

**EMERGING TOWNS & CITIES SINGAPORE LTD (FORMERLY KNOWN AS CEDAR STRATEGIC HOLDINGS LTD.)**

Company Registration No. 198003839Z

**QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

**Part 1**

**INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2, Q3 AND Q4), HALF-YEAR AND FULL YEAR RESULTS**

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

	<b>Group</b>		
	<b>Full Year Ended 31/12/2016</b>	<b>Full Year Ended 31/12/2015</b>	<b>Increase/ (Decrease)</b>
	RMB '000	RMB '000	%
<b>Revenue</b>	<b>718,755</b>	<b>26,298</b>	<b>n.m.*</b>
Cost of Sales	(597,978)	(25,368)	n.m.*
<b>Gross Profit</b>	<b>120,777</b>	<b>930</b>	<b>n.m.*</b>
Other Income <sup>@</sup>	25,673	21,872	17.4%
Distribution Costs	(7,980)	(2,478)	n.m.*
Administration Expenses <sup>#</sup>	(17,093)	(11,441)	49.4%
Other non-operating expenses	(766)	(2,261)	(66.1%)
Finance Costs	(7,346)	-	n.m.
<b>Profit before taxation</b>	<b>113,265</b>	<b>6,622</b>	<b>n.m.*</b>
Taxation	50,688	373	n.m.*
<b>Profit for the year</b>	<b>163,953</b>	<b>6,995</b>	<b>n.m.*</b>
<b>Attributable to:</b>			
Owners of the Company	63,948	7,497	n.m.*
Non-Controlling Interests	100,005	(502)	n.m.
	<b>163,953</b>	<b>6,995</b>	<b>n.m.*</b>

n.m. : not meaningful

\*: in excess of 100%

@: Included under Other Income for FY2016 and FY2015 was a negative goodwill of RMB 22.5 million and RMB 21.2 million which arose from the acquisition of DAS Pte. Ltd. ("DAS") and Huizhou Daya Bay Mei Tai Cheng Property Co., Ltd ("Daya Bay") respectively

#: Details of one-off gains/(expenses)

included under Administration

Expenses

- Writeback of amounts due to an ex-director	2,252	-
- Acquisition expenses	(2,142)	(1,005)
- Introducer fee for Investment	(472)	(472)
- Special audit	(542)	(1,350)
	<b>(904)</b>	<b>(2,827)</b>

1 (a) (ii) Included in the determination of profit/(loss) before taxation are the following items:

	<b>Group</b>		
	<b>Full Year Ended 31/12/2016</b>	<b>Full Year Ended 31/12/2015</b>	<b>Increase/ (Decrease)</b>
	RMB '000	RMB '000	%
Depreciation of property, plant & equipment	(1,185)	(293)	n.m.*
Gain on disposal of property, plant & equipment	-	141	(100.0%)
Writeback/(impairment) on other receivables	482	(2,261)	n.m.
Writeback of amounts due to an ex- director	2,252	-	n.m.
Fair value gain on investment properties	3,000	400	n.m.*
Exchange loss, net	(461)	(237)	94.5%
Interest Income	145	15	n.m.*
Imputed interest expense	(7,346)	-	n.m.
Rental Income	9,919	896	n.m.*
Negative goodwill	22,524	21,202	6.2%

A statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b>		
	<b>Full Year Ended 31/12/2016</b>	<b>Full Year Ended 31/12/2015</b>	<b>Increase/ (Decrease)</b>
	RMB '000	RMB '000	%
<b>Profit for the year</b>	<b>163,953</b>	<b>6,995</b>	<b>n.m.*</b>
<b>Other Comprehensive income</b>			
Currency translation differences arising from consolidation			
- losses	(228)	(5)	n.m.*
<b>Total Comprehensive Income for the year</b>	<b>163,725</b>	<b>6,990</b>	<b>n.m.*</b>
<b>Attributable to:</b>			
Owners of the Company	63,720	7,492	n.m.*
Non-controlling interests	100,005	(502)	n.m.*
	<b>163,725</b>	<b>6,990</b>	<b>n.m.*</b>

n.m. : not meaningful

\*: in excess of 100%

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

	Group		Company	
	31-Dec-16 RMB'000	31-Dec-15 RMB'000	31-Dec-16 RMB'000	31-Dec-15 RMB'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	38,057	6,305	396	549
Investment properties	294,705	265,500	-	-
Investments in Subsidiaries	-	-	164,967	467
<b>Total Non-Current Assets</b>	<b>332,762</b>	<b>271,805</b>	<b>165,363</b>	<b>1,016</b>
<b>Current Assets</b>				
Development properties	1,182,492	169,085	-	-
Trade and Other Receivables	120,873	15,443	11,379	5,711
Cash and Cash Equivalents	79,341	18,356	17,382	544
<b>Total Assets</b>	<b>1,715,468</b>	<b>474,689</b>	<b>194,124</b>	<b>7,271</b>
<b>EQUITY</b>				
<b>Capital and Reserves :</b>				
Share Capital	646,703	471,355	646,703	471,355
Capital Reduction Reserve	79,151	79,151	79,151	79,151
Capital Reserve	10,454	10,454	-	-
Share-based Payment Reserve	1,158	-	1,158	-
Warrant Reserve	14,167	14,167	14,167	14,167
Foreign Currency Translation Reserve	26,524	26,752	26,760	26,760
Accumulated Losses	(516,840)	(580,788)	(614,934)	(598,918)
<b>Equity attributable to equity holders of the Company</b>	<b>261,317</b>	<b>21,091</b>	<b>153,005</b>	<b>(7,485)</b>
Non-Controlling Interests	190,813	44,467	-	-
<b>Total Equity</b>	<b>452,130</b>	<b>65,558</b>	<b>153,005</b>	<b>(7,485)</b>

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

	Group		Company	
	31-Dec-16 RMB'000	31-Dec-15 RMB'000	31-Dec-16 RMB'000	31-Dec-15 RMB'000
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
Trade and Other payables	110,872	-	-	-
Provisions	135	135	135	135
Deferred Tax Liabilities	159,165	45,130	-	-
Financial Liabilities	296,447	101,980	34,787	-
<b>Total Non-Current Liabilities</b>	<b>566,619</b>	<b>147,245</b>	<b>34,922</b>	<b>135</b>
<b>Current Liabilities</b>				
Trade and Other Payables	331,723	170,916	6,197	14,621
Deposits from Customers on Purchase of Development Properties	233,125	80,030	-	-
Financial Liabilities	111,841	-	-	-
Deferred Tax Liabilities	5,093	-	-	-
Current Tax Payable	14,937	10,940	-	-
<b>Total Current Liabilities</b>	<b>696,719</b>	<b>261,886</b>	<b>6,197</b>	<b>14,621</b>
<b>Total Liabilities</b>	<b>1,263,338</b>	<b>409,131</b>	<b>41,119</b>	<b>14,756</b>
<b>Total Equity and Liabilities</b>	<b>1,715,468</b>	<b>474,689</b>	<b>194,124</b>	<b>7,271</b>

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

	Group 31-Dec-2016		Group 31-Dec-2015	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
<b>Amount repayable in one year or less, or on demand</b>				
Financial Liabilities:				
Amounts due to directors	-	-	-	9,589
	-	-	-	9,589
<b>Amount repayable after one year</b>				
Financial Liabilities:				
Bank Loan	94,212	-	-	-
Loans due to a substantial shareholder	-	202,235	-	-
	94,212	202,235	-	-

**Details of any collateral**

The bank loan is secured by a bank guarantee with a pledge over a commercial building.

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

	<b>Group</b>	
	<b>Full Year Ended 31/12/2016</b>	<b>Full Year Ended 31/12/2015</b>
	RMB '000	RMB '000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	113,265	6,622
Adjustments for:		
Share-based compensation	1,158	-
Depreciation of property, plant and equipment	1,185	293
Gain on disposal of property, plant and Equipment	-	(141)
Negative goodwill	(22,524)	(21,202)
(Writeback)/impairment loss on other receivables	(482)	2,261
Write back of amounts due to ex-director	(2,252)	-
Fair value gain on investment properties	(3,000)	(400)
Interest Income	(145)	(15)
Interest expenses	68	-
Operating profit/(loss) before working capital changes	87,273	(12,582)
Trade and other Receivables	(74,686)	239
Trade and other Payables	(683,556)	(38,055)
Investment properties	4	
Development properties	548,787	20,630
Cash used in operations	(122,178)	(29,768)
Income tax paid	(7,192)	-
<b>Net Cash used in operating activities</b>	<b>(129,370)</b>	<b>(29,768)</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Daya Bay	-	17,262
Acquisition of DAS (Note A)	24,982	-
Interest received	145	15
Purchase of plant and equipment	(303)	(607)
Proceeds from disposal of property, plant and equipment	-	192
<b>Net cash generated from investing activities</b>	<b>24,824</b>	<b>16,862</b>

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**Cash Flows from Financing Activities**

Issue of ordinary shares	175,348	-
Loan from investors	-	9,589
Proceeds from financial liabilities	(9,589)	20,691

<b>Net Cash generated from financing activities</b>	<b>165,759</b>	<b>30,280</b>
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**Net increase/(decrease) in Cash and Cash**

**Equivalents**

Cash and Cash Equivalents at beginning of year	18,356	987
Exchange differences on translation of Cash and Cash Equivalents at beginning of year	(228)	(5)
Cash and Cash Equivalents at end of year	17,904	982

**Note A**

On 20 December 2016, the Group acquired 75% of the equity interest in DAS Pte Ltd ("DAS"). The effect of cash flow arising from the acquisition of 75% equity interests in DAS is set out below:

	<b>Group</b>
	<b>Full Year Ended</b>
	<b>31/12/2016</b>
	RMB'000
Property, Plant and Equipment	32,634
Investment properties	26,209
Development properties	1,562,195
Trade and Other Receivables	28,009
Cash and Cash Equivalents	24,982
Deferred tax liabilities	(181,005)
Trade and Other Payables	(591,334)
Unearned revenue	(716,324)
Identifiable net assets acquired	185,366
Less: Non-controlling interests	(46,341)
Negative goodwill	(22,524)
Total consideration	116,501
Consideration payable	(116,501)
Cash and cash equivalent of the subsidiary acquired	24,982
Acquisition of subsidiary, net of cash acquired	24,982

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

***Consolidated Statement of Changes in Equity for the years ended 31 December 2016 and 31 December 2015 - Group***

The Group	Share capital RMB'000	Capital reduction reserve RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Warrant reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total attributable to equity holders of the company RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	471,355	79,151	-	-	14,167	26,757	(588,285)	3,145	-	3,145
Total comprehensive income for the year	-	-	-	-	-	(5)	7,497	7,492	(502)	6,990
<b>Transactions with owners</b>										
<b>Contributions by and distributions to owners</b>										
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	44,969	44,969
Contributions by related parties of non-controlling interests	-	-	10,454	-	-	-	-	10,454	-	10,454
<b>Balance at 31 December 2015</b>	<b>471,355</b>	<b>79,151</b>	<b>10,454</b>	<b>-</b>	<b>14,167</b>	<b>26,752</b>	<b>(580,788)</b>	<b>21,091</b>	<b>44,467</b>	<b>65,558</b>
Total comprehensive income for the year	-	-	-	-	-	(228)	63,948	63,720	100,005	163,725
<b>Transactions with owners</b>										
Issues of ordinary shares	175,348	-	-	-	-	-	-	175,348	-	175,348
Share-based compensation	-	-	-	1,158	-	-	-	1,158	-	1,158
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	46,341	46,341
<b>Balance at 31 December 2016</b>	<b>646,703</b>	<b>79,151</b>	<b>10,454</b>	<b>1,158</b>	<b>14,167</b>	<b>26,524</b>	<b>(516,840)</b>	<b>261,317</b>	<b>190,813</b>	<b>452,130</b>

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

***Consolidated Statement of Changes in Equity for the years ended 31 December 2016 and 31 December 2015 - Company***

<b>The Company</b>	Share Capital	Capital Reduction Reserve	Share Option Reserve	Warrant Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity attributable to equity holders of the Company
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	471,355	79,151	-	14,167	26,760	(586,640)	4,793
Total Comprehensive Income for the year	-	-	-	-	-	(12,278)	(12,278)
Balance at 31 December 2015	471,355	79,151	-	14,167	26,760	(598,918)	(7,485)
Total Comprehensive Income for the year	-	-	-	-	-	(16,016)	(16,016)
Issues of ordinary shares	175,348	-	-	-	-	-	175,348
Share-based payment	-	-	1,158	-	-	-	1,158
Balance at 31 December 2016	646,703	79,151	1,158	14,167	26,760	(614,934)	153,005



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

	Number of shares
<b>Share Capital</b>	
<b>Ordinary shares issued and fully paid</b>	
Balance as at 31 December 2016	762,645,245

In December 2016, a share consolidation exercise (with every twenty-five (25) shares consolidated to constitute one (1) consolidated share) has been completed resulting in 15,550,174,212 shares being consolidated to 622,006,845 consolidated shares. On 20 December 2016, the Company issued 140,638,400 ordinary shares at S\$0.10 per share as share based consideration for the purchase of 75% shares in DAS Pte. Ltd ("DAS").

As at 31 December 2016, convertibles (including options to subscribe for ordinary shares in our Company) that remained outstanding after share consolidation (Comparatives are restated to show the effects of the share consolidation) are as follows:

	As at 31 Dec 2016	As at 31 Dec 2015
Warrants granted on 15 April 2013 (expire on 14 April 2016)	-	10,000,000
Warrants granted on 12 June 2014 (expire on 11 June 2017)	51,111,111	51,111,111
Share Options granted on 17 May 2016 (expiring on 17 May 2026)	16,000,000	
	67,111,111	61,111,111

The Company did not hold any treasury shares as at 31 December 2016 and 31 December 2015.

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

The Company's total number of issued shares (excluding treasury shares) as at 31 December 2016 is 762,645,245 (31 December 2015: 7,966,782,808)

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

Not Applicable. The Company does not hold any treasury shares.

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

The figures have not been audited or reviewed by the auditors.

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

Not Applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except for the adoption of the Amendments to FRSs applicable for the financial year beginning on or after 1 January 2016, the same accounting policies and methods of computation have been applied. The adoption of Amendments to FRSs did not have any effect on the financial performance or position of the Group.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

The Group has adopted all the amendments to FRSs that are effective for the annual periods beginning on or after 1 January 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

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

- (a) **Based on the weighted average number of ordinary shares on issue; and**  
(b) **On a fully diluted basis (detailing any adjustments made to the earnings).**

	<b>Group</b>	
	<b>Full Year Ended 31/12/2016</b>	<b>Full Year Ended 31/12/2015</b>
<b><i>Profit per ordinary share</i></b>		
(Comparatives are restated to show the effects of the share consolidation):		
(i) Based on weighted average no. of ordinary shares in issue (fen)	14.08	2.20
(ii) On a fully diluted basis (fen)	14.08	2.20

***Number of shares in issue***

(Comparatives are restated to show the effects of the share consolidation):

(i) Based on weighted average no. of ordinary shares in issue (in million)	454	319
(ii) On a fully diluted basis (in million)	454	319

Earnings per ordinary share is calculated based on the Group's profit for the financial year attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the year under review.

Diluted earnings per ordinary share is calculated based on the same basis as earnings per share by adjusting the weighted average number of ordinary shares to include the outstanding warrants and options deemed converted up to the respective reporting years. The diluted earnings per share is the same as basic earnings per share as the Group does not have any dilutive capital instruments. The warrants and share options have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the warrants or share options.

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

	Group		Company	
	31-Dec -16	31-Dec-15	31-Dec -16	31-Dec-15
Net Asset Value (RMB'000)	452,130	65,558	153,005	(7,485)
Based on existing issued share capital (fen per share) (Comparatives are restated to show the effects of the share consolidation)	59.3	20.5	20.1	(2.35)
Net Asset Value has been computed based on the share capital of (in million of shares) (Comparatives are restated to show the effects of the share consolidation)	762	319	762	319

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

**Review of Financial Performance (FY2016 vs FY2015)**

*Note: Significant changes in revenues, cost of sales, other income and expenses during the financial year under review were mainly attributed to maiden consolidation of DAS or Golden City project's financial performance in 4Q2016.*

	Group		Remarks
	FY2016	FY2015	
	RMB '000	RMB '000	
<b>Revenue</b>	<b>718,755</b>	<b>26,298</b>	→ <b>Increase in Revenue</b>
Cost of Sales	(597,978)	(25,368)	FY2016 contributed by Golden City project RMB 570.2m (79.3%) and Daya Bay project RMB138.7 (19.3%) whilst FY2015 was solely contributed by Daya Bay project.
<b>Gross Profit</b>	<b>120,777</b>	<b>930</b>	→ <b>Increase in Gross Profit</b> The gross profit margins for Golden City and Daya Bay projects were approximately 17% and 18% respectively.
Other Income	25,673	21,872	→ <b>Increase in Other Income</b>
Distribution Costs	(7,980)	(2,478)	1. FY2016 - negative goodwill of RMB 22.5 million (Golden City project)
Administration Expenses	(17,093)	(11,441)	2. FY2015 - negative goodwill of RMB 21.2 million (Daya Bay project)
Other non-operating expenses	(766)	(2,261)	→ <b>Decrease in Other Non-Operating Expenses</b>
Finance Costs	(7,346)	-	FY2015 mainly due to impairment provisions for consideration receivable from New Inspiration, which was partially written back in FY2016.
<b>Profit before taxation</b>	<b>113,265</b>	<b>6,622</b>	→ <b>Increase in Finance Costs</b>
Taxation	50,688	373	Mainly due to imputed interest expense (Daya Bay Project)
<b>Profit for the year</b>	<b>163,953</b>	<b>6,995</b>	→ <b>Increase in Taxation</b> Mainly due to unwinding of deferred tax liabilities

Revenue

	Group		
	FY2016	FY2015	Increase/(Decrease)
	RMB '000	RMB '000	%
Sale of Properties	708,836	25,500	n.m.*
Rental Income	9,919	798	n.m.*
<b>Revenue</b>	<b>718,755</b>	<b>26,298</b>	<b>n.m.*</b>

n.m. : not meaningful

\*: in excess of 100%

Revenue for FY2016 was mainly contributed by the sale of property units in the Golden City project of RMB 570.2 million (79.3% of total revenue), the Daya Bay project of RMB 138.7 million (19.3% of total revenue) and the rental of holiday apartments of RMB 9.6 million. Revenue for FY2015 was contributed by the Daya Bay project from the sale of property units of RMB 25.5 million and rental of holiday apartments of RMB 0.8 million.

The Group booked revenue, and therefore profits, for units sold (i.e. units where the sale and purchase agreement have already been signed) on the earlier of handing over of the property units or one month after notification to buyers to take over the property units. 205 and 232 units worth approximately RMB 570.2 million and RMB 138.7 million were recognized or booked as revenue in FY2016 for the Golden City project and the Daya Bay project respectively. The 399 units

of holiday apartments held as investment properties have given us a fixed monthly rental income of RMB 2,000 per room since December 2015, amounting to RMB 9.6 million for FY2016.

Gross Profit

	<b>Group</b>		
	<b>FY2016</b>	<b>FY2015</b>	<b>Increase/(Decrease)</b>
	RMB '000	RMB '000	%
Sale of Properties	112,542	132	n.m.*
Rental Income	8,235	798	n.m.*
<b>Gross Profit</b>	<b>120,777</b>	<b>930</b>	<b>n.m.*</b>

n.m. : not meaningful

\*: in excess of 100%

Gross profit of approximately RMB 120.8 million was recorded for FY2016, after deducting direct costs (consisting mainly of cost of the property units sold) of approximately RMB 598.0 million. The gross profit margins for Golden City and Daya Bay projects were approximately 17% and 18% respectively.

Other Income

	<b>Group</b>		
	<b>FY2016</b>	<b>FY2015</b>	<b>Increase/(Decrease)</b>
	RMB '000	RMB '000	%
Negative goodwill	22,524	21,202	6.2%
Fair value gain	3,000	400	n.m.*
Gain on disposal of fixed assets	-	141	(100.0%)
Interest income	145	15	n.m.*
Others	4	114	(96.5%)
<b>Other Income</b>	<b>25,673</b>	<b>21,872</b>	<b>17.4%</b>

n.m. : not meaningful

\*: in excess of 100%

Other income increased from RMB 21.9 million in FY2015 to RMB 25.7 million in FY2016 mainly due to the recognition of negative goodwill of RMB 22.5 million arising from the acquisition of 75% equity interests in DAS and fair value gain of RMB 3.0 million for investment properties in Daya Bay. Other income for FY2015 was contributed by recognition of negative goodwill of RMB 21.2 million arising from the acquisition of 60% equity interests in Daya Bay and a gain on disposal of motor vehicle of RMB 141,000.

Distribution Costs

Distribution costs of RMB 8.0 million in FY2016 arose from the sale of property units in the Golden City and the Daya Bay projects whilst the distribution costs in FY2015 was contributed by the Daya Bay project. These expenses comprise primarily of salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

Administration Expenses

Administration expenses increased from RMB 11.4 million in FY2015 to RMB 17.1 million in FY2016, mainly due to: (i) administrative expenses incurred by the Golden City and the Daya Bay projects and (ii) employing staff in China to oversee the Daya Bay project. In September 2016, following the signing of the second settlement deed with an ex-director of the Company, in which the ex-director agreed to waive, forego and not make any claims against the Company and/or its subsidiaries for any sums allegedly owed to him ("Concluded Claims"), provisions relating to the

Concluded Claims previously made by the Company amounting to approximately RMB 2.3 million have been written back in FY2016.

Other Non-Operating Expenses

Other non-operating expenses decreased from RMB 2.3 million in FY2015 to RMB 0.8 million in FY2016. The non-operating expenses for FY2016 was mainly due to other non-operating expenses incurred by Daya Bay project offset by partial write-back of the impairment provision made on the consideration receivable from New Inspiration Development Limited ('New Inspiration'). Other non-operating expenses incurred in FY2015 mainly due to partial impairment provision made on the consideration receivable from New Inspiration.

Finance Costs

The finance costs of RMB 7.3 million in FY2016 pertained mainly to imputed interest expenses (which have no cash flow impact) arising from the agreed deferred payment of the consideration for the acquisition of Daya Bay and interest-free loans from certain related parties of Daya Bay, as well as loans due to a substantial shareholder.

Taxation

	<b>Group</b>		
	<b>FY2016</b>	<b>FY2015</b>	<b>Increase/(Decrease)</b>
	RMB '000	RMB '000	%
Income tax	(10,894)	(9,593)	13.6%
Deferred tax	61,582	9,966	n.m.*
Taxation	50,688	373	n.m.*

Taxation increased from RMB 0.4 million in FY2015 to RMB 50.7 million in FY2016 mainly due to the unwinding of deferred tax liabilities (deferred tax liabilities were recognized when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer) from the sales of development properties in the Golden City and Daya Bay projects partially offset by increase in income tax expenses from the Daya Bay project due to higher profits.

**Review of Financial Position (31 December 2016 vs 31 December 2015)**

*Note: Significant improvement in financial position during the financial year under review was mainly attributed to maiden consolidation of DAS or Golden City project's financial position as at 31 December 2016.*

**Non-current Assets**

Property, plant and equipment and investment properties increased on the maiden consolidation of Golden City project's financial position. Investment properties also increased due to increase in fair value of the investment properties from the Daya Bay project.

**Current Assets**

Development properties and trade and other receivables increased on the maiden consolidation of Golden City project's financial position. The development properties are now recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer.

**Non-current Liabilities**

Trade and other payables, deferred tax liabilities and financial liabilities increased on the maiden consolidation of Golden City project's financial position. Deferred tax liabilities were recognized

when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer.

**Current Liabilities**

Trade and other payables, deposits from customers on purchase of development properties, financial liabilities and deferred tax liabilities increased on the maiden consolidation of Golden City project's financial position. Deferred tax liabilities were recognized when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer. Current tax payable increased mainly due to contributions from the Daya Bay project in FY2016.

**Cash Flow (FY2016 vs FY2015)**

Net cash used in operating activities was approximately RMB 129.4 million for FY2016 mainly due to the changes in working capital.

Net cash generated from investing activities was approximately RMB 24.8 million for FY2016 mainly from the acquisition of DAS.

Net cash generated from financing activities was RMB 165.8 million for FY2016 from the proceeds from the rights issue completed on 19 September 2016. The Company had raised net proceeds of approximately S\$18.5 million (after deducting estimated expenses of approximately S\$0.2 million) from the rights issue by issuing 5,183,391,404 rights shares at an issue price of S\$0.0036 per share.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The results announced are in line with the previous comments by the Board of Directors.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months.**

The Group's core business lies in investing in emerging and niche markets, with particular focus on development properties, investment properties and other related businesses in which the Company can add value.

The Group's first project was based in Daya Bay District, Huizhou, Guangdong Province, PRC. The Group's second project is based in the Yankin township of Yangon, Myanmar.

**Daya Bay Project**

As at 31 December 2016, approximately RMB 390.8 million of gross development value comprising 660 units (313,757 square feet) of the Daya Bay project have been sold. In accordance to the Group's revenue recognition policy, sale of 232 units or approximately RMB 138.7 million have been recognized in FY2016. Revenue for the remaining 111 sold units is expected to be progressively recognized in FY2017 upon handover of the units or one month after notification to buyers to take over the units, whichever occurs earlier.

The property market conditions in the People's Republic of China ("China") remain volatile due to uncertainties posed by the government's cooling measures to curb the overheated property market. Effects of the restrictive housing policies are evident in China's property sales, which have been on a downward trend since October 2016. According to the National Statistics Bureau,

average new home prices in China's 70 major cities rose 0.2 percent month-on-month in January 2017, slowing down from the 0.3 percent increase in the preceding month. This marked the fourth consecutive month of declining monthly growth, which is expected to persist in the year ahead.

*(Source: "China home price growth eases for 4<sup>th</sup> straight month", The Business Times, 23 February 2017)*

Andy Lee, the Shenzhen-based chief executive of Centaline Property Agency for southern China, expects primary home prices in Shenzhen to drop 10 to 15 per cent in 2017 from RMB 55,000 per square metre in December 2016.

It is currently unclear how long the tightening policies will persist but the National People's Congress meeting in March is supposed to shed more light on this matter.

*(Source: "China's housing market cools in January as policy tightening measures take effect", South China Morning Post, 3 February 2017)*

However, China's home prices are still expected to rise in 2017 due to expectations of further yuan depreciation and more US rate hikes, should the current policies stay constant.

*(Source: "China home prices, property investment likely to rise in 2017", The Business Times, 7 January 2017)*

In addition, as tightening measures on home purchases and mortgages intensify in Tier-1 cities, many migrant workers are pushed to go back home to buy a house. As such, small cities in economically strong regions, such as the Guangdong province, are likely to lead price gains in the housing sector this year as a result of spill-over demand, according to a property analyst at Bocom International.

*(Source: "China's smaller cities set to lead home sales growth", South China Morning Post, 23 February 2017)*

Moreover, in May 2016, the Shenzhen government had announced the five-year "Eastward Shift Strategic Action Plan", which involves accelerating the regional economic integration of Shenzhen and its eastern neighbours Huizhou and Dongguan. Part of this plan involves the construction of a subway line to connect Shenzhen and Huizhou. This may further offset the tightening measures' impact on Huizhou's home prices.

*(Source: "Even owning a home 70km from Shenzhen is becoming a faraway dream for those working there", South China Morning Post, 16 October 2016)*

#### Golden City Project

As at 31 December 2016, approximately USD 156.46 million of gross development value comprising 435 units (601,687 square feet) of the Golden City project have been sold. In accordance to the Group's revenue recognition policy, sale of 205 units or approximately USD 82.07 million have been recognized in FY2016. Revenue for the remaining 230 sold units is expected to be progressively recognized in the FY2017 upon handover of the units or one month after notification to buyers to take over the units, whichever occurs earlier. Golden City Project comprises of 4 phases. While Phase 1's construction was already completed, Phase 2 is expected to be completed in 1H2018 and work for Phase 3 and onwards will start in FY2018.



Since opening up to foreign direct investments in recent years, Myanmar is poised to accelerate the process of urbanisation and potentially quadruple its GDP to reach US\$200.0 billion by 2030.

*(Source: "Myanmar's moment: Unique opportunities, major challenges", McKinsey Global Institute Report, June 2013)*

At the same time, the Yangon real estate market is struggling to keep up with the estimated 8.0% per annum GDP growth rate, of which Yangon is contributing about 20.0%. Specifically, the luxury housing supply has immense growth potential, given that Myanmar's middle and affluent classes are expected to double in size to approximately 15.0% of the population by 2020.

*(Source: "Vietnam and Myanmar: Southeast Asia's New Growth Frontiers", BCG Perspectives, December 2013)*

In January 2016, the Condominium Law has been approved by Myanmar's Union Parliament. In principle, foreigners now have the right to buy up to 40 percent of condominium apartments in any given block (that qualify as condominium), provided the apartments are on the sixth floor or above.

*(Source: "Parliament passes condominium law", Myanmar Times, 25 January 2016)*

However, there has been a delay in issuing the by-laws. While the Myanmar government had initially targeted to release them by December 2016, they have yet to appear as of the end of 2016.

*(Source: "Construction and real estate sectors pin 2017 hopes on new legislation", Myanmar Times, 30 December 2016)*

Barring any unforeseen circumstances which include any adverse movements in the forex market or a deterioration of Myanmar's and China's macroeconomic environment, the Directors expect the group to remain profitable in FY2017.

## **11. Dividend**

**(a) Current Financial Period Reported On**  
**Any dividend declared for the current financial period reported on?**

No dividend has been declared or recommended.

**(b) Corresponding Period of the Immediately Preceding Financial Year**  
**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No dividend was declared or recommended.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

- 12. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for Interested Party Transactions.

- 13. Disclosure on the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of the proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

The details of the net proceeds utilized as at 31 December 2016 are as follows:

<b>Intended Use</b>	<b>Amount Allocated</b>	<b>Amount Utilised</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Funding of the Daya Bay Acquisition	10,000	10,000
To fund the development of other real estate projects and/or investment in real estate and/or related assets aside from the Daya Bay Acquisition	6,000	6,000
General working capital, including to fund the salaries of the Group's employees, legal and professional fees, following up on the findings from the special audit conducted on the disbursements of the Group and strengthening corporate governance of the Group as well as ancillary expenses for the Group	2,460	60
<b>Total net proceeds</b>	<b>18,460</b>	<b>16,060</b>

Pursuant to the rights issue, the Company had raised net proceeds of approximately S\$18.5 million (after deducting estimated expenses of approximately S\$0.2 million) by issuing 5,183,391,404 rights shares at an issue price of S\$0.0036 per share. The rights shares have been allotted and issued on 19 September 2016. As at 31 December 2016, the net proceeds have been utilised as above and are in accordance with the intended use as stated in the offer information statement dated 24 August 2016. On 5 December 2016, a share consolidation had been completed with every twenty-five (25) shares registered in the name of each Shareholder as at the Books Closure Date consolidated to constitute one (1) consolidated share, reducing the total number of shares from 15,550,174,212 to 622,006,845 post-consolidation. On 20 December 2016, the Company issued 140,638,400 ordinary shares at S\$0.10 per share as part consideration for the purchase of 75% shares in DAS.

- 14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

For management purposes, the Group is organised into business segments as the Group's risks and rates of return are affected predominantly by differences in the products produced.

The operating businesses are organised and managed separately according to the nature of the products produced, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is organised into three business segments, namely:-

- (i) Property development - relates to the development of properties for sale
- (ii) Property investment - relates to the business of investing in properties to earn rentals and for capital appreciation
  
- (iii) Corporate – comprises Corporate Office which incurs general corporate expenses and inactive entities in the Group

The Group accounts for inter-segment transactions on terms agreed between parties. Inter-segment transactions comprising advances between segments are eliminated on consolidation.

**Segment revenue and expenses:**

Segment revenue and expenses are the operating revenue and expenses reported in the consolidated statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

**Segment assets and liabilities:**

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Capital expenditure includes the total cost incurred to acquire plant and equipment directly attributable to a segment.

The management monitors the operating results of the operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates with these industries. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily in the Company's headquarters), head office expenses, and tax assets and liabilities.

Geographically, the non-current assets and operations of the Group are primarily located in the PRC and Myanmar.

**ETC SINGAPORE**

**Company Registration No. 198003839Z**

	Property development		Property investment		Corporate		Eliminations		Total	
	Group 2016 RMB'000	Group 2015 RMB'000	Group 2016 RMB'000	Group 2015 RMB'000	Group 2016 RMB'000	Group 2015 RMB'000	Group 2016 RMB'000	Group 2015 RMB'000	Group 2016 RMB'000	Group 2015 RMB'000
<b>Segment revenue</b>	<b>708,836</b>	25,500	<b>9,576</b>	798	<b>343</b>	-	-	-	<b>718,755</b>	26,298
<b>Results</b>										
Segment profit/(loss)	<b>94,098</b>	(2,841)	<b>7,892</b>	798	<b>(14,398)</b>	(13,207)	-	-	<b>87,592</b>	(15,250)
Other income	<b>88</b>	15	<b>3,000</b>	400	<b>22,585</b>	21,457	-	-	<b>25,673</b>	21,872
Profit/(loss) before taxation	<b>94,186</b>	(2,826)	<b>10,892</b>	1,198	<b>8,187</b>	8,250	-	-	<b>113,265</b>	6,622
Taxation	<b>51,438</b>	473	<b>(750)</b>	(100)	-	-	-	-	<b>50,688</b>	373
Profit/(loss) for the year	<b>145,624</b>	(2,353)	<b>10,142</b>	1,098	<b>8,187</b>	8,250	-	-	<b>163,953</b>	6,995
Attributable to:										
Owners of the Company	<b>49,676</b>	(1,049)	<b>6,085</b>	296	<b>8,187</b>	8,250	-	-	<b>63,948</b>	7,497
Non-controlling interests	<b>95,948</b>	(699)	<b>4,057</b>	197	-	-	-	-	<b>100,005</b>	(502)
<b>Assets and liabilities</b>										
Segment assets	<b>1,391,930</b>	202,405	<b>294,705</b>	265,500	<b>28,833</b>	6,784	-	-	<b>1,715,468</b>	474,689
Segment liabilities	<b>1,188,485</b>	313,964	<b>33,905</b>	32,320	<b>40,948</b>	62,847	-	-	<b>1,263,338</b>	409,131

<b>Geographical Segments</b>	<b>China RMB'000</b>	<b>Myanmar RMB'000</b>	<b>Singapore RMB'000</b>	<b>Total RMB'000</b>
<b>Year ended 31 December 2016</b>				
Revenue	148,258	570,154	343	718,755
Non-current assets	273,627	58,739	396	332,762
<b>Year ended 31 December 2015</b>				
Revenue	26,298	-	-	26,298
Non-current assets	271,256	-	549	271,805

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Revenue and earnings for the property development segment for FY2016 was mainly contributed by the sale of property units in the Golden City project, which was acquired on 20 December 2016 and the Daya Bay project, which was acquired on 4 November 2015. Revenue and earnings for the property development segment for FY2015 was contributed by the Daya Bay project. Revenue and earnings for the property investment segment came from the renting out of holiday apartments at Daya Bay.

Other income for corporate segment in FY2016 included a negative goodwill of RMB 22.5 million which arose from the acquisition of DAS. For FY2015, other income for corporate segment included a negative goodwill of RMB 21.2 million which arose from the acquisition of Daya Bay.

The increase in segment revenue and profit for development properties in FY2016 was mainly due to contributions from the Golden City project while the increase in segment revenue and profit for investment properties was mainly due to one full year of rental income from Daya Bay compared to FY2015 which was only for one month.

**16. A breakdown of sales as follows :**

	<b>Latest Financial Year RMB'000</b>	<b>Group Previous Financial Year RMB'000</b>	<b>% Increase/ (Decrease)</b>
a. Sales reported for the first half year (January to June)	67,142	-	100%
b. Operating profit after tax before deducting minority interest reported for the first half year (January to June)	1,370	(1,816)	n.m.*
c. Sales reported for the second half year (July to December)	651,613	26,298	n.m.*
d. Operating profit after tax before deducting minority interest reported for the second half year (July to December)	162,583	8,811	n.m.*

n.m. : not meaningful

\* : in excess of 100%

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows :-**

Not applicable as the Company did not declare any dividends in the latest full year and its previous full year.

**18. Confirmation that the issuer had procured undertakings from all its directors and executive officers.**

The Company confirms that it had procured undertakings from all its directors and executive officers in accordance with Rule 720(1) of the Catalist Rules.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable as there are no such persons occupying a managerial position in the issuer or any of its principal subsidiaries as at the date of this announcement.

ON BEHALF OF THE DIRECTORS

Christopher Chong Meng Tak  
Non-Executive Chairman

**BY ORDER OF THE BOARD**  
**27 February 2017**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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