 2009)

The founder of our Group, Mr Yuan, is involved in the overall management of our property development activities as well as the business of our Group and has been spearheading our expansion and growth. Mr Yuan is instrumental to our growth and development, responsible for our operations, marketing, public relations as well as formulating and implementing our business strategies and development plans. Mr Yuan has more than 20 years of experience in the construction and real estate development industries. Prior to the establishment of our Group, Mr Yuan was a researcher in the He Shun Town Committee, Nanhai District, from July 1984 to May 1988 and was the head of Nanhai Guicheng Town Judiciary Office from May 1988 to March 1992. From March 1992 to July 1995, Mr Yuan took on the position of the deputy general manager of Nanhai Guinan Property Development Limited where he was in charge of administration and development. From 1995 to 2000, Mr Yuan was a general manager of Nanhai Guicheng Complex Property Development Co., Ltd. Mr Yuan was certified as an assistant construction engineer under the Nanhai Construction Series Beginner's Professional Technical Qualification for Work by the Human Resource Bureau of Nanhai District in January 2002 and obtained a bachelor's degree in construction project management from the Hubei Engineering College in 2003.

MR ZHANG MAO
Executive Director
(Date appointed to the Board: 23 November 2009)

Mr Zhang is in charge of the development and engineering departments of our Group and oversees the development of property development projects of our Group such as Jin Long Garden and Jiangnan Mingju. Prior to joining our Group in November 2000, Mr Zhang joined Nanhai Guicheng Complex Property Development Co., Ltd as a manager of the engineering and development department from January 1996 to January 1998 and Nanhai Guicheng Debao Property Development Co., Ltd. as the assistant to general manager from January 1998 to November 2000. When our Group was established in 2000, he was the assistant to the general manager and was appointed as the deputy managing director of our Group prior to his current appointment. From August 1983 to June 1993, Mr Zhang worked at the Ministry of Mechanical Engineering and Industry No. 8 Design Institute where he was a group leader in charge of construction structural design. From July 1993 to December 1995, he was the technical head of Guangdong Huizhou Construction Development Co., Ltd where he was responsible for overseeing construction work undertaken by the said company. Mr Zhang Mao obtained a degree in construction structural engineering at the Inner Mongolia Industrial University where he graduated in 1983. He was also certified as a Senior Engineer for Construction Projects in charge of Technical Management by the Human Resource Department of Guangdong Province in January 2001.

MR HE KE PING
Executive Director
(Date appointed to the Board: 23 November 2009)

Mr He is the overall in-charge of our Group's property investments and management, maintenance, contracts and procurement departments. Mr He has over 30 years of experience in the business, hotel and property development industries and has been involved in the property development industry since 1986. Mr He started his career as an accountant with Nanhai Supply and Marketing Cooperative in 1979. From June 1983 to October 1986, he was the finance manager of Nanhai Foreign Trade Cooperation Bureau. From November 1986 to June 2001, Mr He was the deputy head of business division and head of finance division of Nanhai Huangqi Development Co., Ltd where he was in charge of the sale and purchase of steel materials and vehicles as well as financial accounting and funds management. From July 2001 to June 2002 and from March 2003 to February 2004, Mr He was the manager of World Trade Textile City and Dajindi Departmental Store City respectively, where he was in charge of establishing and inviting tenders for each of the said companies. Mr He joined Debao Property as an assistant to the general manager in March 2004 and held various positions within our Group before being appointed to his current position. Mr He obtained a finance specialisation in 1979 from the Foshan Finance & Trade Cadre School.

MR ZHONG YU ZHAO

Executive Director

(Date appointed to the Board: 23 November 2009)

Mr Zhong is responsible for our administration and business development activities, including identification of possible acquisition opportunities and corporate strategic planning. Mr Zhong joined our Group in November 2000. Prior to joining our Group, Mr Zhong was a designer with Dashidai Advertising Co., Ltd from July 1996 to August 1999 and was an assistant to the head of office administration of Foshan Nanhai Guicheng Complex Property Development Co., Ltd. from August 1999 to November 2000. Mr Zhong holds a bachelor's degree in construction project management from Hubei Engineering College where he graduated in 2003.

MS ZHENG LI HUA

Non-executive Director

(Date appointed to the Board: 20 August 2009)

Ms Zheng is our controlling shareholder and also the spouse of our founder and Executive Chairman and CEO, Mr Yuan Le Sheng. From 1989 to 1993, she was a teacher at Foshan Nanhai Guicheng Central Kindergarten. Ms Zheng was an accounts officer with Foshan Nanhai Guicheng Agriculture Development Co., Ltd. from 1993 to 1997 and the accounts manager of Foshan Nanhai Guicheng Wire and Cable Co., Ltd. from 1997 to 1998. From 1998 to 2003, she was the head of administrative office of Foshan Nanhai Water Conservancy Sub-Bureau Guicheng Office. From 2003 to 2005, Ms Zheng was the general manager of Foshan Kangyi Decoration and Design Co., Ltd. Ms Zheng Lihua is currently the chairman and executive director of Foshan Nanhai Jiangnan Bilingual Arts Kindergarten. Ms Zheng is also the shareholder cum general manager of Foshan Kangyi Decoration and Design Co., Ltd

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MR CHEONG KENG CHUAN ALFRED

Lead Independent Director

(Date appointed to the Board: 23 November 2009)

Mr Cheong is currently an executive director of Crowe Horwath First Trust LLP, a certified public accountants firm. He has over 16 years of experience in the audit and financial consulting services industry, including serving six years at the legacy Arthur Andersen from January 1996 to May 2001 and two years at Protiviti Pte Ltd from March 2003 to April 2005. Mr Cheong also has extensive experience in commercial financial management having held the post of regional financial manager at Linklaters Allen & Gledhill Pte Ltd, an international legal firm from June 2001 to May 2002 and as the financial controller of Aztech Systems Ltd., a public listed company in Singapore from June 2002 to October 2002. He holds a Bachelor's degree in Commerce (with majors in Accountancy and Economics) from Deakin University, Australia and is a certified practising member of Certified Practicing Accountants, Australia. Mr Cheong is currently an independent director and the chairman of the audit committees of 3 other public companies which are listed on the Official List of the SGX-ST.

Board of Directors (cont'd)

MR SEETOH KOK CHOI WATSON

Independent Director
(Date appointed to the Board: 17 December 2007)

Mr Seetoh has more than 20 years of experience in the financial industry and started his career as an accountant with Stal Astra Refrigeration SEA Pte Ltd in Singapore in 1983. Since then, he has held various financial positions with both local small and medium enterprises and foreign based multi-national corporations including Dyno Industries (S) Pte Ltd where he was the group accountant from 1984 to 1988. Dyno Industries (S) Pte Ltd manufactures formaldehyde as well as urea and phenol formaldehyde glues, alkyd and unsaturated polyester resins and expandable polystyrene with factories in Indonesia, Malaysia and Singapore. He was the vice president controller from 1992 to 1997 for the Stanley Works Asia Pacific Pte Ltd, a regional headquarter for Asia Pacific and regional distribution center for The Stanley Works, a company listed on the New York Stock Exchange. Mr Seetoh also held various senior financial positions in public companies in Singapore. He was the chief accountant of L&M Group Investment Ltd from 1988 to 1990, the group financial controller of Hartford Education Corporation Limited from 2001 to 2002 and the chief financial officer of Top Global Limited from 2002 to 2003, all of which are listed on the SGX-ST. Mr Seetoh joined M.C. Packaging (Pte.) Ltd, a company dealing in metal packing with operations in Singapore, Malaysia and the PRC, as a financial advisor in 2004 and was subsequently appointed as its group managing director in 2005, a position which he still holds to-date. Mr Seetoh passed the professional qualification examinations of the Association of Chartered and Certified Accountants, UK, in 1982 and was admitted as a fellow member of the Association of Chartered and Certified Accountant in 1991. He has also obtained a Master in Business Administration from the University of Western Sydney and an Advanced Professional Diploma in Business Innovation from Leeds Metropolitan University of UK.

MR HE GUO QUAN

Independent Director
(Date appointed to the Board: 23 November 2009)

Mr He has over 14 years of experience in the audit and financial consulting services industry. Mr He joined Guangdong Zhengzhong Zhujiang Accounting Firm in 1997 as an auditor and held positions such as manager and senior manager before he was made a partner in the audit department in 2005, a position which he holds to-date. Mr He graduated from the Zhongnan University of Finance and Economics with a degree in International Accounting and is a member of the Chinese Institute of Certified Public Accountants and the Certified Public Accountants, Australia. Mr He is also certified as a Certified Internal Auditor by the Institute of Internal Auditors.

Senior Management

MR CHONG CHEE HOONG

Chief Financial Officer

Mr Chong is our Chief Financial Officer and joined our Group in March 2009. Mr Chong has more than 15 years of working experience in assurance practice and corporate management. Mr Chong oversees our Group's corporate development, financial reporting and investor relations matters. From January 1998 to December 2000, he was an audit senior with KPMG, Kuala Lumpur and was an audit senior associate and subsequently audit manager with PricewaterhouseCoopers, Singapore, from December 2000 to September 2004. Mr Chong joined Deloitte & Touche Singapore as an audit manager from October 2004 to May 2005. During his time in audit, Mr Chong was involved in the audit of several property and construction companies. From May 2005 to March 2008, Mr Chong was the senior manager of corporate development and finance for Memory Devices Limited, a company then listed on the SGX-ST, where he was in charge of handling corporate development and affairs matters. Prior to joining our Group in March 2009, Mr Chong worked on an engagement basis as a corporate development consultant. Mr Chong passed the professional qualification examinations of the Association of Chartered Certified Accountants, UK, in 1997 and has been admitted as a fellow member of The Association of Chartered Certified Accountants, UK, since 2005.

MS LU JIN MING

Deputy General Manager (Project Development)

Deputy General Manager (Project Development)Ms Lu is responsible for project development financing matters of our Group in the PRC, and is currently responsible for financial management and supervision of our Group's development project activities. Prior to joining our Group in November 2000, she was the finance head of Nanhai Guicheng Complex Property Development Co., Ltd and Nanhai Guicheng Debao Property Development Co., Ltd. from September 1996 to January 1998 and from January 1998 to November 2000 respectively. From December 1982 to May 1992, Ms Lu was the head accountant in Nanhai Yuegang Da Ming Shoes Co., Ltd and Nanhai Guicheng Zhujiang Wires and Cables Plant from June 1993 to August 1996. Ms Lu was certified as an assistant accountant by Nanhai District Technology Committee in June 1993 and received the Certificate of Accounting Professional issued by the Nanhai District Finance Bureau in May 2002.

MR YANG QI MAN

Deputy General Manager (New Project Management)

Mr Yang is responsible for exploring and managing new property development projects. Mr Yang joined our Group as a deputy general manager in the engineering department in November 2000. He went on to become the manager in the contract budget department and was the assistant to the general manager and subsequently deputy general manager of Construction and Project Budgeting before being appointed to his current position. Prior to joining our Group, Mr Yang was the deputy general manager of Nanhai Guicheng Debao Property Development Co., Ltd. where he was in charge of the engineering department. Mr Yang holds a bachelor's degree in Construction Engineering (Industrial and Civil Construction) from Guangdong Industrial University where he graduated in 1998. He was also certified as a construction engineering technical management engineer under the Foshan Construction Engineering Intermediate Professional Technical Qualification by the Human Resource Bureau of Foshan City in October 2003.

MS BU SHU ZHEN

Finance Manager

Ms Bu is our Finance Manager and joined our Group in October 2011. Ms Bu has more than 6 years experience in the audit and financial functions. She is in charge of the preparation of our Group's financial statements and financial reporting and is also responsible for our Group's internal controls and systems compliance review. She was an audit assistant and subsequently audit senior with Deloitte Touche Tohmatsu Guangzhou from July 2006 to February 2010. Prior to joining our Group in October 2011, Ms Bu was the finance manager of Guangzhou Hongyuan Metal Resources Trading Co., Ltd from March 2010 to September 2011. Ms Bu holds a Master of Management and a Bachelor of Management in Accounting from the Xiamen University. Ms Bu passed the professional qualification examinations of the Chinese Institute of Certified Public Accountants in 2004 and has been admitted as a member of Chinese Institute of Certified Public Accountants since December 2006. Ms Bu also passed the professional qualification examinations of The Institute of Internal Auditors in 2005 and has been admitted as a member of Institute of Internal Auditors, Guangdong Province since May 2007.

Corporate Information

Board of Directors
Yuan Le Sheng (Executive Chairman and CEO)
Zhang Mao (Executive Director)
He Ke Ping (Executive Director)
Zhong Yu Zhao (Executive Director)
Zheng Li Hua (Non-Executive Director)
Cheong Keng Chuan Alfred (Lead Independent Director)
Seetoh Kok Choi Watson (Independent Director)
He Guo Quan (Independent Director)

Audit Committee
Cheong Keng Chuan Alfred (Chairman)
Seetoh Kok Choi Watson
He Guo Quan

Nominating Committee
He Guo Quan (Chairman)
Cheong Keng Chuan Alfred
Seetoh Kok Choi Watson
Zheng Li Hua

Remuneration Committee
Seetoh Kok Choi Watson (Chairman)
Cheong Keng Chuan Alfred
He Guo Quan

Company Secretary
Janet Tan

Registered Office
1 Finlayson Green
#14-02
Singapore 049245
Tel: (65) 6513 3857
Fax: (65) 6512 5452

Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Principal Place of Business
No.7, Ground Floor, Jiangnan Mingju Xi Yuan
39 Nanyi Road, Guicheng, Nanhai District
Foshan City, Guangdong Province
PRC 528200

Auditors
Deloitte & Touche LLP
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809

Partner-in-charge
Jeremy Toh Yew Kuan
(appointed on 1 April, 2008)

Principal Bankers
Bank of Guangzhou Co., Ltd
Foshan Sub-branch
P32, 63 South Chaoan Road
Chancheng, Foshan City, Guangdong Province, the PRC

China Agricultural Bank Co., Ltd
Nanhai-Foshan Sub-branch
Jinhui Building, 72 North Nanhai Avenue, Guicheng
Nanhai, Foshan City, Guangdong Province, the PRC

China Citic Bank Co., Ltd
Foshan Sub-branch
6th Floor, Block A, Wealth Mansion
South Fenjiang Road, Chancheng
Foshan City, Guangdong Province, the PRC

China Merchants Bank Co., Ltd
Chengnan-Foshan Sub-branch
Ground Floor, Zone 1, 11 Kuiqi Yi Raod, Chancheng
Foshan City, Guangdong Province, the PRC

Corporate Governance Report

Debao Property Development Ltd. (the "Company") and its subsidiaries (collectively, the "Group") remain committed to maintaining high corporate governance standards and sound corporate practices in accordance with the Code of Corporate Governance 2005 (the "Code"). This report sets out the corporate governance practices of the Company with specific reference to the principles of the Code.

(A) BOARD MATTERS

BOARD COMPOSITION AND CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board of Directors (the "Board") comprises eight (8) Directors, of whom three (3) are independent Directors. Collectively, the members of the Board have varied expertise and knowledge in accounting, finance, business development and strategies, administration, sale and marketing. The Directors are as follows:

Name of Director	Age	Date of first appointment	Date of last re-election	Designation	Past and Present Directorships held in the last three (3) years in other listed companies
Yuan Le Sheng	45	20 August 2009	25 May 2010	Executive Chairman and Chief Executive Officer ("CEO")	Nil
Zhang Mao	50	23 November 2009	27 April 2011	Executive Director	Nil
He Ke Ping	50	23 November 2009	25 May 2010	Executive Director	Nil
Zhong Yu Zhao	36	23 November 2009	27 April 2011	Executive Director	Nil
Zheng Lihua	47	20 August 2009	30 December 2009	Non-executive Director	Nil
Cheong Keng Chuan Alfred	43	23 November 2009	25 May 2010	Lead Independent Director	C&G Industrial Holdings Limited China Hongxing Sports Limited Sinotel Technologies Ltd
Seetoh Kok Choi Watson	54	17 December 2007	27 April 2011	Independent Director	Nil
He Guo Quan	35	23 November 2009	30 December 2009	Independent Director	Nil

The composition of the Board and independence of each Director is reviewed annually by the Nominating Committee (the "NC") to ensure that the Board has the appropriate mix of expertise and experience to govern and manage the Group's affairs.

Apart from its statutory duties, the principal functions of the Board include:

1. charting the overall strategy, growth and direction of the Group;

2. formulating and approving the Group's policies, strategies and financial objectives;

3. approving the Group's annual budget, major funding proposals, investment and divestment proposals and corporate or financial restructuring;

4. ensuring there are in place appropriate and adequate systems of internal controls and risk management policies;

5. reviewing and endorsing the framework of remuneration for the Board and key executives as recommended by the Remuneration Committee;

Corporate Governance Report (cont'd)

6. approving the nomination and appointment of key executives, as recommended by the NC; and

7. assuming responsibility for good corporate governance practices and compliance with the Companies Act, Cap. 50, and the rules and requirements of regulatory bodies.

Matters requiring Board approval include:

- corporate policies, strategies and objectives of the Company;
- quarterly, half yearly and full year announcements;
- annual report and accounts;
- major payments, acquisitions, investments and disposal of assets;
- strategic planning; and
- transactions or investments involving a conflict of interest for a substantial shareholder or a Director, financial restructuring and share issuance, dividends and other returns to Shareholders.

In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings.

To assist the Board in the discharge of its responsibilities, the Board has established three (3) Board Committees, namely the Audit Committee, NC and Remuneration Committee. These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

The attendance of the Directors at meetings of the Board and other Committees is as follows:

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Name of Directors	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Yuan Le Sheng	5	5	4	4^	2	2^	1	1^
Zhang Mao	5	5	4	4^	2	2^	1	1^
He Ke Ping	5	5	4	4^	2	2^	1	1^
Zhong Yu Zhao	5	5	4	4^	2	2^	1	1^
Zheng Lihua	5	3	4	3^	2	1^	1	1
Cheong Keng Chuan Alfred	5	5	4	4	2	2	1	1
Seetoh Kok Choi Watson	5	4	4	2	2	2	1	1
He Guo Quan	5	4	4	4	2	1	1	1

^ by invitation

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. It also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

In addition, the Company has appointed Mr He Guo Quan, an Independent Director of the Company, as a director of our wholly-owned principal operating subsidiaries, namely Foshan Sanshui Nengrun Property Development Co., Ltd., Foshan Nanhai Jiangnan Mingju Property Development Co., Ltd. and Foshan Nanhai Debao Property Development Co., Ltd..

Training for Directors

A formal letter has been sent to each Director, upon his appointment, setting out the Director's statutory duties and obligations. All Directors receive appropriate training to develop individual skills as required. Directors are provided with extensive background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Directors also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of the Group's business operations. The Board as a whole is updated regularly on risk management, corporate governance and key changes in the relevant regulatory requirements and accounting standards.

CHAIRMAN AND CEO

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

In view of Mr Yuan Le Sheng's appointment as our Executive Chairman and CEO, Mr Cheong Keng Chuan Alfred has been appointed as the Lead Independent Director of the Company, pursuant to the recommendations of the Code. In accordance with the recommendations on the Code, our Lead Independent Director will be available to our Shareholders in respect of concerns which contact through the normal channel of the Chairman has failed to resolve or for which such contact is inappropriate.

The Executive Chairman and CEO sets the agenda for the Board meetings and exercises control over quality, quantity and timeliness of the flow of information between the management of the Company and the Board. The Executive Chairman and CEO also ensures that procedures are adopted to comply with the Code and ensure effective communication with Shareholders.

BOARD MEMBERSHIP AND PERFORMANCE

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC of the Company comprises the following members:

Mr He Guo Quan (Chairman)
Mr Cheong Keng Chuan Alfred
Mr Seetoh Kok Choi Watson
Mdm Zheng Lihua

Messrs He Guo Quan, Cheong Keng Chuan Alfred and Seetoh Kok Choi Watson are our Independent Directors and Mdm Zheng Lihua is our Non-Executive Director.

The NC, which has written terms of reference, is responsible for:

1. identifying and reviewing candidates and making recommendations to the Board for appointment or re-appointment of members to the Board;

2. determining annually whether or not a director is independent; and

3. evaluating the Board's performance as a whole and the contribution by each individual Director to ensure the effectiveness of the Board as a whole.

The NC has adopted a formal process for the evaluation of the performance of the Board as a whole and contributions from each individual Director to the effectiveness of the Board. This process takes into consideration a number of factors, such as the adequacy of the Director in carrying out his duties as Director of the Company, the independence of the Director, setting objective performance criteria, including those set out in the Code.

Reviews of the Board performance, as appropriate, are undertaken collectively by the Board annually and informally on a continual basis by the NC. The search and nomination for new directors, if any, will be either from internal promotion or through search companies, contacts and recommendations that go through the normal selection process, to cast the net as wide as possible for the right candidates.

Presently, the Articles of Association of the Company provides that one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation at every annual general meeting ("AGM"). A retiring Director is eligible for re-election by the Shareholders at the AGM. The NC has recommended the re-appointment of Mr Yuan Le Sheng, Mr Zheng Lihua and Mr He Guo Quan at the forthcoming AGM. The Board has accepted the NC's recommendation and the three (3) retiring Directors have offered themselves for re-election.

All Directors appointed during the year will hold office only until the next AGM and will be eligible for re-election. In evaluating the Director's contribution and performance for the purpose of re-nomination, the Company takes into consideration factors such as attendance, preparedness, participation and candour.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Board members are provided with complete, adequate information in a timely manner, including quarterly management reports and from all relevant information on material events and transactions, from time to time, to enable them to be fully cognisant of the decisions and actions of the Group's management team. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from management on financial, business and corporate issues and are normally circulated in advance of each meeting to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

The Directors have separate and independent access to the Company Secretary and management of the Company. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil her/his duties and responsibilities as a Director.

The Company Secretary attends all Board meetings and ensures Board procedures are followed. The Company Secretary is also responsible to ensure that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee (the "RC") comprises the following Directors, all of whom are Non-Executive and Independent Directors.

Mr Seetoh Kok Choi Watson (Chairman)
Mr Cheong Keng Chuan Alfred
Mr He Guo Quan

The RC, which has written terms of reference, is responsible for:

1. reviewing and recommending to the Board the remuneration package of each Director;

2. reviewing and recommending to the Board the remuneration of executive officers as well as related employees;

3. determining the contents of any service contract proposed to be entered into by the Company with a director or executive officer; and

4. approving and reviewing succession plans for key positions.

All aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options and other benefits-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of the executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Company had entered into service agreements with the Executive Directors. The service agreements cover the terms of employment, salaries and other benefits. Executive Directors do not receive Directors' fees.

Non-Executive Directors are paid Directors' fees, determined by the Board based on the effort, time spent and responsibilities of the Non-Executive Directors. The payment is subject to approval of the Shareholders at each AGM.

No individual Director is involved in the fixing of his own remuneration.

DISCLOSURE ON REUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Corporate Governance Report
(cont'd)

The remuneration of the Company's Directors, top key executives and employees related to the Directors for the financial year ended 31 December 2011 is as follows:

	Salary (%)	Performance-based incentive (%)	Bonus (%)	Benefit (%)	Director's fee (%)	Total (%)
(a) Directors						
Above S$250,000 but below S$500,000						
Yuan Le Sheng	86	-	11	3	-	100
Below S$250,000						
Zhang Mao	80	-	15	5	-	100
Zhong Yu Zhao	80	-	15	5	-	100
He Ke Ping	80	-	15	5	-	100
Below S$250,000						
Zheng Lihua	-	-	-	-	100	100
Cheong Keng Chuan Alfred	-	-	-	-	100	100
Seetoh Kok Choi Watson	-	-	-	-	100	100
He Guo Quan	-	-	-	-	100	100
(b) Key Executives						
Below S$250,000						
Chong Chee Hoong	90	-	10	-	-	100
Lu Jin Ming	76	-	18	6	-	100
Yang Qi Man	73	-	20	7	-	100
Bu Shu Zhen	100	-	-	-	-	100
(c) Employees related to Directors						
Below S$150,000						
Zheng Xiong Xian (1)	52	-	39	9	-	100
Yang Hui Yan (2)	80	-	19	1	-	100
Yuan Jia Sheng (3)	79	-	20	1	-	100
Fang Zai Ming (4)	49	-	49	2	-	100
Zheng Xiong Wei (5)	81	-	17	2	-	100

Notes:

(1) Brother of our Non-Executive Director, Mdm Zheng Lihua.

(2) Sister-in-law of our Executive Chairman and CEO, Mr Yuan Le Sheng.

(3) Brother of our Executive Chairman and CEO, Mr Yuan Le Sheng.

(4) Wife of our Executive Director, Mr Zhang Mao.

(5) Brother of our Non-Executive Director, Mdm Zheng Lihua.

The basis of determining the remuneration of these related employees is the same as the basis of determining the remuneration of other unrelated employees. For the current financial year ended 31 December 2011, the aggregate remuneration of the five (5) employees who are related to our Directors amounted to approximately RMB763,000 (equivalent to approximately S$148,000). The total remuneration of these employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility. In the event that a member of our RC is related to the employee under review, he will abstain from the review.

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Company announces its financial results on a quarterly basis and other material information via SGXNET in accordance with the Listing Manual of the SGX-ST (the "Listing Manual").

Other relevant disclosure documents are also made available to the Board prior to meetings and on an on-going basis.

AUDIT COMMITTEE (THE "AC")

Principle 11: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises three members, all of whom are Non-Executive and Independent Directors. Members of the AC are as follows:

Mr Cheong Keng Chuan Alfred (Chairman)
Mr Seetoh Kok Choi Watson
Mr He Guo Quan

Messrs Cheong Keng Chuan Alfred, Seetoh Kok Choi Watson and He Guo Quan have accounting or related financial management background. The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC, which has written terms of reference, performs, inter alia, the following main functions:

1. review with the internal and external auditors the scope and results of audit and its cost effectiveness. Where the external auditors also provide non-audit services to the Company, the AC will keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

2. review the interim and annual financial statements and any significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company as well as any formal announcements relating to the Company's financial performance before the submission of the same to the Board;

3. conduct an annual review of the effectiveness and adequacy of the Company's internal controls and procedures with the management and the external auditors;

4. ensure and be satisfied with the adequacy and effectiveness of the internal audit function;

5. nominate persons as internal and external auditors, review their appointment or re-appointment as well as matters relating to their remuneration, resignation or dismissal, and recommending the same to the Board;

6. review the independence of the internal and external auditors annually;

7. meet with external and internal auditors without the presence of the Company's management at least annually and review the co-operation given by the Company's officers to external and internal auditors;

8. meet with other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC; and

9. review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and to ensure that suitable arrangements are in place for the independent investigation of such matters and that appropriate follow-up action shall be taken.

Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position. Each member of the AC will abstain from voting in respect of matters in which he is interested.

The AC has the power to conduct or authorise investigations into any matters within its scope of responsibility. It also has full access to and co-operation from management and full discretion to invite any Directors or Executive Officers to attend its meetings and reasonable resources to enable it to discharge its functions.

In respect of the audit for financial year ended 31 December 2011, the Company paid S$93,000 to Deloitte & Touche LLP for its statutory audit services. The AC, having reviewed the range and value of non-audit services provided by the external auditors, Deloitte & Touche LLP, during the year which amounted to S$10,000 or 10.8% of the audit fees, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC recommended that Deloitte & Touche LLP be nominated for re-appointment as auditors at the forthcoming AGM.

The AC is satisfied that the Company has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to its auditing firms.

INTERNAL CONTROLS

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board recognises the need and is responsible for maintaining a system of internal controls and processes to safeguard shareholders' investments and the Group's assets. The AC monitors the effectiveness of the internal control systems and procedures and will ensure that a review of the effectiveness of the Company's internal controls is conducted annually or when the AC deems necessary.

The management of the Group regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the directors and the AC. The AC expects the risk assessment process to be a continuing process.

The Board of Directors and the AC review the adequacy of the Group's internal controls, including financial, operational and compliance risks. Based on the review conducted, the Board of Directors and the AC are of the opinion that, in the absence of any evidence to the contrary, the system of internal controls in place is adequate in meeting the current scope of the Group's business operations.

INTERNAL AUDIT

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The Company has appointed and outsourced its internal audit function to Baker Tilly Consultancy (Singapore) Pte Ltd a qualified public accounting firm. The primary functions of internal audit are to:

- assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;

- assess if operations of the business processes under review are conducted efficiently and effectively; and

- identify and recommend improvement to internal control procedures, where required.

The internal auditors are required to adopt the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors will report directly to the Chairman of the AC, with full and direct access to the members of the AC at all times.

The Company has put in place a Whistle-Blowing Policy for the Group. The said policy serves to encourage and provide a channel for employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The arrangement also ensures independent investigation of such matters and appropriate follow-up actions.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of its obligation to release timely and fair disclosure of material information and does not practise selective disclosure. In line with continuous disclosure obligations of the Company in line with the Listing Manual and the Companies Act, Cap. 50, the Board's policy is that all Shareholders should be informed in a timely and equal manner of all major developments that impact the Group.

Price-sensitive announcements including interim and full-year results are released through SGXNET within the mandatory period. All Shareholders of the Company receive the Annual Report and notice of AGM, together with explanatory notes or a circular on items of special business, at least 14 calendar days before the meeting (excluding the date of notice and the date of meeting). The Annual Report is also subsequently posted on the Company's website.

Shareholders of the Company are encouraged to attend the AGM to ensure a greater level of shareholder participation. The Board views the AGM as the principal forum for dialogue with Shareholders, being an opportunity for Shareholders to raise issues and ask the Directors or management questions regarding the Group and its operations. In the event that a Shareholder cannot attend the AGM, the Articles of Association of the Company allows a Shareholder to appoint one or two proxies to attend and vote on his behalf.

The Chairmen of various committees will be available the AGM to answer questions relating to the work of their respective committees. The external auditors will also be present to address Shareholders' queries about the conduct of the audit and preparation and content of the auditor's report.

(E) INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that these transactions are conducted at arm's length basis and are not prejudicial to the interests of the shareholders. Excluding transactions less than S$100,000, other than disclosed below, there are no other interested person transactions during the financial year under review:

	Aggregate value of all interested person transactions during the financial year 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$100,000)
Name of interested person	**S$**	**S$**
Zheng Lihua	2,511,845 (1)	-
Zhong Yu Zeng	497,398 (2)	-
Fang Zai Ming, Zhang Jia Yi	202,231 (3)	-

Notes:

(1) Mdm Zheng Lihua is the Non-Executive Director of the Company. The transaction value arises out of the sale and lease of properties from the Group to Mdm Zheng Lihua.

(2) Mr Zhong Yu Zeng is the brother of an Executive Director, Mr Zhong Yu Zhao. The transaction value arises out of the lease of Debao Hotel owned by the Group to Mr Zhong Yu Zeng.

(3) Mdm Fang Zai Ming is the wife of our Executive Director, Mr Zhang Mao, Miss Zhang Jia Yi is the daughter of our Executive Director, Mr Zhang Mao. The transaction value arises out of the sale of property from the Group to Mdm Fang Zai Ming and Miss Zhang Jia Yi.

Corporate Governance Report
(cont'd)

(F) DEALINGS IN SECURITIES

The Group has adopted an internal code of conduct on dealings in the Company's securities by all Directors and employees of the Group. The code of conduct relates to, inter alia, insider trading prohibitions under the Securities and Future Act, Cap 289, the disclosure requirements of the SGX-ST and prohibitions on Directors and employees from dealing in the Company's securities during the two weeks immediately preceding, and up to the time of the announcement of, the Company's results for each of the first three quarters of its financial year and during the one month preceding, and up to the time of announcement of, the Company's results for the full financial year.

(G) MATERIAL CONTRACTS

Except as disclosed in the Report of the Directors and Financial Statements, no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Executive Chairman and CEO or any Directors or controlling shareholders subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

(H) TREASURY SHARES

There are no treasury shares held by the Company as at the end of the financial year ended 31 December 2011.

Financial Contents

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2011.

1 DIRETORS

The directors of the Company in office at the date of this report are:

Yuan Le Sheng
Zhang Mao
He Ke Ping
Zhong Yu Zhao
Zheng Lihua
Cheong Keng Chuan Alfred
Seetoh Kok Choi Watson
He Guo Quan

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of director and company in which interest is held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
<u>Ordinary shares of the Company</u>				
Zheng Lihua	-	-	605,930,232	620,300,232
Yuan Le Sheng	-	14,370,000	605,930,232	605,930,232
Zhong Yu Zhao	-	1,010,000	-	-
He Ke Ping	-	101,000	-	-
Zhang Mao	-	-	636,000	1,212,000

By virtue of Section 7 of the Singapore Companies Act, Zheng Lihua and Yuan Le Sheng are deemed to have an interest in all the related corporations of the Company.

The Director's interests in the shares and options of the Company at January 21, 2012 were the same as at December 31, 2011.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

5 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

6 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr Cheong Keng Chuan Alfred, an independent director, and includes Mr Seetoh Kok Choi Watson and Mr He Guo Quan. The Audit Committee meets every quarter to review the following, where relevant, with the Executive Directors and external auditors of the Company:

a) the audit plans and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

e) the co-operation and assistance given by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

Report of the Directors
(cont'd)

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Yuan Le Sheng

Zhang Mao

Date: March 26, 2012

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 37 to 78 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Yuan Le Sheng

Zhang Mao

Date: March 26, 2012

Independent Auditors' Report

To the Members of Debao Property Development Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Debao Property Development Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 78.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore
Date:

Statements of Financial Position

December 31, 2011

	Note	Group			Company	
		December 31, 2011 RMB'000	December 31, 2010 RMB'000 (Restated)	January 1, 2010 RMB'000 (Restated)	December 31, 2011 RMB'000	December 31, 2010 RMB'000
ASSETS						
Current assets						
Cash and cash equivalents	6	143,905	258,058	153,243	-	-
Restricted cash	7	21,420	120	60,000	-	-
Trade and other receivables	8	209,983	38,990	104,019	-	-
Amount due from related parties – non trade	5	-	-	1,023	-	-
Amount due from subsidiaries	5 & 16	-	-	-	626,477	681,557
Amount due from customers for contract works	9	8,709	30,157	24,676	-	-
Inventories	10	147	1,143	828	-	-
Properties held for sale	11	299,366	109,178	13,109	-	-
Development properties	12	1,252,664	1,549,500	1,897,829	-	-
Land use rights	13	1,095	93	93	-	-
Dividends receivable		-	-	-	34,126	-
Total current assets		1,937,289	1,987,239	2,254,820	660,603	681,557
Non-current assets						
Land use rights	13	38,075	3,845	3,938	-	-
Property, plant and equipment	14	154,141	32,693	33,573	-	-
Investment properties	15	240,680	233,463	163,000	-	-
Investment in subsidiaries	16	-	-	-	-	-
Investment in jointly controlled operation	17	36,445	75,989	60,784	-	-
Other investments	18	1,800	1,800	1,300	-	-
Deferred tax assets	19	15,042	20,488	16,985	-	-
Other non-current asset	20	-	3,000	3,000	-	-
Total non-current assets		486,183	371,278	282,580	-	-
Total assets		2,423,472	2,358,517	2,537,400	660,603	681,557
LIABILITIES AND EQUITY						
Current liabilities						
Bank and other loans	21	472,908	343,540	271,655	-	6,523
Trade and other payables	22	317,734	523,144	865,002	1,868	9,391
Amount due to directors	5	2,964	174	8,673	-	174
Amount due to subsidiaries	5 & 16	-	-	-	14,517	14,183
Convertible loan notes at fair value	23	-	-	416,438	-	-
Tax payables		99,617	77,965	15,624	-	-
Total current liabilities		893,223	944,823	1,577,392	16,385	30,271
Non-current liabilities						
Bank and other loans	21	191,799	129,841	401,199	-	-
Deferred tax liabilities	19	107,252	110,485	146,389	-	-
Total non-current liabilities		299,051	240,326	547,588	-	-
Capital, reserves and non-controlling interests						
Share capital	23	909,831	909,831	47,824	909,831	909,831
Translation reserve		2,535	866	(2,691)	(3,841)	30,791
Statutory reserve	24	23,887	19,036	-	-	-
Retained earnings (Accumulated losses)		294,462	243,635	367,287	(261,772)	(289,336)
Equity attributable to equity holders of the Company		1,230,715	1,173,368	412,420	644,218	651,286
Non-controlling interest		483	-	-	-	-
Total equity		1,231,198	1,173,368	412,420	644,218	651,286
Total liabilities and equity		2,423,472	2,358,517	2,537,400	660,603	681,557

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive income

Year ended December 31, 2011

	Note	2011 RMB'000	2010 RMB'000 (Restated)
Revenue	25	447,003	873,758
Cost of sales		(298,139)	(702,201)
Gross profit		148,864	171,557
Other income	26	67,548	7,722
Selling and distribution expenses		(6,608)	(9,467)
Administrative expenses		(42,753)	(48,516)
Change in fair value of convertible loan notes		-	(198,402)
Share of a jointly controlled operation (loss) profit		(2,335)	11,265
Change in fair value of investment properties	15	8,591	54,295
Finance costs	27	(50,908)	(12,712)
Profit (Loss) before tax	28	122,399	(24,258)
Income tax expense	29	(66,738)	(80,358)
Profit (Loss) for the year		55,661	(104,616)
Other comprehensive income , net of tax			
Exchange differences on translation of foreign operations, net of tax		1,669	3,557
Total comprehensive income (loss) for the year		57,330	(101,059)
Profit (Loss) for the year attributable to:			
Owner of the company		55,678	(104,616)
Non-controlling interest		(17)	-
		55,661	(104,616)
Total comprehensive income (loss) attributable to:			
Owner of the company		57,347	(101,059)
Non-controlling interest		(17)	-
		57,330	(101,059)
Earnings (Losses) per share (in RMB cents)			
Basic	31	4.95	(10.45)
Diluted	31	4.95	(10.45)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2011

	Note	Share capital RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Attributable to equity holders of the company RMB'000	Non-controlling interest RMB'000	Total RMB'000
Group								
Balance at January 1, 2010 previously reported		47,824	-	(2,691)	429,468	474,601	-	474,601
Adjustments		-	-	-	(62,181)	(62,181)	-	(62,181)
Balance at January 1, 2010 as restated		47,824	-	(2,691)	367,287	412,420	-	412,420
Total comprehensive loss for the year, as restated		-	-	3,557	(104,616)	(101,059)	-	(101,059)
Issue of share capital	23	261,558	-	-	-	261,558	-	261,558
Share issue expense	23	(11,641)	-	-	-	(11,641)	-	(11,641)
Conversion of convertible loan notes	23	612,090	-	-	-	612,090	-	612,090
Appropriations		-	19,036	-	(19,036)	-	-	-
Balance at December 31, 2010		909,831	19,036	866	243,635	1,173,368	-	1,173,368
Total comprehensive income for the year		-	-	1,669	55,678	57,347	(17)	57,330
Appropriations		-	4,851	-	(4,851)	-	-	-
Non-controlling interests arising from incorporation of subsidiary		-	-	-	-	-	500	500
Balance at December 31, 2011		909,831	23,887	2,535	294,462	1,230,715	483	1,231,198

See accompanying notes to financial statements.

Statements of Changes in Equity
(cont'd)

Company		Share capital RMB'000	Accumulated losses RMB'000	Translation reserve RMB'000	Total RMB'000
Balance at January 1, 2010		47,824	(76,053)	(1,863)	(30,092)
Issue of share capital	23	261,558	-	-	261,558
Share issue expenses	23	(11,641)	-	-	(11,641)
Conversion of convertible loan notes	23	612,090	-	-	612,090
Total comprehensive loss for the year		-	(213,283)	32,654	(180,629)
Balance at December 31, 2010		909,831	(289,336)	30,791	651,286
Total comprehensive income (loss) for the year		-	27,564	(34,632)	(7,068)
Balance at December 31, 2011		909,831	(261,772)	(3,841)	644,218

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2011

	Notes	2011 RMB'000	2010 RMB'000 (Restated)
Operating activities			
Profit (Loss) before tax		122,399	(24,258)
Adjustments for:			
Fair value gain of investment properties		(8,591)	(54,295)
Change in fair value of convertible loan		-	198,402
Writeback of doubtful debts		(200)	(400)
Interest expense		50,908	12,712
Depreciation		5,718	2,672
Amortisation of land use right		595	93
Gain on disposal of an investment property		(8,227)	-
Loss on disposal of property, plant and equipment		-	3
Dividend income		(145)	(65)
Interest income		(1,620)	(2,461)
Share of a jointly controlled operation loss (profit)		2,335	(11,265)
Operating cash flows before movements in working capital		163,172	121,138
Trade and other receivables		(172,007)	52,016
Development properties		(77,746)	367,908
Properties held for sale		48,845	(96,069)
Amount due from customers for contract works		21,448	(7,093)
Inventories		996	(315)
Trade and other payables		(203,974)	(323,186)
Cash (used in) generated from operations		(219,266)	114,399
Interest paid		(73,398)	(32,291)
Interest received		880	-
Income tax paid		(38,660)	(55,492)
Net cash (used in) from operating activities		(330,444)	26,616

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows (cont'd)

	Notes	2011 RMB'000	2010 RMB'000 (Restated)
Investing activities			
Amounts due from related parties		-	1,023
Repayment from a jointly controlled operation		29,328	-
Purchases of property, plant and equipment		(4,954)	(1,795)
Interest received		8,621	598
Proceeds on disposal of investment properties		12,493	-
Dividend received		145	65
Addition in investment properties		(2,226)	(16,168)
Acquisition of other investment		-	(500)
Net cash generated from (used in) investing activities		43,407	(16,777)
Financing activities			
(Placement) Release of restricted fixed deposit		(21,300)	59,880
Amounts due to directors		2,790	(8,499)
Proceeds from injection of share capital	23	-	249,917
Proceed from minority interest contribution		500	-
Proceeds from bank loans		248,130	113,740
Proceeds from other loans		128,822	-
Repayment of bank loans		(179,104)	(293,375)
Repayment of other loans		(6,523)	(8,356)
Costs relating to extension of convertible loan notes terms		-	(18,900)
Net cash from financing activities		173,315	94,407
Net (decrease) increase in cash and cash equivalents		(113,722)	104,246
Effects of exchange rate changes on the balance of cash held in foreign currencies		(431)	569
Cash and cash equivalents at beginning of year	6	258,058	153,243
Cash and cash equivalents at end of year	6	143,905	258,058

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2011

1. GENERAL

The Company (Registration No. 200715053Z) is incorporated in Singapore on August 16, 2007 with its principal place of business at No.7 Ground Floor, Jiangnan Mingju Xi Yuan, 39 Nanyi Road, Guicheng, Nanhai District, Foshan City, PRC and registered office at 1 Finlayson Green #14-02, Singapore 049246. The financial statements are expressed in Chinese Renminbi ("RMB"). The presentation currency is Renminbi as majority of the Group's transactions are denominated in Renminbi.

The principal activity of the Company is that of an investment holding.

The principal activities of its subsidiaries are described in Note 16 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2011 were authorised for issue by the Board of Directors on March 26, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group and the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2011. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

<u>INT FRS 115 *Agreements for Construction of Real Estate*</u>

INT FRS 115 has been adopted for annual periods beginning January 1, 2011 and has been applied retrospectively. The Interpretation clarifies how entities should determine whether an agreement for the construction of real estate is within the scope of FRS 11 *Construction Contracts* or FRS 18 *Revenue* and when revenue from the construction of real estate should be recognised. The Interpretation is issued with an Accompanying Note that explains the application of the Interpretation to property development sales in Singapore by considering the Singapore legal framework for standard residential sales regulated by the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and use the standard form of the sale and purchase agreement prescribed in the Housing Developers Rules.

Previously, the Group applied FRS 11 by analogy (as recommended by RAP 11 Pre-Completion Contracts For The Sale Of Development Property) to all pre-completion contracts for the sale of real estate i.e. revenue recognition using the percentage-of-completion accounting. As a consequence of adopting INT FRS 115, the method of recognising revenue for certain such contracts has changed. All agreements to sell properties under development (i.e. pre-completion contracts) are accounted for as sales of goods based on FRS 18.

Sales of goods

Consequently, revenue is recognised for such sales when risks and rewards of ownership of the real estate is transferred to the buyer, which is when the legal title passed to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the respective property to the buyer, whichever is earlier.

Any progress billings received for such property sales are recorded as advance from customers in liabilities. Any costs incurred in the development of such property are carried at cost on the statement of financial position.

Notes to Financial Statements
(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The following are the effects of retrospective application on the amounts reported in 2010 and 2009:

	Group	
	December 31, 2010 RMB'000	**January 1, 2010 RMB'000**
Group statement of financial position		
(Decrease)/Increase in trade and other receivables	(112,855)	158
Increase in development properties	312,462	562,183
Increase in properties held for sale	25,780	-
Decrease in property, plant and equipment	(1,197)	(985)
Decrease in amount due from customer for contract work	(277)	(2,351)
Decrease in investment in joint controlled operation	(7,554)	(11,822)
Increase in deferred tax assets	9,706	15,121
Increase in trade and other payables	286,753	652,508
Decrease in tax payable	(5,009)	(886)
Decrease in deferred tax liabilities	(15,412)	(27,137)
Decrease in retained earnings	(40,267)	(62,181)

	2010 RMB'000
Group statement of comprehensive income	
Increase in revenue	307,105
Increase in cost of sales	(273,952)
Decrease in administrative expenses	142
Increase in share of a jointly controlled operation	3,568
Decrease in income tax expense	(14,949)
Increase in profit for the year	21,914
Decrease in basic and diluted EPS (in RMB cents)	2.19
Group statement of cash flows	
Increase in Profit (loss) before tax	36,863
Increase in depreciation	128
Decrease in share of a jointly controlled operation loss	(3,568)
Increase in operating cash flows before movement in working capital	
Increase in trade and other receivables	111,082
Increase in development properties	250,270
Decrease in property held for sale	(25,780)
Decrease in amount due from customer for contract works	(2,774)
Decrease in trade and other payables	(366,221)
Increase in cash generated from operations	-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 12 *Income Taxes – Deferred Taxes: Recovery of Underlying Assets*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 113 *Fair Value Measurement*

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the combined financial statements of the Group in the period of their initial adoption except for the following:

Amendments to FRS 12 *Income Taxes – Deferred Taxes: Recovery of Underlying Assets*

The amendments to FRS 12 introduce an exception to the principle when deferred tax assets or deferred tax liabilities arise from:

- investment property measured using the fair value model in FRS 40 *Investment Property*; and
- investment property acquired in a business combination if it is subsequently measured using the fair value model in FRS 40.

Currently, the group measures deferred tax assets and deferred tax liabilities arising from investment properties to reflect the tax consequences that would follow from the manner in which the group expects to recover the carrying amount of its investment properties (which may differ depending on whether the recovery is from use or from sale or from both). Such manner of recovery is based on estimates of future transactions based on current intention.

The amendments introduce a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The amendments are effective for annual periods beginning on or after January 1, 2012.

The adoption of FRS 12 does not have any impact on the Group as the Group operates in PRC. Under PRC's tax rules, fair value gain arising from revaluation of investment properties upon sale are subjected to tax at the statutory tax rate of 25%.

FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 Consolidation-Special Purpose Entities.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2013, with full retrospective application.

When the Group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

FRS 111 *Joint Arrangements* and FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 supersedes FRS 31 Interests in Joint Ventures and INT FRS 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 *Investments in Associates and Joint Ventures* to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after January 1, 2013, with full retrospective application.

When the Group adopts FRS 111, arrangements currently accounted for as jointly controlled operations and jointly controlled assets may have to be equity accounted for as joint ventures; and arrangements currently accounted for as jointly controlled entities may have to be accounted for as joint operation. For arrangements that are joint ventures and were previously proportionately consolidated, the group will have to adopt equity accounting.

The Group is currently estimating the effects of FRS 111 on its joint arrangements in the period of initial adoption.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after 1 January 2013, and the Group is currently estimating the extent of additional disclosures needed.

FRS 113 *Fair Value Measurement*

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 Share-based Payment, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after January 1, 2013. Comparative information is not required for periods before initial application.

The Group is currently estimating the effects of FRS 113 in the period of initial adoption.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisition of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date.

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

JOINTLY CONTROLLED OPERATIONS – When the Group undertakes its activities under joint venture arrangements directly, constituted as jointly controlled operations, the assets and liabilities arising from those jointly controlled operations are recognised in the statement of financial position of the relevant company on an accrual basis and classified according to the nature of the item. The Group's share of the income from jointly controlled operations, together with the expenses that it incurs are included in the profit or loss when it is probable that the economic benefits associated with the transactions will flow to/from the Group.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instrument.

Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

Available-for-sale financial assets

Certain shares held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Trade receivables, other receivables, amount due from related parties and subsidiaries and amount due from customers for contract works that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Trade, other payables and amount due to related parties and subsidiaries

Trade, other payables and amount due to a director and subsidiaries are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Bank loans and other loans

Interest-bearing bank loans and other loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

INVENTORIES – Inventories are measured at the lower of cost (weighted averaged method) and net realisable value. Costs includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Rental payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROPERTY, PLANT AND EQUIPMENT – Properties in held for administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for use. Depreciation of these assets on the same basis as other property assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost, other than construction-in-progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, on the following bases:

Building	–	20 years
Plant and machinery	–	5 years
Motor vehicles	–	5 years
Equipment, furniture and fixtures	–	3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

LAND USE RIGHTS – Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight –line basis over the lease term of 40 - 50 years (2010: 50 years). The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

DEVELOPMENT PROPERTIES AND PROPERTIES HELD FOR SALE – Development properties and properties held for sale are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Cost comprises costs that relate directly to the development, such as acquisition costs, and related costs that are attributable to development activities and can be allocated to the development project, including attributable borrowings costs (see accounting policy for borrowing costs below).

Payments received from purchasers prior to completion are included in "trade and other payables" as " Advance receipt from the sales of properties".

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF TANGIBLE ASSETS AND INTANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with infinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Revenue and profits from construction contracts are recognised in accordance with the Group's accounting policy on construction contracts (see above).

(ii) Revenue from properties development for sale is recognised when the legal title passed to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the respective property to the buyer, whichever is earlier. Payments received from buyers prior to this stage are recorded as advances from customers for sales of properties and are classified as current liabilities.

(iii) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iv) Dividend income from investments is recognised when the shareholder's right to receive payment have been established.

(v) Maintenance service fee income from maintenance work that is performed over a short duration is recognised when the service is completed.

(vi) The group's policy for recognition of revenue from operating leases is described above.

BORROWING COSTS – Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit or loss. except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates in. The functional currency of the Company is Singapore dollars. The financial statements are expressed in Chinese Renminbi as majority of the Group's transactions are denominated in Chinese Renminbi.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Chinese Renminbi using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

There are no significant critical judgements made by management that may affect the carrying amounts of assets and liabilities at the end of the financial years.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Trade and other receivables

Note 2 describes that trade and other receivables are recognised initially at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are in profit or loss when there is objective evidence that the asset is impaired.

In making the estimation, management considered detailed procedures have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the aging status and the likelihood of collection. Following the identification of doubtful debts, the responsible sales personnel discusses with relevant customers and report on the recoverability, specific allowance is only made for trade receivables that are unlikely to be collected. In this regard, the directors of the Group are satisfied that this risk is minimal and adequate allowance for doubtful debts has been made in the financial statements in light of the historical records of the Group. The carrying amount of trade receivables are disclosed in Note 8.

Corporate guarantees

The Company has corporate guarantees as disclosed in Note 35 to the financial statements. The determination of the probability of the counterparties claiming under the guarantees requires judgement. Based on expectations at the end of the reporting period, management considers that it is more likely than not that no amount will be payable under the arrangement.

Details of corporate guarantees are disclosed in Note 35 to the financial statements.

Land Appreciation Tax ("LAT")

All income from sale of properties in the PRC is subject to LAT at progressive rates under the PRC tax laws and regulations. Management has to estimate the LAT progress rate to provide for LAT in accordance with the PRC tax laws and regulations.

The management, as disclosed in Note 29, considered the provision of LAT to be adequate.

Valuation of investment properties

As disclosed in Note 15 to the financial statements, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based this on a method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgment and is satisfied that the method of valuation is reflective of current market conditions and the estimates used are appropriate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Carrying amounts of properties held for sale and development properties

The aggregate carrying amount of these properties totalled RMB1,552,030,000 as at 31 December 2011 (2010: RMB1,658,678,000), details of which are disclosed in Note 11 and 12 respectively. They are stated at lower of cost and net realisable value.

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, ie. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to management judgement and the effect of assumptions in respect of the prevailing market conditions and selling prices of similar properties. Any variances on market conditions and selling prices can potentially impact the carrying amounts of the respective properties.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2011 RMB'000	2010 RMB'000 (Restated)	2011 RMB'000	2010 RMB'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	209,322	329,674	660,603	681,557
Available-for-sale financial assets	1,800	1,800	-	-
Financial liabilities				
Amortised cost	799,836	638,662	16,385	30,271

(b) Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. Management is responsible for the overall financial risk management covering specific areas. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group's transactions are largely denominated in Renminbi and has limited exposure to foreign exchange risk. The Group does not enter into derivative foreign exchange contracts and foreign currency borrowings to hedge its foreign exchange risk.

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (v) of this Note.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

If interest rates had been 50 basis points higher or lower and all other variables were held constant:

- the Group's profit for the year ended December 31, 2011 would decrease/increase by RMB3,324,000 (2010: decrease/increase by RMB2,367,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings; and

- the Company's profit for the year ended December 31, 2011 would decrease/increase by RMBNil (2010: decrease/increase by RMB33,000).

(iii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. The Group does not actively trade available-for-sale investment. Equity price sensitivity has not been analysed as the impact on the Group and Company's financial statements is not expected to be significant.

Further details of these equity investments can be found in Note 18 to the financial statements.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's maximum exposure to credit risk comprise (i) the sum of the carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses; and (ii) credit risk relating to guarantees of approximately RMB951,564,000 (2010: RMB432,344,000) to banks for the benefit of the Group's customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties, as elaborated in Note 35 to the financial statements.

Further details of credit risks on trade and other receivables are disclosed in Note 8.

(v) Liquidity risk management

The Group maintains cash and cash equivalents, and external bank loans with staggered repayment dates, some of which are in excess of two years.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

Group

	Weighted average effective interest rate % (per annum)	On demand or within 1 year RMB'000	Within 2 to 5 years RMB'000	After 5 years RMB'000	Adjustment RMB'000	Total RMB'000
2011						
Non-interest bearing	-	135,130	-	-	-	135,130
Variable interest rate instruments	5.8 – 18.0	519,989	180,618	25,673	(61,574)	664,706
		655,119	180,618	25,673	(61,574)	799,836
2010						
Non-interest bearing	-	165,281	-	-	-	165,281
Variable interest rate instruments	5.5 – 16.0	364,548	115,660	35,270	(42,097)	473,381
		529,829	115,660	35,270	(42,097)	638,662

Company

	Weighted average effective interest rate % (per annum)	On demand or within 1 year RMB'000	Within 2 to 5 years RMB'000	After 5 years RMB'000	Adjustment RMB'000	Total RMB'000
2011						
Non-interest bearing	-	16,385	-	-	-	16,385
		16,385	-	-	-	16,385
2010						
Non-interest bearing	-	23,748	-	-	-	23,748
Variable interest rate instruments	6.48	6,591	-	-	(68)	6,523
		30,339	-	-	(68)	30,271

Non-derivative financial assets

The non-derivative financial assets of the Group are repayable on demand or current.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables including amount due from subsidiaries, related parties and customers for contract works and trade and other payables including amount due to subsidiaries and director approximate their respective fair values due to the relatively short- term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quoted for similar instruments; and

- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity comprising issued capital, reserves and retained earnings as disclosed in Statement of Changes in Equity of the Group.

The Group's management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Management also ensure that the Group maintains gearing ratios within a set range to comply with the loan covenants imposed by banks. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The management's strategy remained unchanged from 2010.

5. RELATED COMPANY TRANSACTIONS AND OTHER RELATED PARTY TRANSACTIONS

Related companies in these financial statements refer to members of the Company's group of companies.

The ultimate controlling parties are Mr Yuan Le Sheng and Mdm Zheng Lihua (husband and wife) whose interest in the Company is held through their shareholdings in Billion Equity Holdings Limited and Pride Capital Investment Holdings Limited.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand.

5. RELATED COMPANY TRANSACTIONS AND OTHER RELATED PARTY TRANSACTIONS (cont'd)

During the year, the Group entities entered into the following transactions with related parties:

	Group	
	2011 RMB'000	**2010 RMB'000 (Restated)**
Repayment of director loans to a director during the year	6,523	57,304
Revenue from property development		
– directors and close family members of directors and key management	4,754	8,218
Rental income		
– a close family member of a director	2,970	2,811
Construction revenue		
– a jointly controlled operation	16,875	41,711
Interest expense		
– a director	385	2,789
Construction cost		
– close family member of a director	-	7,603
Proceeds on disposal of an investment property		
– to a director	12,493	-

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2011 RMB'000	**2010 RMB'000**
Short-term benefits	7,354	16,176

The remuneration of directors and key management is determined having regard to the performance of individuals and market trends.

6. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RMB'000	**2010 RMB'000**	**2011 RMB'000**	**2010 RMB'000**
Cash at bank	143,828	257,868	-	-
Cash on hand	77	190	-	-
	143,905	258,058	-	-

Cash and cash equivalents comprise cash held by the Group and bank balances. The carrying amounts of these assets approximate their fair values.

Cash and cash equivalents which are denominated in RMB amounting to RMB136,098,000 (2010: RMB237,147,000) are not freely convertible to foreign currencies.

7. RESTRICTED CASH

Restricted cash comprises RMB10.4 million fixed deposits pledged for bank loan which bears average effective interest rate of 3.50% (2010: 2.75%) per annum and for a tenure of approximately 360 days (2010: 360 days) and RMB11.0 million as shares application money for its subsidiaries to be established.

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RMB'000	2010 RMB'000 (Restated)	2011 RMB'000	2010 RMB'000
Trade receivables – outside parties	18,806	690	-	-
Trade receivables – director andclose family member of a director (Note 5)	355	347	-	-
Other receivables	8,052	6,554	-	-
	27,213	7,591	-	-
Advance to contractors	4,911	6,085	-	-
Deposits paid	3,000	12,000	-	-
Prepayment of land cost	162,423	-	-	-
Tax prepayment	-	13,312	-	-
Prepaid expense	12,436	2	-	-
	209,983	38,990	-	-

The average credit period on trade receivables is 60 to 180 days (2010: 60 to 180 days). No interest is charged on the outstanding receivables.

Trade and other receivables are denominated in the functional currencies of the respective entities.

The allowance for doubtful debts was determined by reference to past default experience.

Included in the trade receivables balance are debtors with a carrying amount of RMB1,355,000 (2010: RMB901,000) which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The Group's other receivables are interest-free, repayable on demand and unsecured. The Group has not made any allowance except as stated below as the management is of the view that these receivables are recoverable.

The table below is an analysis of trade and other receivables at December 31:

	Group		Company	
	2011 RMB'000	2010 RMB'000 (Restated)	2011 RMB'000	2010 RMB'000
Not past due and not impaired	25,858	6,690	-	-
Past due but not impaired	1,355	901	-	-
	27,213	7,591	-	-

8. TRADE AND OTHER RECEIVABLES (cont'd)

Aging of trade receivables that are past due but not impaired:

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Less than 3 months	211	227	-	-
3 months to 6 months	5	8		
6 months to 12 months	958	188		
Over 12 months	181	478	-	-
	1,355	901	-	-

Included in the other receivables balance are allowance for doubtful debts for other receivables of RMB Nil (2010: RMB Nil). Movement in the allowance for other receivables doubtful debts are as follows:

	Group	
	2011 RMB'000	2010 RMB'000
Balance at beginning of the year	-	400
Allowance during the year	200	-
Amount written back during the year	(200)	(400)
Balance at end of the year	-	-

The prepayment of land cost was for the purchase of land use right for property development. The certificate of land use right have not been received as of 31 December 2011. The total purchase consideration was RMB188,459,500.

9. AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORKS

	Group	
	2011 RMB'000	2010 RMB'000 (Restated)
Contracts-in-progress at the end of the reporting period:		
Amounts due from contract customers	8,709	30,157
Contract costs incurred plus recognised profits	567,319	425,160
Less: Progress billings	(558,610)	(395,003)
	8,709	30,157

10. INVENTORIES

	Group	
	2011 RMB'000	2010 RMB'000
Consumables	147	1,143

11. PROPERTIES HELD FOR SALE

	Group	
	2011 RMB'000	2010 RMB'000
Cost	299,366	109,178

During the year, the carrying amount of RMB 239,033,000 was transferred from development properties.

12. DEVELOPMENT PROPERTIES

	Group	
	2011 RMB'000	2010 RMB'000 (Restated)
At cost:		
Properties under development	1,202,171	1,477,631
Land purchase	50,493	71,869
	1,252,664	1,549,500

Land use rights of RMB350,494,000 (2010: RMB606,387,000) included in development properties are pledged to banks to secure loans granted to the Group as at December 31, 2011. (See Note 21)

The costs of development property include the following items which have been charged (credited) during the year:

	Group	
	2011 RMB'000	2010 RMB'000
Depreciation capitalised during the year		
Interest income capitalised during the year	242	229
Interest expense capitalised during the year (Note 27)	-	(465)
	22,490	19,579

The weighted average rate of capitalisation of the interest expenses for the year ended December 31, 2011 is 6.44% to 18.03% (2010: 5.94% to 7.02%) per annum.

As at December 31, 2011, development properties of RMB363,039,000 (2010: RMB698,917,000) are expected to be recovered after more than twelve months, but have been classified as current because they are expected to be realised in the normal operating cycle.

13. LAND USE RIGHTS

	Group 2011 RMB'000	Group 2010 RMB'000
Cost:		
At January 1	4,365	4,365
Transferred from development property	35,827	-
At December 31	40,192	4,365
Accumulated amortisation:		
At January 1	427	334
Amortisation for the year	595	93
At December 31	1,022	427
Net carrying amount	39,170	3,938
Amount to be amortised:		
Current	1,095	93
Non-current	38,075	3,845

The Group has land use rights in People's Republic of China (PRC) where the Group's PRC corporate office and administrative facilities reside. The land use rights have a remaining tenure of 35 - 41 years (2010: 42 years).

14. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Building RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Equipment, furniture and fixtures RMB'000	Total RMB'000
Cost:					
At January 1, 2010	30,688	4,940	4,900	812	41,340
Additions	293	537	629	336	1,795
Disposal	-	-	-	(4)	(4)
At December 31, 2010	30,981	5,477	5,529	1,144	43,131
Transferred from development properties	122,212	-	-	-	122,212
Additions	955	94	3,580	325	4,954
Disposal	-	-	-	-	-
At December 31, 2011	154,148	5,571	9,109	1,469	170,297
Accumulated depreciation:					
At January 1, 2010	304	2,940	4,109	414	7,767
Charge for the year	1,486	663	346	177	2,672
Disposal	-	-	-	(1)	(1)
At December 31, 2010	1,790	3,603	4,455	590	10,438
Charge for the year	4,028	762	711	217	5,718
Disposal	-	-	-	-	-
At December 31, 2011	5,818	4,365	5,166	807	16,156
Carrying amount:					
At December 31, 2011	148,330	1,206	3,943	662	154,141
At December 31, 2010	29,191	1,874	1,074	554	32,693

15. INVESTMENT PROPERTIES

	Group	
	2011 RMB'000	2010 RMB'000
At beginning of year	233,463	163,000
Purchase during the year	2,226	15,656
Additions through subsequent expenditure	-	512
Disposal during the year	(3,600)	-
Increase in fair value	8,591	54,295
At end of year	240,680	233,463

The fair values of the Group's investment properties at the end of reporting period have been arrived at on the basis of open market valuation carried out at the end of reporting period by CB Richard Ellis Limited Hong Kong, the independent valuers, who have an appropriate recognised professional qualification. The valuations were arrived at by reference to market evidence of transaction prices for similar properties and the rental income of the properties, and were performed in accordance with International Valuation Standards.

The property rental income earned by the Group from its investment properties, all of which are leased under operating leases, amounted to RMB9,089,000 (2010: RMB6,567,000). Direct operating expenses arising on the investment properties in the year amounted to RMB1,152,000 (2010: RMB1,087,000).

The Group has pledged the investment properties with a carrying value of RMB206,680,000 (2010: RMB195,471,000) to secure loans granted to the Group on December 31, 2011 (See Note 21).

Details of the investment properties are as follows:

Description	Location	Title	Details of occupancy
Debao Hotel Complex	No. 136 Nanhai Avenue South Nanhai District, Foshan City Guangdong Province	The property is held under a land use term to be expired on April 6, 2046	Tenanted
Underground car parking spaces	Yitong Commercial Building Nanhai District, Foshan City Guangdong Province	The property is held under a land use term to be expired on December 31, 2052	Tenanted
An office unit and 15 retail shop units	Debao Garden, Nanhai District, Foshan City Guangdong Province	The property is held under a land use terms with the latest expiry on August 16, 2068	Tenanted
Various retail shop units Phases I to 4, Jiangnan Mingju	No. 39 Nanyi Road, Nanhai District, Foshan City Guangdong Province	The property is held under a land use term to be expired on September 24, 2072	Tenanted

16. INVESTMENT IN SUBSIDIARIES

	Company 2011 RMB'000	Company 2010 RMB'000
Unquoted equity shares at cost	-*	-*

* Consists of S$1 unquoted equity shares each of Dynamic Real Estate Holdings Pte. Ltd., Infinity Real Estate Holdings Pte. Ltd. and Derong Real Estate Holdings Pte. Ltd.

Details of the subsidiaries at end of each financial year are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest 2011 %	Proportion of ownership interest 2010 %	Proportion of voting power held 2011 %	Proportion of voting power held 2010 %	Principal activity
Dynamic Real Estate Holdings Pte. Ltd. [1]	Singapore	100	100	100	100	Investment holding
Infinity Real Estate Holdings Pte. Ltd. [1]	Singapore	100	100	100	100	Investment holding
Derong Real Estate Holdings Pte. Ltd. [1]	Singapore	100	100	100	100	Investment holding
Foshan Nanhai Guiyu Property Management Co., Ltd [2]	PRC	100	100	100	100	Property management
Foshan Nanhai Jiangnan Mingju Property Development Co., Ltd. [2]	PRC	100	100	100	100	Property development
Foshan Nanhai Guihe Construction Engineering Co., Ltd. [2]	PRC	100	100	100	100	Construction
Foshan Nanhai Debao Property Development Co., Ltd. [2]	PRC	100	100	100	100	Investment property holding and development
Foshan Sanshui Nengrun Property Development Co., Ltd. [2]	PRC	100	100	100	100	Property development
Foshan Nanhai Yi Tian Procurement and Trading Co., Ltd. [2]	PRC	100	100	100	100	Sales and distribution of construction materials
Foshan Nanhai Shun Mao Public Utilities Engineering Co., Ltd [2]	PRC	100	100	100	100	Public utilities engineering
Sihui Debao Jiangnan Mingju Development Co., Ltd. [2][3]	PRC	95	-	95	-	Investment property holding and development
Foshan Nanhai Yuzhi Landscaping Services Co., Ltd. [2][3]	PRC	100	-	100	-	Landscaping Services
Foshan Nanhai Fangao Renovation Services Co., Ltd. [2][3]	PRC	100	-	100	-	Renovation Services
Foshan Sanshui Shanshui Longpan Hotel Co., Ltd. [2][3]	PRC	100	-	100	-	Currently dormant

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited/Reviewed by Deloitte Touche Tohmatsu, Guangzhou for consolidation purpose.

(3) During the financial year, the company was newly incorporated.

17. JOINTLY CONTROLLED OPERATION

Interest in a jointly controlled operation arises from acquisition of a subsidiary, Foshan Nanhai Debao Property Development Co., Ltd.. The subsidiary has entered into a joint venture agreement and supplemental agreements with a third party for the property development project "Jin Long Garden". Pursuant to these agreements, the Group is obliged to contribute 55% share of the development fund of the project and in return entitled to 55% share of the net income of the project. The related expenses are only the overhead expenses of those staff involved in the project and are already recorded in the Group's profit or loss.

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
		(Restated)
Loans and contributions	13,727	45,383
Interest receivable	13,784	19,337
Share of result of a jointly controlled operation	8,934	11,269
Total	36,445	75,989

Loans and contributions and interest receivable are unsecured and repayable when the project is completed. Loans are interest-bearing with the rate ranging from 6.732% to 10.2% (2010: 6.732% to 10.2%) per annum in 2011.

18. OTHER INVESTMENTS

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
Unquoted equity investment, at cost	1,300	1,300
Quoted equity investment, at fair value	500	500
	1,800	1,800

Unquoted investment pertains to 1,300,000 shares of Foshan Nanhai Rural Credit Union at RMB1 each. The management of the Group is of the view that the fair value of unquoted share cannot be measured reliably as the range of reasonable fair value estimates is significant. Accordingly, the investment is stated at cost.

Quoted investment pertains to ordinary shares of Agriculture Bank of China. The investment is stated at fair value based on quoted closing market prices on the last market day of the financial year (level 1).

19. DEFERRED TAX

	Group	
	2011	**2010**
	RMB'000	**RMB'000**
		(Restated)
Deferred tax liabilities	(107,252)	(110,485)
Deferred tax assets	15,042	20,488

19. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the financial year:

	Change in fair value of investment properties RMB'000	Change in fair value of development properties (Note) RMB'000	Changes in fair value of properties held for sale (Note) RMB'000	Unutilised tax loss RMB'000	Unrealised income RMB'000	Land appreciation tax RMB'000	Withholding tax RMB'000	Others RMB'000	Total RMB'000
At January 1, 2010, as restated	(22,929)	(116,756)	(1,286)	1,864	25,201	(15,558)	-	60	(129,404)
(Charge) Credit to profit or loss for the year, as restated	(13,555)	39,147	-	(1,864)	626	16,946	-	(1,893)	39,407
At December 31, 2010 as restated	(36,484)	(77,609)	(1,286)	-	25,827	1,388	-	(1,833)	(89,997)
(Charge) Credit to profit or loss for the year	(2,616)	4,436	-	-	(1,980)	1,538	(1,500)	(2,091)	(2,213)
Balance at December 31, 2011	(39,100)	(73,173)	(1,286)	-	23,847	2,926	(1,500)	(3,924)	(92,210)

Temporary differences arising in connection with investment in a jointly controlled operation is insignificant.

Note: Deferred tax arising on the change in fair value of development properties and properties held for sale were related to the fair value adjustment to the cost of development and development held for sale for the acquisition of PRC subsidiaries in prior years, and credited to profit or loss when the Group recorded sales for the sold properties during the year.

20. OTHER NON-CURRENT ASSET

Other non-current asset represents the deposit paid to PRC government to guarantee the construction will be performed in accordance with the local regulations. It will be released after 5 years from the commencement of construction. The management is of the view that the carrying amount of the deposit approximates its fair value. As at December 31, 2011, this has been transferred to trade and other receivables as it will be released within next twelve months.

21. BANK AND OTHER LOANS

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Other loans [(a)]	430,856	68,523	-	6,523
Bank loans [(b)]	233,851	404,858	-	-
	664,707	473,381	-	6,523
Less: Amount due for settlement within 12 months (shown under current liabilities)	(472,908)	(343,540)	-	(6,523)
Amount due for settlement after 12 months	191,799	129,841	-	-

21. BANK AND OTHER LOANS (cont'd)

The Group has principal bank and other loans as follows:

(a) The loans of RMB Nil (2010: RMB6,523,000) were provided by existing directors and the former shareholders of the PRC subsidiaries, Foshan Nanhai Debao Property Development Co., Ltd., with variable interest of 6.48% (2010: 6.48%) per annum in 2011 and unsecured. They were fully repaid in 2011.

The loan of RMB Nil (2010: RMB12,000,000) was provided by a financial institution, the interest rate was determined based on the prime rate. The loan was secured by an investment property of the Group and was repaid in 2011.

The loan of RMB50,000,000 (2010: RMB 50,000,000) with interest rate of 16% (2010: 16%) per annum is repayable in 2012 and secured by certain land use rights and guaranteed by a director of the Group.

Loans were raised via a third party contractor from a bank for a total of RMB180,954,000 with interest rates ranging from prime rate to 120% on prime rate. They were secured by certain land use rights and an investment property of the Group with carrying amounts of RMB113,563,000 and RMB87,000,000 respectively as well as guaranteed by directors of the Group. RMB105,856,000 had been advanced to the Group and recorded as other loans disclosed above, of which approximately RMB20,157,000 has been used to pay interest. The remaining balance of RMB75,098,000 will be advanced to the Group gradually before the end of 2012 and are repayable on demand.

A loan of RMB200,000,000 was raised in 2011 with an effective interest rate of approximately 17% to 19%per annum, repayable from June 2012 to 2013 and secured by certain land use rights of the Group. The current portion of these loans amounted to RMB60,000,000 and are repayable in twelve months.

A loan was raised in 2011 of RMB75,000,000 with effective interest rate of approximately 9.22% per annum and repayable by end of 2012.

(b) Bank loans amounting to RMB28,440,000 (2010: RMB36,360,000) with an effective interest rate of 5.88% (2010: 5.4% to 5.88%) per annum are repayable in 2012 and were secured by land use rights as well as guaranteed by certain directors of the Group. The current portion of these loans amounted to RMB28,440,000 (2010: RMB24,570,000) and are repayable in twelve months, while the non-current portion of these loans amounted to RMB Nil (2010: RMB11,790,000).

Bank loans amounting to RMB57,851,000 (2010: RMB63,758,000) with an effective interest rate of 6.14% (2010: 5.94% to 6.14%) per annum are repayable from 2012 to 2019 and are secured by certain investment properties and land use rights as well as guaranteed by certain directors of the Group. The current portion of these loans amounted to RMB6,052,000 (2010: RMB5,707,000) and are repayable in twelve months.

Bank loans amounting to RMB Nil (2010: RMB87,000,000) with an effective interest rate of 7.0% (2010: 6.48% to 7.02%) per annum have been repaid in 2011. The loans were secured by certain land use rights and investment properties as well as guaranteed by a director of the Group.

Bank loan amounting to RMB100,000,000 (2010: RMB100,000,000) with an effective interest rate of 6.1% (2010: 6.1%) per annum are repayable upon demand and secured by certain land use rights of the Group.

Bank loan amounting to RMB Nil (2010: RMB3,640,000) with an effective interest rate of 5.56% (2010: 5.31% to 5.56%) per annum was repaid in June 2011 which were secured by certain land use rights and guaranteed by directors of the Group.

Bank loan amounting to RMB Nil (2010: RMB100,000) with an effective interest rate of 6.68% (2010: 6.68%) per annum was repaid in June 2011 which was secured by restricted cash and cash equivalents of RMB120,000.

New bank loan raised in 2011 of RMB16,000,000 with an effective interest rate of 6.1% per annum is repayable in 2012 and secured by certain properties of a contractor.

21. BANK AND OTHER LOANS (cont'd)

New bank loan raised in 2011 of RMB10,000,000 with an effective interest rate of 6.4% to 6.71% per annum is repayable in 2012 and secured by restricted cash and cash equivalents of RMB10,300,000.

New bank loan raised in 2011 of RMB21,560,000 with an effective interest rate of 8.85% per annum is repayable in 2012 and secured by certain land use rights and guaranteed by directors of the Group.

The carrying amounts of bank and other loans approximate their fair values as the interest rates approximate the market rates prevailing at the end of the reporting period.

The Group's significant bank and other loans are denominated in the functional currencies of the respective entities.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RMB'000	2010 RMB'000 (Restated)	2011 RMB'000	2010 RMB'000
Trade payables (outside parties)	114,553	130,300	-	-
Advance receipt from the sales of properties	153,578	329,577	-	-
Other taxes payable	25,888	23,800	-	-
Accrued expenses	5,757	4,660	1,698	1,157
Deposits received	2,446	3,304	-	-
Payroll payable	5,773	11,258	170	8,234
Other payables	9,394	20,245	-	-
Advance from customers	345	-	-	-
	317,734	523,144	1,868	9,391

Significant Group's trade and other payables are denominated in the functional currencies of the respective entities.

The average credit period granted by suppliers ranges from 30 days to 180 days (2010: 30 days to 180 days).

23. SHARE CAPITAL

	Group and Company			
	2011 No of shares	2011 RMB'000	2010 No of shares	2010 RMB'000
Issued and fully paid:				
At beginning of year	1,125,000,000	909,831	10,000,000	47,824
Sub-division [(a)]	-	-	627,906,976	47,824
Conversion of convertible loans notes [(b)]	-	-	372,093,024	612,090
Issued for cash [(c)]	-	-	125,000,000	249,917
At end of year	1,125,000,000	909,831	1,125,000,000	909,831

23. SHARE CAPITAL (cont'd)

Fully paid up ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

(a) The issued and fully paid 10,000,000 ordinary shares of the Company have been subdivided into 627,906,976 ordinary shares;

(b) The S$80,000,000 convertible loan notes have been converted into 372,093,024 ordinary shares in pursuant to the convertible loan agreements;

(c) On April 12, 2010, the Company, pursuant to the initial public offering ("IPO") of its shares, was converted to a public company and changed its name to Debao Property Development Ltd. Pursuant to the IPO of the shares in the Company, 125,000,000 new ordinary shares were issued to the public at S$0.43.

24. STATUTORY RESERVE

The subsidiaries follow the accounting principles and relevant financial regulations of the People's Republic of China ("PRC GAAP") applicable to Sino-foreign equity joint venture enterprises in the preparation of the accounting records and statutory financial statements.

Appropriation to the statutory reserve by the Sino-foreign equity joint venture enterprise is determined at the discretion of the board of directors based on the profit arrived all in accordance with PRC GAAP for each year.

The profit arrived at must be set-off against any accumulated losses sustained by the subsidiaries and associates in prior years, before allocation is made to the statutory reserve. Appropriation to the subsidiary reserve must be made before distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends.

25. REVENUE

An analysis of the Group's revenue for the relevant periods is as follows:

	Group	
	2011 RMB'000	**2010 RMB'000 (Restated)**
Revenue from:		
Construction contracts	17,032	46,993
Property development	413,787	815,086
Property rental income	9,089	6,567
Others	7,095	5,112
	447,003	873,758

26. OTHER INCOME

	Group	
	2011 RMB'000	**2010 RMB'000**
Interest income	1,620	2,461
Dividend income	145	65
Gain on disposal of development properties	57,229	-
Doubtful debt written back	200	400
Gain on disposal of an investment property	8,227	-
Government incentive	-	4,180
Sundry income	127	616
	67,548	7,722

The government incentive is granted by the local PRC authority for its successful listing in Singapore Stock Exchange on April 12, 2010.

27. FINANCE COSTS

	Group 2011 RMB'000	Group 2010 RMB'000
Interest on bank and other loans	73,398	32,291
Less: Amount capitalised as cost of development properties (Note 12)	(22,490)	(19,579)
	50,908	12,712

28. PROFIT (LOSS) BEFORE TAX

Profit (Loss) before tax has been arrived at after charging:

	Group 2011 RMB'000	Group 2010 RMB'000
Directors' remuneration		
– of the Company	1,122	8,461
– of the subsidiaries	3,834	3,051
Total directors' remuneration	4,956	11,512

	Group 2011 RMB'000	Group 2010 RMB'000
Employee benefits expense (including directors' remuneration)	35,753	32,256
Cost of defined contribution included in employee benefits	1,351	1,019
Depreciation of plant and equipment	5,718	2,544
Amortisation of land use rights	595	93
Net foreign exchange (gains) losses	(971)	193
Cost of completed properties for sale recognised as expenses	291,711	656,590
Audit fees:		
– paid to auditor of the Company	488	472
– paid to other auditors	1,399	1,274
Total audit fee	1,887	1,746
Non-audit fees:		
– paid to auditor of the Company	51	51

29. INCOME TAX EXPENSE

	Group	
	2011 RMB'000	2010 RMB'000 (Restated)
Current tax:		
Enterprise income tax	34,950	69,760
In respect of prior years	-	(5,651)
Land appreciation tax	29,575	55,656
	64,525	119,765
Deferred tax:		
Enterprise income tax	713	(39,407)
Withholding tax	1,500	-
	2,213	(39,407)
	66,738	80,358

Domestic income tax of the Company is calculated at 17% (2010: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions as explained below.

Pursuant to the new PRC Enterprise Income Tax Law promulgated on March 16, 2008, the enterprise income tax for both domestic and foreign-invested enterprises are unified at 25% effective from January 1, 2008.

The tax expense for the years can be reconciled to the accounting profits as follows:

	Group	
	2011 RMB'000	2010 RMB'000 (Restated)
Profit (Loss) before tax	122,399	(24,258)
Income tax at PRC statutory rate of 25% (2010: 25%)	30,600	(6,065)
Tax effect of:		
Expense not deductible for tax purpose	11,865	53,922
Income not taxable for tax purpose	(34)	(4,712)
Land appreciation tax	22,181	42,207
Adjustment recognised in current year in respective of prior year	-	(5,651)
Withholding tax incurred	1,500	-
Others	626	657
Tax expense for the year	66,738	80,358

30. DIVIDENDS

The directors proposed that a tax exempt final dividend of 2.39 RMB fens (equivalent to 0.465 Singapore cents) per ordinary share be paid to shareholders. The total estimated tax exempt dividend to be paid on the ordinary shares of the company is RMB 26.9 million (equivalent to S$5.2 million). This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Notes to Financial Statements
(cont'd)

31. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2011 RMB'000	2010 RMB'000 (Restated)
Earnings		
Earnings for the purpose of basic earnings per share (profit (loss) for the year attributable to equity holders of the Company)	55,678	(104,616)
Effect of dilutive potential ordinary shares:		
Change in fair value of convertible loan notes (net of tax)	-	198,402
Earnings for the purpose of diluted earnings per share	55,678	93,787

	Number of shares 2011	2010
Weighted average Number of ordinary shares for the purpose of basic earnings per share	1,125,000,000	1,000,726,744
Effect of dilutive potential ordinary shares:		
Convertible loan notes	-	124,273,256
Number of ordinary shares for the purposes of diluted earnings per share	1,125,000,000	1,125,000,000

Note: For the financial year ended December 31, 2010, the effect of the convertible loan notes is anti-dilutive and hence has not been taken into account for the calculation of the diluted earnings per share.

32. SEGMENT INFORMATION

The Group's reportable operating segments are as follows:

(i) Property development: Development of residential, commercial and other properties.

(ii) Construction contract: Building structural projects and interior works for our jointly controlled operations and third parties.

(iii) 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.

(iv) Others: Provision of property management, trading and public utilities.

Information regarding the operations of each reportable segment is included below. The chief operating decision maker monitors the operating results of each operating segment for the purpose of making decisions on resource allocation and performance assessment.

The Group's operations are located in the PRC, hence no analysis by geographical area of operation is provided.

32. SEGMENT INFORMATION (cont'd)

Segment revenue and results

Information regarding the group's reportable segments is presented in the tables below.

	Property development RMB'000	Construction contracts RMB'000	Property investment RMB'000	Others RMB'000	Inter-segment elimination RMB'000	Total RMB'000
2011						
Revenue						
External revenue	413,787	17,032	9,089	7,095	-	447,003
Inter-segment revenue	-	122,214	-	322	(122,536)	-
	413,787	139,246	9,089	7,417	(122,536)	447,003
Results						
Segment profit (loss)	96,701	2,718	72,275	1,613	-	173,307
Finance costs						(50,908)
Profit before tax						122,399
Income tax expense						(66,738)
Profit for the year						55,661
2010						
Revenue						
External revenue	815,086	46,993	6,567	5,112	-	873,758
Inter-segment revenue	-	157,435	-	1,005	(158,440)	-
	815,086	204,428	6,567	6,117	(158,440)	873,758
Results						
Segment profit	92,169	30,105	62,278	2,304	-	186,856
Finance costs						(12,712)
Change in fair value of convertible loan notes						(198,402)
Loss before tax						(24,258)
Income tax expense						(80,358)
Loss for the year						(104,616)

In addition to the change in fair value of convertible loan notes of RMB Nil (2010: RMB198,402) reported above, fair value gain of investment properties of RMB8,591,000 (2010: RMB54,295,000) was recognised. The fair value gain of investment was attributable to property investment segment.

Segment profit represents the profit earned by each segment as determined using the Group's accounting policy. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segments assets

	2011 RMB'000	2010 RMB'000 (Restated)
Property development	1,924,038	1,962,984
Construction contracts	157,342	53,483
Property investment	240,680	233,463
Others	101,412	108,587
Consolidated total assets	2,423,472	2,358,517

32. SEGMENT INFORMATION (cont'd)

Segments liabilities

	2011 RMB'000	2010 RMB'000 (Restated)
Property development	947,710	981,120
Construction contracts	204,651	130,689
Property investment	35,921	68,547
Others	3,992	4,793
Consolidated total liabilities	1,192,274	1,185,149

All assets and liabilities are allocated to reportable segments.

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2011 RMB'000	2010 RMB'000 (Restated)	2011 RMB'000	2010 RMB'000 (Restated)
Property development	5,685	2,212	162,922	1,130
Construction contracts	613	546	57	619
Property investment	-	-	-	-
Others	15	7	14	46
Total	6,313	2,765	162,993	1,795

The Group has a large number of customers and does not have any significant revenue arising from sales of properties to any major customers.

33. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2011 RMB'000	2010 RMB'000
Minimum lease payments under operating leases recognised as an expense in the year	60	653

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for a term of 15 years and rentals are accelerated by a fixed amount per annum.

The Group as lessor

The Group rent out its investment properties in People's Republic of China under operating lease. Property rental income earned during the year was RMB9,089,000(2010:RMB6,567,000). Direct operating expense on the investment properties in the year amounted to RMB1,152,000 (2010: RMB1,087,000).

33. OPERATING LEASE ARRANGEMENTS (cont'd)

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2011 RMB'000	2010 RMB'000
Within one year	11,323	6,470
In the second to fifth years inclusive	37,135	5,351
After five years	62,789	574
	111,247	12,395

34. CAPITAL COMMITMENTS

Estimated amount committed for future capital expenditure but not provided for in the financial statements:

	Group	
	2011 RMB'000	2010 RMB'000
Jointly controlled operation	5,705	32,614
Construction of properties	242,514	173,282

35. CONTINGENT LIABILITIES

At the end of the reporting period, other than the assets pledged to secure a bank loan via a third party contractor as disclosed in Note 21 (a), the contingent liabilities of the Group were as follows:

	Group	
	2011 RMB'000	2010 RMB'000
Guarantees given to banks in connection with facilities granted to		
– third parties (note)	951,564	362,344
– jointly controlled operation	-	70,000
	951,564	432,344

Note:

The Group arranges with various domestic banks in the PRC to provide loans and mortgage facilities to the properties purchasers prior to completion. In line with some consumer banking practices in the PRC, these banks require the Group to provide guarantees in respect of these loans including the principal, interest and other incidental costs, should the purchasers defaulted their mortgage obligations. The Group provides guarantees on the condition that the purchasers pay a downpayment of between 20% and 50% of the purchase price. If a purchaser defaults on a loan, the relevant mortgagee bank is also entitled to auction off or sell the property to third parties and use the sales proceeds to satisfy the loan, or in some mortgage facilities require the Group to repurchase the properties. In the opinion of directors, the fair value of the financial guarantee contracts is not significant. As directors considered that is more likely than not that no amount will be payable under the arrangement.

36. COMPARATIVES

Certain adjustments have been made to the previous years' financial statements to conform to the current year's presentation in connection with the adoption of INT FRS 115 Agreements for the Construction of Real Estate as disclosed in Note 2.

As a result, certain line items have been restated in the statements of financial position of the Group as at 31 December 2010 and 2009, the consolidated statements of changes in equity of the Group, the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2010, and the related notes to the financial statements.

Notes to Financial Statements
(cont'd)

37. EVENTS AFTER THE REPORTING PERIOD

In February 2012, one of Company's subsidiaries, Foshan Sanshui Nengrun Property Development Co. Ltd.("Sanshui") applied for a loan via a third party contractor from the bank for a total of RMB35,000,000. It was secured by certain land use rights and a property under development of the Group as well as guaranteed by a director of the Group.

Statistics of Shareholdings

As at 13 March 2012

Number of shares	:	1,125,000,000
Class of shares	:	ordinary shares
Voting rights	:	one vote per share
Treasury shares	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	4	0.48	927	0.00
1,000 – 10,000	484	58.46	1,956,061	0.17
10,001 – 1,000,000	309	37.32	31,459,244	2.80
1,000,001 AND ABOVE	31	3.74	1,091,583,768	97.03
TOTAL	**828**	**100.00**	**1,125,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	UOB KAY HIAN PTE LTD	576,537,727	51.25
2	BILLION EQUITY HOLDINGS LIMITED	291,976,744	25.95
3	ALLIED ASSET HOLDINGS LIMITED	34,786,100	3.09
4	GLOBAL ACE ENTERPRISES LIMITED	23,190,734	2.06
5	WU KWOK HUNG	21,730,827	1.93
6	AURUM INVESTMENTS PTE LTD	11,628,000	1.03
7	YANG JINZHONG	11,595,366	1.03
8	PRIDE CAPITAL INVESTMENT HOLDINGS LIMITED	10,988,372	0.98
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	9,107,122	0.81
10	FINANCE DEPARTMENT GOVERNMENT OF SHARJAH	8,598,245	0.76
11	HONG LEONG FINANCE NOMINEES PTE LTD	8,230,122	0.73
12	HSBC (SINGAPORE) NOMINEES PTE LTD	8,070,366	0.72
13	LYN HIAN WOON	7,344,245	0.65
14	MAYBANK KIM ENG SECURITIES PTE LTD	6,668,000	0.59
15	THAM KENG CHUEN	6,666,744	0.59
16	POW KIM HOO	6,660,183	0.59
17	CHUA HONG THUAN	6,039,744	0.54
18	3VS1 ASIA GROWTH FUND LTD	5,798,183	0.52
19	SKYLIGHT ENTERPRISES GROUP LIMITED	4,651,163	0.41
20	NG CHEE BENG	3,865,171	0.34
	TOTAL	**1,064,133,158**	**94.57**

	Direct Interest	Deemed Interest

Statistics of Shareholdings (cont'd)

Name	No. of Shares	%	No. of Shares	%
Substantial Shareholders				
Yuan Le Sheng	14,370,000	1.28	605,930,232[1]	53.86
Zheng Lihua	-	-	620,300,232[1]	55.14
Billion Equity Holdings Limited	583,953,488[1][2]	51.91		
East Hero Trading Limited	92,047,511[3]	8.18		
Other Shareholder				
Pride Capital Investment Holdings Limited	21,976,744[1][4]	1.95		

Notes:

(1) Billion Equity Holdings Limited is a company incorporated in the British Virgin Islands and wholly owned by the Chairman of the Company, Mr Yuan Le Sheng. Accordingly, Mr Yuan Le Sheng is deemed interested in the shares of the Company held by Billion Equity Holdings Limited.

Pride Capital Investment Holdings Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr Yuan Jiajun, the son of Mr Yuan Le Sheng and Mdm Zheng Lihua, the Non-Executive Director of the Company. Accordingly, Mr Yuan Jiajun is deemed interested in the shares of the Company held by Pride Capital Investment Holdings Limited.

The Executive Chairman and CEO of the Company, Mr Yuan Le Sheng, and the Non-Executive Director of the Company, Mdm Zheng Lihua, are husband and wife. Accordingly, they are deemed interested in each other's interests in the Company. In addition, Mr Yuan Jiajun is the son of Mr Yuan Le Sheng and Mdm Zheng Lihua. Accordingly, each of Mr Yuan Le Sheng and Mdm Zheng Lihua is deemed interested in Mr Yuan Jiajun's interests in the Company.

(2) 291,976,744 shares are held in the name of UOB Kay Hian Pte Ltd as nominee for Billion Equity Holdings Limited.

(3) Held in the name of UOB Kay Hian Pte Ltd as nominee for East Hero Trading Limited.

(4) 10,988,372 shares are held in the name of UOB Kay Hian Pte Ltd as nominee for Pride Capital Investment Holdings Limited.

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately, 36.68% of the issued ordinary shares of the Company is held in the hands of the public, including pre-initial public offering investors, as at 13 March 2012. Therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Debao Property Development Ltd. (the "Company") will be held at Level 2, Suntec City, 1 Raffles Boulevard, Meeting Room 207 on Friday, 20 April 2012 at 2.30pm for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 December 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 93 of the Company's Articles of Association.

   Mr Yuan Le Sheng **(Resolution 2)**
   Mr He Guo Quan **(Resolution 3)**
   Ms Zheng Lihua **(Resolution 4)**

   Mr He Guo Quan will, upon re-election as Director of the Company, remain as a member of the Remuneration and Audit Committees and Chairman of the Nomination Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors' Fees of RMB1,122,007 (equivalent to S$218,342) for the year ended 31 December 2011 (2010: RMB814,759 (equivalent to S$159,123)). **(Resolution 5)**

4. To declare a final one-tier tax exempt dividend of 2.39 RMB fens (equivalent to 0.465 Singapore cents) per share for the financial year ended 31 December 2011 (2010: NIL). **(Resolution 6)**

5. To re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

7. Authority to allot and issue shares up to 50 per cent. (50%) of issued capital

   "That, pursuant to Section 161 of the Companies Act and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors to:

   (a) allot and issue shares in the Company; and

   (b) issue convertible securities and any shares in the Company pursuant to convertible securities

   (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of shares (including any shares to be issued pursuant to the convertible securities) in the Company to be issued pursuant to such authority shall not exceed fifty per cent. (50%) of the issued share capital of the Company for the time being (excluding treasury shares) and that the aggregate number of shares in the Company to be issued other than on a pro-rata basis to the then existing shareholders of the Company shall not exceed twenty per cent. (20%) of the issued share capital of the Company for the time being (excluding treasury shares). Unless revoked or varied by the Company in general meeting, such authority shall continue in full force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier, except that the Directors shall be authorised to allot and issue new shares pursuant to the convertible securities notwithstanding that such authority has ceased.

Notice of Annual General Meeting
(cont'd)

For the purposes of this Resolution and Rule 806(3) of the Listing Manual, the percentage of issued share capital is based on the issued share capital of the Company at the time this Resolution is passed after adjusting for:-

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual; and

(iii) any subsequent consolidation or subdivision of shares." **[See Explanatory Note]** **(Resolution 8)**

By Order of the Board

Janet Tan
Company Secretary

Singapore, 4 April 2012

Explanatory Note:

The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the issued share of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of the issued share capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any convertible securities issued under this authority.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company.
2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than forty-eight hours (48) before the time for holding the Annual General Meeting.

DEBAO PROPERTY DEVELOPMENT LTD.
(Incorporated in The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT
1. For investors who have used their CPF monies to buy shares in Debao Property Development Ltd. the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely for information only.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intent and purposes if used or purported to be used by them.

I/We ____ (Name)

of ____ (Address)

being a member/members of Debao Property Development LTD. (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Suntec City, 1 Raffles Boulevard, Meeting Room 207, Level 2 on 20 April 2012 at 2.30 p.m. and at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Accounts for the financial year ended 31 December 2011		
2.	Re-election of Mr Yuan Le Sheng		
3.	Re-election of Mr He Guo Quan		
4.	Re-election of Ms Zheng Lihua		
5.	Approval of Directors' fees amounting to RMB1,122,007 (equivalent to S$218,342) for the financial year ended 31 December 2011		
6.	Declaration of a final one-tier tax exempt divided of 2.39 RMB fens (equivalent to 0.465 Singapore cents) per share for the financial year ended 31 December 2011		
7.	Re-appointment of Deloitte & Touche LLP as Auditors		
8.	Authority to allot and issue new shares		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting).

Dated this ____________ day of ____________ 2012

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares Held:
(a) CDP Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (as defined in Section 130A) of the Companies Act, Chapter 50 of Singapore, he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that numbers of shares. If the member has shares entered against his name in Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than forty-eight hours (48) before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duty authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duty authorised.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by he attorney, the letter or power of attorney or a duty certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

Debao Property Development Ltd.
No.7, Ground Floor, Jiangnan Mingju Xi Yuan
39 Nanyi Road, Guicheng, Nanhai District
Foshan City, Guangdong Province
PRC 528200

德宝房地产开发有限公司
中国广东省佛山市南海区桂城南一路39号
江南名居熙苑首层7号
邮编:528200