



EMERGING TOWNS & CITIES SINGAPORE LTD
新世界地产集团有限公司

EMERGING TOWNS & CITIES SINGAPORE LTD.

ANNUAL REPORT 2016



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CORPORATE PROFILE

BACKGROUND

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Emerging Towns & Cities Singapore Ltd. ("ETC Singapore" or the "Company", and together with its subsidiaries, the "Group") was incorporated in Singapore on 17 October 1980. Formerly known as China Titanium Limited, the Company adopted the name Cedar Strategic Holdings Limited on 7 December 2012 following the restructuring of its business model, effectively changing its core business to real estate. Later, the Company rebranded itself as ETC Singapore to mark its metamorphosis from a company laden with legacy issues to one which is ready to embark on its next phase of growth. The new corporate identity also underscores the Company's commitment to its business strategy of focusing on quality real estate assets in emerging markets.

CORPORATE DEVELOPMENTS

On 3 July 2015, the Group appointed Baker Tilly Consultancy as "Special Auditor" to look into its legacy issues pertaining to the lapses in corporate governance, internal controls, and possible non-compliance with the Catalist Rules. Released on 24 November 2015, the Special Audit report

comprises six facets: (i) divestment of the titanium dioxide business, (ii) acquisition and proposed divestment of Trechance Group, (iii) acquisition and divestment of Yess Le Green and West Themes, (iv) acquisition of Futura Asset Holdings, (v) severance payments, and (vi) disbursements. Within a year, the Group, working alongside the Special Auditor and legal professionals in Singapore, Hong Kong, and the People's Republic of China (PRC), settled all of the outstanding legacy issues and successfully marked the closure of the Special Audit on 21 November 2016.

Amidst the resolution of the issues arising from the Special Audit, the Group also strived to fulfill the requirements to resume trading upon its trading suspension on 14 April 2015. Other than the actions related to the Special Audit, the requirements encompassed the sourcing for funding for working capital, implementation of internal controls to address financial, operational, and compliance risks, completion and announcement of quarterly and full financial results, completion of audit for FY2014, and holding of the FY2014 Annual General Meeting. Furthermore, the Group also needed to acquire a sustainable business. This was accomplished in November 2015 when the Group acquired the Daya

Bay project in Huizhou, Guangdong Province, PRC – the lifeline for its fresh start. With diligence and dedication, the Group managed to fulfill all of the other aforementioned requirements and successfully resumed trading on 31 March 2016. Later, the Group made its first foray into Myanmar with the acquisition of its second project, Golden City in Yangon. The two-part acquisition began in December 2016 and ended in February 2017.

STRATEGY & OUTLOOK

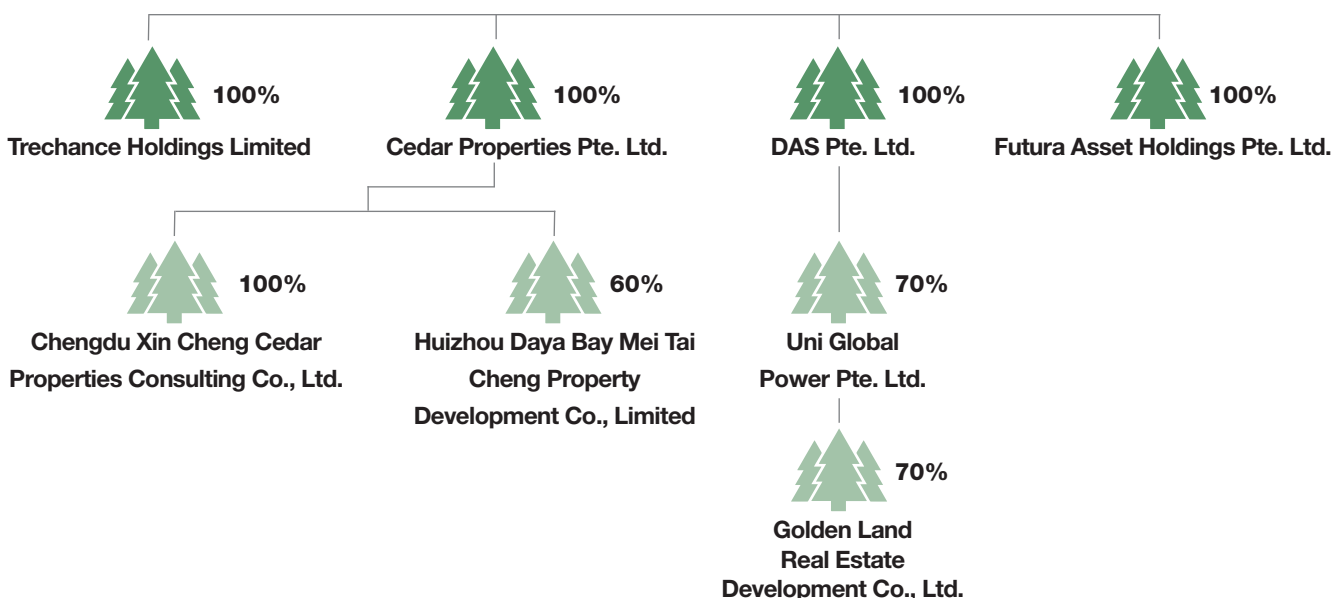
Going forward, the Group intends to continue to focus on property investment and development. However, the Group intends to execute such a strategy differently in three respects, namely:

- The Group is committed to finding a balance between long term recurrent rental income and short term development profit;
- Given the Group's modest financial ability, the Group intends to maximize profit by focusing on emerging cities and areas; and
- The Group is committed to ensuring that its projects produce sufficient cash profit so that it can make distributions and pay dividends.

GROUP STRUCTURE AS AT 28 FEBRUARY 2017



Emerging Towns & Cities Singapore Ltd.



GROUP CHAIRMAN'S STATEMENT



MY FELLOW SHAREHOLDERS

I am very pleased to write this, my 7th letter to you.

As you are aware, after our 'shareholder revolt' in 2015, we took over a Company with dubious assets, no visible cash flow, an audit report with 12 qualifications, and a special audit report that rivaled a laundry list. Given this, I am very pleased to note that all substantive issues have been resolved thanks to the management team, our professional advisors, and with useful advice from the exchange.

POSITIONING

In my last letter, I outlined our thought processes and belief that we should be a niche player. I noted that niche did not mean that we had to be relegated to the third league but rather we could and should be at the heart of an emerging

city, town, region or area benefiting from changing macro trends. Our definition of an emerging city or town is one whose GDP and/or population is growing well above the national average. Meaning the city or town is being ignored by the big boys because of its size, risk profile or the emerging nature of the industrial trend. In 2015, we actualized this belief by acquiring Daya Bay. In 2016, we entered the Myanmar property market.

EXECUTION

In November 2015, and after some careful prospecting, the Group decided to acquire 60% of the registered capital of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("Daya Bay"). Situated 60 minutes from Shenzhen and 90 minutes from Hong Kong, Daya Bay and its surprisingly beautiful beach, fits very nicely into our

niche. Daya Bay appeared poised to benefit (and has benefited) from surging Shenzhen prices as well as the desire of local families for a convenient get-away break or home. With its 717 residential units (then for sale and most of which has now been sold) and 399 holiday apartment units (being rented), Daya Bay was bought so that it would provide us short-term development profits and long-term recurring income.

We then considered projects in other parts of China as well as Malaysia, Indonesia, Vietnam and Thailand but settled on the Golden City, Yangon's iconic mixed-use luxury development. We did so on what we perceived was an outstanding risk-reward profile. For us there was a two-fold upside: superior returns and the re-emergence of Myanmar. The macro risks were, and have been mitigated, by strong micro controls such as: the use of a contractor out of China who is only paid when he delivers; the ability to use our paper thereby sharply reducing the use of debt (the Company is extremely lowly geared); and the use of structuring which meant we pay and get 49% of the economic benefit of the project but retain 70% of the voting rights. Further the Golden City is an iconic development nested in the heart of Yankin township (new CBD) close to Shwedagon Pagoda and the shores of Inya Lake (within 12 minutes of Aung San Suu Kyi's home). The Golden City project boasts approximately 34,000 square meters of land, a proposed development area of 192,019 square meters at anticipated development cost of RMB1,217.5 million (US\$175.3 million) for phases one and two. We are very pleased to announce that we have already started delivering apartments to buyers well ahead of rival projects that commenced before we did.

GROUP CHAIRMAN'S STATEMENT

RESULTS

Whilst it is not seemly to boast (and no one wants to be accused of hubris), it is very pleasing to note that from deep red, the 2015 sales of Daya Bay provided returns sufficient to return us to profitability. Further sales from Daya Bay, but more especially, maiden sales of the first phase of Golden City, has lifted our net profit attributable to shareholders eight-fold to RMB63.9 million this year. In 2016, we recognized revenue from the sale of 205 Golden City units amounting to RMB570.2 million.

OUTLOOK

Given our horrendous history, you can understand the Board's and my nervousness when it comes to corporate governance. As a result, we have required management to undergo and suffer a full ERM (enterprise risk management) assessment and implementation, internal audit, a separate IT audit and the provision in this annual report of integrated accounts. The result has been satisfactory. Our internal assessment gives the Group a good base score of 93 on the STI Governance Transparency Index (please see pages 17 to 24).

Management has been actively looking for our third and fourth projects. They have been looking at a wider area including parts of ASEAN, China and Greater China as well as the sub-continent. We do not rule out doing a second project in either China or Myanmar, where we have clear strengths, but we are wary of concentration risk or being pigeon-holed.

CHANGE OF NAME

During the year, many urged us to consider changing our name, whilst others felt it was not a useful exercise. There were many pros and cons but eventually, we decided branding is important and that we would rather be known for what we now do rather than remind people we are a phoenix that arose from the ashes.

The name Emerging Towns and Cities or **etc**, I must confess plays to my sense of humour:

1. **etc** in Latin is et cetera. You may wish to note that its sister word is etceteros, meaning rare; and
2. **etc** is used today in English to mean 'similar things' or 'and so

forth'. Thus one could easily say "CapitalMall, Global Logistics Property, Mapletree, **etc**". A place, albeit a modest place, in the lists of greats.

THANK YOU

Finally I would like to thank management and especially Thiam Hee, our CEO, for doing an outstanding job, our bankers for their trust, our suppliers for their prompt deliveries, our advisers for their continued good advice and to you our shareholders for your money and your patience.

Yours Sincerely,

CHRISTOPHER CHONG MENG TAK

*Non-Executive Group Chairman &
Independent Director*



AUDIT COMMITTEE'S REPORT

DEAR SHAREHOLDERS,

Christopher Chong Meng Tak, Yu Jinzhi and I form the Audit Committee, and are pleased to present our Audit Committee Report for the year ended 31 December 2016.

AUDIT COMMITTEE MEMBERSHIPS

Christopher Chong Meng Tak, Yu Jinzhi and myself were the only members of and comprised the whole of the Audit Committee as at 31 March 2017. For most part of FY2016 till 29 September 2016, Patrick Wong Pak Him was a member of the Audit Committee until he was appointed as an Executive Director. Teo Cheng Kwee was then appointed until Yu Jinzhi took over the role on 30 March 2017. Save for Teo Cheng Kwee, who is a non-executive director, we are all Independent Directors with extensive financial knowledge and as such, the Committee members are appropriately qualified and experienced to fulfil their role.

KEY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

We operate within the Terms of Reference described on pages 57 to 58.

In FY2016, the Audit Committee met formally eight times as well as had several exchanges of emails and informal telephone calls on selected issues. The main areas dealt by the Committee included:

- Review of the quarter, half-year and full-year financial state of the Group and review of the quarterly, half-year and full-year financial announcements that were approved by the Board and release via the Singapore Exchange Securities Trading Limited ("SGX-ST").

- Approval of the audit plans and strategies received from external and internal auditors for the year ended 31 December 2016.

- Review of the report of audit issues, audit report and management letter points issued by the external auditor, Foo Kon Tan LLP ("FKT"). The Audit Committee also held a private meeting with the auditors without the presence of the executive directors and confirmed their independence.

- Review of the report of control issues and internal audit report by the internal auditor, Baker Tilly.

- Review of the Enterprise Risk Management ("ERM") report by Baker Tilly and the risk register that was established under the ERM framework.

- A review of the significant accounting policies, the notes to the accounts and significant judgements applied in the preparation of the Financial Statements.

- Review of the existing risk management and internal control framework for compliance with the relevant guidelines and regulations such as the Code of Corporate Governance 2012, Rules of Catalyst of the SGX-ST, the Companies Act (Cap. 50 of Singapore) and the Audit Committee Guidance Committee Guidebook.

- Review of the Annual Report to ensure it is fair, balanced and readable/accessible.

The Chairman and/or the Committee regularly meets with the external and internal auditors without management being present to ensure honest and challenging conversations take place.

ENGAGEMENT OF THE EXTERNAL AUDITOR

The external auditor is engaged to express an opinion on the Group's financial statements. The auditor's responsibilities for the audit of the Group's financial statements are set out on pages 78 to 79 of this Annual Report.

FKT was appointed on 21 August 2009 and has been the Group's auditors since the appointment. FKT provides the Committee with the relevant reports and advice throughout the year.

In accordance with the SGX-ST rules, the Company's auditor adheres to a partner rotation policy based on best practices. FY2016 is the current audit partner's fourth consecutive audit with the Company since his appointment.

During the year, the performance of the auditor was formally assessed by the Committee in conjunction with the senior management team. In making this assessment, the Committee focused on the robustness of the audit and the quality of the delivery of audit services. The Committee is satisfied that the audit continues to be effective and provides an appropriate independent challenge of the Group's senior management. The Committee reviewed and is satisfied as to objectivity and independence of the auditor.

SIGNIFICANT ACCOUNTING MATTERS OF THE GROUP

During the year, the Committee reviewed the key areas of management's estimates and judgement applied for key financial issues. This included the type of business combination to be applied to the acquisition of the DAS group and the valuation of investment properties, both of which are Key Audit Matters.

AUDIT COMMITTEE'S REPORT

With respect to the type of business combination to be applied to the acquisition of DAS group, the Committee considered the approach and methodology used in allocating the purchase price to the different assets acquired and liabilities assumed in the business combinations, which were conducted by external business valuers. The Committee also reviewed the adequacy and appropriateness of the disclosure for the business combinations made in the financial statements. The Group's disclosures about accounting for business combination is included in Note 2(D) to the financial statements.

With respect to the valuation of investment properties, the Committee considered the approach and methodology applied to the valuation models in assessing the valuation of investment properties, which were conducted by independent international renowned valuers. The Committee reviewed the reasonableness of the cash flow forecasts, long-term growth rates and discount rates used in the valuation models and the external market indicators in the respective markets. The Group adopted the fair value model, under which an investment property was measured, after initial measurement, at fair value with changes in fair value recognised in profit or loss and the carrying values were supported by the valuations.

We thank you for your attention.

PETER TAN

Chairman of the Audit Committee



BOARD OF DIRECTORS



MR CHRISTOPHER CHONG MENG TAK

Non-Executive and Independent Group Chairman, Chairman of the Nominating & Corporate Governance Committee and the Remuneration Committee and a member of the Audit Committee.

Appointed to the Board on

24 June 2015

Mr Chong is a partner and co-founder of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore. Mr Chong has significant experience as a director of listed companies. He is an independent director of ASL Marine Holdings Ltd, Forise International Limited, Singapore O&G Ltd and Ying Li International Real Estate Limited listed on the SGX-ST and GLG Corp Ltd listed on the Australian Securities Exchange.

Mr Chong's principle expertise include capital markets, securities law, corporate governance and corporate affairs. Mr Chong was a multi-award winning analyst and the Managing Director of HSBC Securities (Singapore) Pte Ltd, formerly known as HSBC James Capel Securities (Singapore) Pte Ltd, and prior to this was an Executive Director of UOB Kay Hian Holdings Ltd, formerly known as Kay Hian James Capel Ltd.

Mr Chong holds a Bachelor of Science degree in Economics (1st class Honours) from the University College of Wales and a MBA degree from the London Business School. Mr Chong is a member of the Institute of Chartered Accountants of Scotland, a Fellow of the CPA Australia, a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Singapore Institute of Directors, a Fellow of the Australian Institute of Company Directors and a Master Stockbroker of the Australian Association of Stock Brokers.



MR TAN THIAM HEE

Group Chief Executive Officer and Executive Director

Appointed to the Board as Independent Director on 24 June 2015 and as the Group Chief Executive Officer and Executive Director on 15 December 2015

Mr Tan is a professional accountant by training and has garnered more than 20 years of experience as CFO or CEO in various industries, including marine, construction, property development and investments, pharmaceutical, leisure, manufacturing, trading and investments holding. Mr Tan is also active in the corporate scene, having helped companies to IPO in both the Singapore as well as the Australian Securities Exchanges. Mr Tan has also driven several merger and acquisition exercises as well as corporate restructuring

or divestment exercises. Mr Tan is also very familiar with the various financial institutions and has helped many companies secure their financing needs. Mr Tan is a director of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore.

Mr Tan has a Master of Business Administration in International Business and a Bachelor of Accountancy (Merit) from the Nanyang Technological University of Singapore. Mr Tan is also a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia, a member of the Singapore Institute of Directors and a Graduate member of the Australian Institute of Company Directors.



MR ZHU XIAOLIN

Group President and Executive Director and a member of the Nominating & Corporate Governance Committee.

Appointed to the Board on 30 March 2017

Mr Zhu is currently the chief executive officer and director of UGP and chairman and director of Golden Land Real Estate Development Co., Ltd. Based in Yangon, he is responsible for the development of the Company's project, Golden City. Under his charge, Golden City has become the best-selling luxury mixed-development project in Yangon.

Mr Zhu graduated with a degree in economics from the Southwest University of Finance and Economics in Chengdu City, Sichuan Province, PRC, and is also a certified public accountant. Mr Zhu has more than 10 years of working experience in the real estate and mineral resources sectors. He has worked in and held senior positions in various Fortune 500 companies, including Motorola Inc., Siemens AG, Sichuan New Hope Group Co., Ltd. and its subsidiaries, and Sichuan Chuanwei Group Co., Ltd. and its subsidiaries. Mr Zhu has led many companies which are listed on the Hong Kong Stock Exchange, most significantly, China Vanadium Titano-Magnetite Mining Company Limited, PRC's first iron ore company listed in the Main Board of Hong Kong Stock Exchange in 2009. In March 2010, Mr Zhu set up China Polymetallic Mining Co., Ltd., a ferrous mining company, and led the company through its successful listing on the Hong Kong Stock Exchange in December 2011.

BOARD OF
DIRECTORS**MR PATRICK WONG
PAK HIM**

*Executive Director
Appointed to the Board
as Independent Director
on 21 July 2015 and as
the Executive Director on
19 September 2016*

Mr Wong was the director and CFO of Far City Mining Limited, a company listed on the Canadian Securities Exchange. Far City Mining Limited is a group with business interests in mining exploration and acquisition.

Mr Wong is a professional accountant by training and has garnered more than 15 years of experience in accounting aspect. Mr Wong is also active in the corporate scene, having helped companies to IPO in both Hong Kong and Canada. Mr Wong has driven several merger and acquisition exercises as well as corporate restructuring or divestment exercises in Hong Kong.

Mr Wong has a Bachelor of Business Administration (Accounting) from the Hong Kong Baptist University. Mr Wong is also a fellow of the Association of Chartered Certified Accountants.

**MR PETER TAN**

*Independent Director,
Chairman of the Audit
Committee and a member of
the Nominating & Corporate
Governance Committee and
the Remuneration Committee.
Appointed to the Board on
24 June 2015*

Mr Tan has more than 30 years' experience in corporate accounting and management in Australia, Singapore and Indonesia. Mr Tan has worked in various companies involved in manufacturing, venture capital, sand mining, telecommunications, and oil and gas support services. Mr Tan is currently the CFO of Golden Orange Materials Pte Ltd, a Singapore company involved in the global wholesale and retail distribution of nano composite materials.

Prior to that Mr Tan was the Group CFO or Financial Controller of various SGX-ST listed companies and unlisted corporations including Sinjia Land Limited from March 2011 to November 2014, MFS Technology Ltd from March 2001 to February 2010; OCBC Wearnes & Walden Management (Singapore) Pte Ltd from June 2000 to February 2001; Pacific Silica Pty Ltd from March 1998 to May 2000; SEM Communications Pte Ltd from 1996 to 1998 and Chuan Hup Group of companies (based in Australia and overseas) from 1984 to 1995.

Mr Tan holds a Bachelor of Commerce degree majoring in Accounting and Management from the University of Western Australia. Mr Tan is a Fellow of the CPA Australia, a member of the Australian Institute of Management, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

**MR TEO CHENG KWEE**

*Non-Executive Director
Appointed to the Board on
21 July 2015*

Mr Teo is the founder, a non-executive director and former CEO of Sapphire Corporation Limited, a company listed on the SGX-ST.

Mr Teo brings with him more than 30 years of vast experience in the building and construction industry and his prominent projects include the Supreme Court Building, the Merlion at Sentosa, Nanyang Technological University, besides several condominium and housing development projects. Mr Teo has more than 40 years of experience in management and cross-border investment and has led the IPOs of multiple Hong Kong and Singapore listed companies.

Mr Teo is a committed investor in Myanmar with multiple on-going projects. Mr Teo entered Myanmar in the early 1990s and was the contractor for Traders Hotel (now known as Sule Shangri-La, Yangon). Mr Teo founded and led the Golden City Project, Yangon's first mixed development and also the tallest and one of the best-selling development projects in Myanmar. Mr Teo's vast experience and acute business acumen has contributed to the Company.

**MR YU JINZHI**

*Independent Director
and a member of the
Audit Committee and the
Remuneration Committee.
Appointed to the Board on
30 March 2017*

Mr Yu is currently the General Manager of Chengdu Xiangshang Alliance Equity Investment Fund Management Co., Ltd..

Mr Yu Jinzhi was the inspector of Jiangsu Division of China Securities Regulatory Commission ("CSRC"), supervising all listed companies in Jiangsu Province, with rich listed company supervision experiences. CSRC is the supreme approval and regulatory authority regarding listed companies in China.

After that, Mr Yu worked for China Pacific Construction Group ("CPCG"), which is top 500 in worldwide, whose main business is infrastructure investment and construction. After leaving CPCG, Mr Yu joined Langsea Real Estate, a property company listed in Hong Kong Stock Exchange and subsequently, Xiandao Investment, another large property company at Changsha in Hunan province. After that, Mr Yu worked for Yanhai Industrial Fund and Xiangshang Alliance Investment Fund, gaining rich investment experiences.

Mr Yu has a Master of Business Administration from Nanjing University in Nanjing City, Jiangsu Province, PRC, and is a certified public accountant.

KEY MANAGEMENT



MR JOSEPH LIM

*Group Chief Financial Officer
Appointed on 1 October 2015*

Joseph oversees the finance, accounting and treasury functions of the Group. He brings with him more than 20 years of post-graduation

experience in accounting, auditing, treasury, risk management and investments with extensive background in public companies listed on SGX-ST and the Australian Securities Exchange.

Joseph graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy. He is a Fellow of the Institute of Singapore Chartered Accountants, a Certified Internal Auditor and a Chartered Financial Consultant.



MR WILLIAM LAU

*Vice President (Investment) &
Regional Chief Financial Officer
– Myanmar*

Mr Lau has worked in Big 4 international accounting firms over 9 years including Ernst and Young China and

PricewaterhouseCoopers Hong Kong, specializing in audit service of IPO and M&A. Prior to joining UGP, he was the Group Finance Manager in Sincere Land Group. He joined UGP in 2013 and is responsible for all financial functions in UGP and Golden City.

Mr Lau graduated from Hong Kong Polytechnic University in 2004 with an Accountancy Degree and minor in Corporate Finance. He is a Fellow Member of the Association of Chartered Certified Accountants.



MR YANG CHA

*Group Chief Development
Officer
Appointed on 8 December
2015*

Mr Yang is responsible for overseeing the development projects of the Group and is

advising the Chief Executive Officer of the Company on its existing businesses as well as potential new development and investment.

Mr Yang has 20 years of real estate experience in construction, design, cost control, merger and acquisition in real estate sector and assets managements. His projects span the residential, commercial, hotel and office sectors with total developed area in excess of a million square meters. All these projects achieved excellent economic results.



MR LI BO

*Vice President (Sales &
Marketing) & Regional Sales &
Marketing Director – Myanmar*

Mr Li joined Golden Land in 2013 as Vice General Manager and Marketing Director, focusing on

marketing and sales. Prior to joining the Company, Mr Li worked in a property development group, Sichuan Yuan Dong Group, as President Assistant and Marketing Director where he was involved in marketing and strategic planning. From 2004 to 2007, Mr Li worked in Shaanxi Architectural Design and Research Institute Co., Ltd. in China as Architect Designer. He obtained his Master Degree in Real Estate Management from University of Aberdeen Scotland in 2009.



MR LAI XUEJUN

*Senior Vice President &
Regional General Manager –
Myanmar*

Mr Lai has over 14 years of working experience in large corporations in the investment

and banking sectors. From 2007 to 2012, he was the Vice President and General Manager of property development group, Sichuan Yuan Dong Group, managing all their property development projects in China. He joined Golden Land in 2013 as General Manager overseeing marketing, construction and design-related works, as well as leading the cost control department.

He is highly involved in the social community in Myanmar and holds positions such as the Vice Chairman of Myanmar Chinese Chamber of Commerce and Consultant of Myanmar & Taiwan Commerce Organisation. He is a fellow member of Myanmar Taiwanese Business Association and member of Myanmar China Enterprise Chamber of Commerce.



MR IRWIN ANG CHEE LIONG

*Vice President (Quality
Assurance)*

For the past 22 years, Mr Ang has been working in the construction industry for A1 & A2 Main-Contractors companies in Singapore.

Responsible for execution of overall planning and coordinates all development works starting from conceptualisation, design, to on-going construction till completion with high quality standards control. Apart from meeting all building authorities' standards and compliance, he ensures all works are carried out in accordance with well established and implemented safety measures.

Notable completed projects include HDB's largest project (S\$369 million) Casa Clementi (CLN4C8) achieving an overall Building Construction Authority of Singapore (BCA) CONQUAS-21 score of 91.5%.

He has now joined ETC Singapore as Vice President on quality assurance and control for the Golden City Project in Yangon, Myanmar.

OPERATION AND FINANCIAL REVIEW



The Group, for the financial year ended 31 December 2016 ("FY2016"), reported a RMB692.4 million year-on-year hike in revenue to RMB718.8 million for FY2016. Correspondingly, net profit attributable to shareholders rose eightfold from RMB7.5 million for 31 December 2015 ("FY2015") to RMB63.9 million for FY2016. This significant strengthening of both the top and bottom lines can be traced primarily to the consolidation of DAS Pte. Ltd. ("DAS"), which holds an effective 49.0% equity stake in Myanmar's landmark luxury development project, Golden City. Consequently, the Group was able to recognise revenue of RMB570.2 million arising from the recognition of sale of 205 property units from the initial development phase of the Golden City project.

FINANCIAL RESULTS

Revenue for FY2016 was mainly contributed by the sale of property units in the Golden City project of RMB570.2 million (79.3% of total revenue), the Daya Bay project of RMB138.7 million (19.3% of total revenue) and the rental of holiday apartments of RMB9.6 million. Revenue for FY2015 was contributed by the Daya Bay project from the sale of property units of RMB25.5 million and rental of holiday apartments of RMB0.8 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 RMB570.2 million and RMB138.7 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 RMB2,000 per room since December 2015, amounting to RMB9.6 million for FY2016.

Gross profit of approximately RMB120.8 million was recorded for FY2016, after deducting direct costs (consisting mainly of cost of the property units sold) of approximately RMB598.0 million. The gross profit margins for Golden City and Daya Bay projects were approximately 17.0% and 18.0% respectively.

Other income increased from RMB21.8 million in FY2015 to RMB25.7 million in FY2016 mainly due to the recognition of negative goodwill of RMB22.5 million arising from the acquisition of 75.0% equity interests in DAS and fair value gain of RMB3.0 million for investment properties

in Daya Bay. Other income for FY2015 was contributed by recognition of negative goodwill of RMB21.2 million arising from the acquisition of 60.0% equity interests in Daya Bay and a gain on disposal of motor vehicle of RMB141,000.

Distribution costs of RMB8.0 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 salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

Administration expenses increased from RMB11.4 million in FY2015 to RMB17.1 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

OPERATION AND FINANCIAL REVIEW

approximately RMB2.3 million have been written back in FY2016.

Other non-operating expenses decreased from RMB2.3 million in FY2015 to RMB0.8 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 was mainly due to partial impairment provision made on the consideration receivable from New Inspiration.

The finance costs of RMB7.3 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 obtained from certain related parties of Daya Bay, as well as loans due to a substantial shareholder.

Taxation increased from RMB0.4 million in FY2015 to RMB50.7 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 which was partially offset by the increase in income tax expenses from the Daya Bay project due to higher profits.

FINANCIAL POSITION

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.

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 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 trade and other payables, deposits from customers on purchase of development properties and financial liabilities increased on the maiden consolidation of Golden City project's financial position and interest-free loans from certain related parties of Daya Bay as the loans mature in December 2017. Current tax payable increased mainly due to contributions from the Daya Bay project in FY2016.

CASH FLOW

Net cash used in operating activities was approximately RMB2.0 million for FY2016 due mainly to the changes in working capital. Net cash used in investing activities was approximately RMB82.1 million for FY2016 mainly for the acquisition of DAS.

Net cash generated from financing activities was RMB145.5 million for FY2016 from the proceeds from the rights issue completed on 19 September 2016. The Company had raised net proceeds of approximately S\$18.4 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.



OPERATION AND FINANCIAL REVIEW

DAYA BAY

On 4 November 2015, ETC Singapore has, through its wholly-owned subsidiary Cedar Properties Private Limited, acquired 60.0% of the registered capital of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (“Daya Bay”), for an aggregate consideration of RMB48 million. This is part of the Company’s corporate turnaround strategy to not only secure shareholders’ value but to allow shareholders to recover part of the value lost.

Daya Bay is the sole developer of a project in No. 3 Xia Guang Road West, Xia Chong Town, Daya Bay District, Huizhou, Guangdong Province, PRC. The brownfield project comprised, inter alia, 1,116 suites of decorated apartments with a gross floor area of approximately 552,000 square feet. Construction has been substantially completed and the handover of the apartments for sale to purchasers have commenced from 3Q2015. Average selling price of the residential units is approximately RMB1,400 per square feet. 399 apartments will continue to be owned by Daya Bay, and will be rented out as holiday apartments for recurring income. An independent and well-established hotel operator, who has experience in the hotel management business in the PRC, has been hired as the hotel management company. Under the rental contract, price per unit is negotiable and eligible for increase every six months; but capped at a price floor of RMB2,000 per unit per month.

The development benefits from its location which is a domestic tourism hotspot due to close proximity to large cities including Shenzhen, Zhuhai, Guangzhou, Hong Kong, and Macau. Its vicinity contains Shenzhen’s largest seafood market among other tourism resources.

	Sales value (RMB million)	No. of units	Total floor area (’000 sq ft)
Sold (SPA signed & stated at gross)	390.8	660	313.8
Unsold (incl. deposit received but contract not signed)	27.8	57	22.3
Total	418.6	717	336.1
Notified and Handed over	283.7	472	225.9
Notified, but not handed over	42.6	77	36.0
Total Sold and Recognised in P&L	326.3	549	261.9



OPERATION AND FINANCIAL REVIEW

GOLDEN CITY

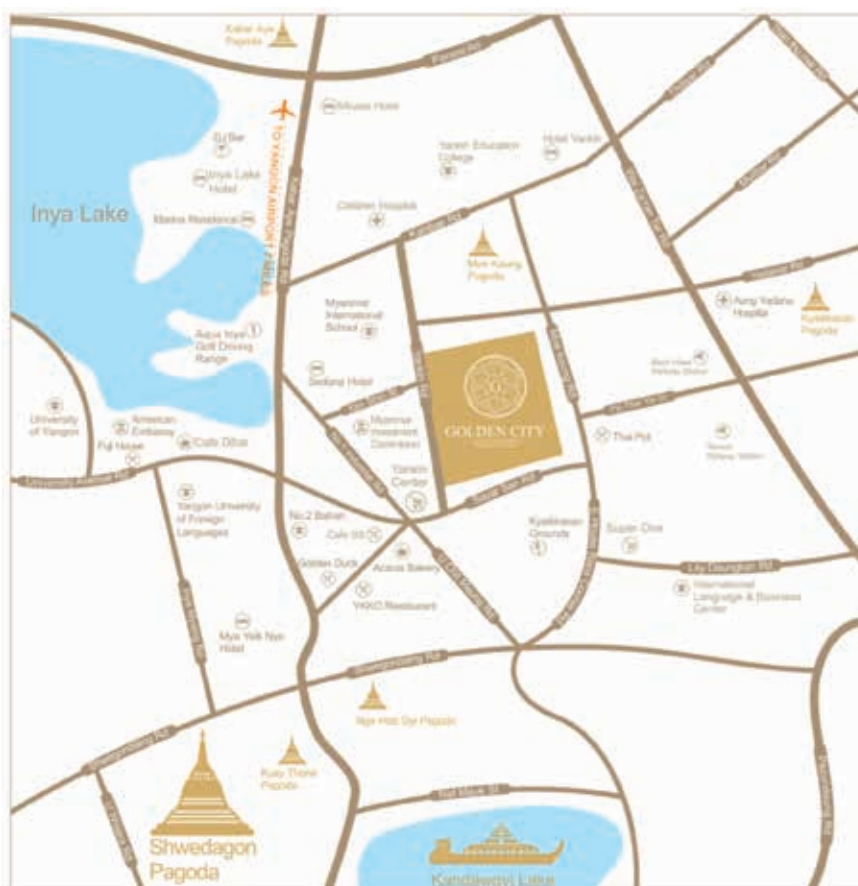
Through two acquisition phases completed on 20 December 2016 and 27 February 2017 respectively, ETC Singapore has, through its wholly-owned subsidiary, DAS, acquired an effective 49.0% equity stake in Golden Land Real Estate Development Company Limited (“Golden Land”) for an aggregate consideration of US\$24.9 million. Golden Land is the developer of the Golden City project, a luxury mixed-use development with an estimated gross floor area of approximately 3.6 million square feet in the Yankin township of Yangon, Myanmar.

Towering at an unprecedented height of 33 storeys, the iconic development offers unobstructed views of key landmarks including the Shwedagon Pagoda and the Inya Lake. Its vicinity area contains prestigious real estate and lifestyle amenities, including five-star hotels, fine dining, international schools, hospitals, embassies, and office headquarters (e.g. Telenor, Unilever, MIC, LG, Petronas, Bangkok Bank, Keppel).

The development of this brownfield project has four distinct phases, with the initial two phases comprising residential blocks and the final two phases set aside for other uses including commercial. As at 31 December 2016, the construction of the first phase has been completed, and the sales for the first two phases, having commenced in March 2014 and 1H2015 respectively, are ongoing. Average selling price of the residential units is US\$260 per square feet, with a majority of the buyers being affluent locals.

Furthermore, since its inception, the project has been actively engaging the local community through the Golden City Charity Foundation, donations, volunteer work, and other CSR activities.

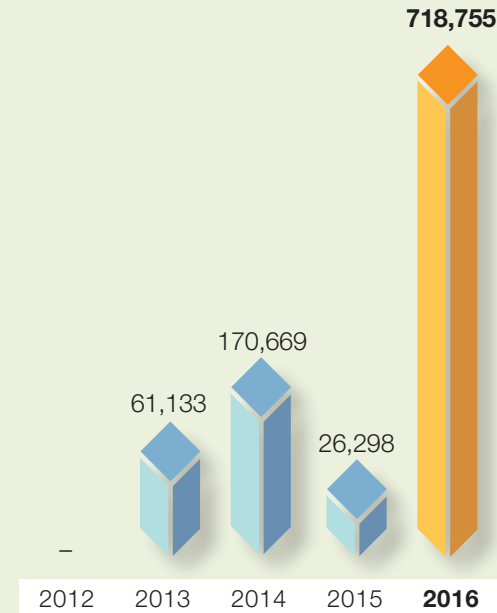
	Sales value (USD million)	No. of units	Total floor area (’000 sq ft)
Sold (SPA signed & stated at gross)	156.4	435	601.7
Unsold (incl. deposit received but contract not signed)	239.5	630	867.0
Total	395.9	1,065	1,468.7
Notified and Handed over	22.1	57	89.2
Notified, but not handed over	60.0	148	242.2
Total Sold and Recognised in P&L, net of discount	82.1	205	331.4



FINANCIAL SUMMARY

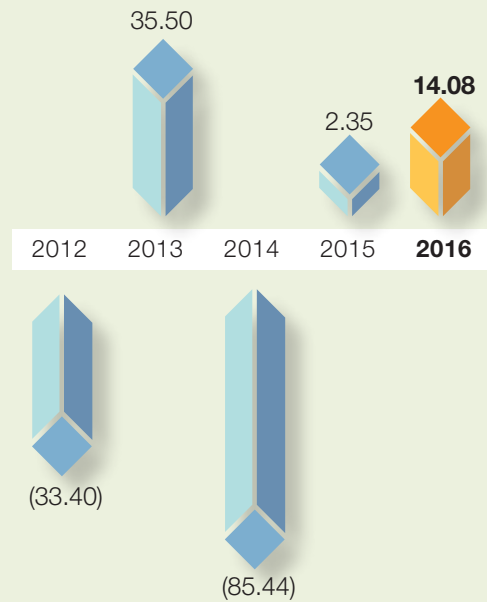
REVENUE

(RMB'000)

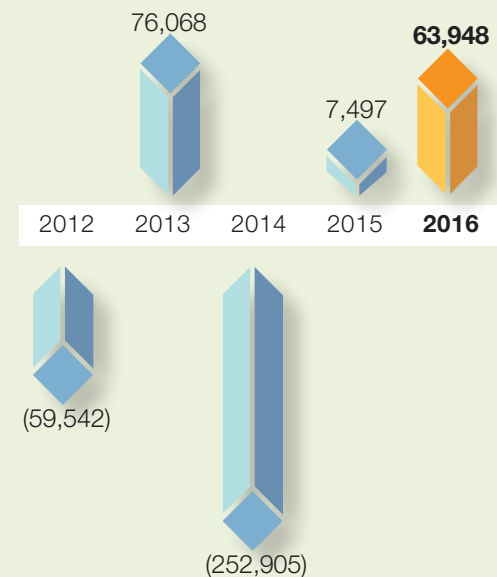


BASIC EARNINGS/(LOSS) PER SHARE*

(RMB FEN)

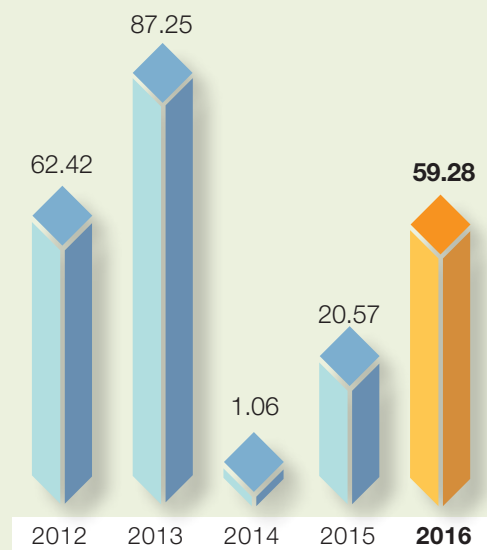


PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS (RMB'000)



NET TANGIBLE ASSETS PER SHARE*

(RMB FEN)



* Number of shares for prior years were restated to show the effects of the share consolidation on 5 December 2016.

FINANCIAL YEAR REVIEW

Increase in Revenue

FY2016 contributed by Golden City project RMB570.2 million (79.3%) and Daya Bay project RMB138.7 million (19.3%) whilst FY2015 was solely contributed by Daya Bay project

Increase in Gross Profit

The gross profit margins for Golden City and Daya Bay projects were approximately 17% and 18% respectively

Increase in Other Income

1. FY2016 – negative goodwill of RMB22.5 million (Golden City project)
2. FY2015 – negative goodwill of RMB21.2 million (Daya Bay project)

Increase in Distribution Costs

Mainly due to the sale of property units in the Golden City and the Daya Bay projects

Increase in Administrative Expenses

Mainly due to mainly due to administrative expenses incurred by the Golden City and the Daya Bay projects and employment of staff in China to oversee the Daya Bay project

Decrease in Non-Operating Expenses

FY2015 mainly due to impairment provisions for consideration receivable from New Inspiration, which was partially written back in FY2016

Increase in Finance Costs

Mainly due to imputed interest expense (Daya Bay project)

Increase in Taxation

Mainly due to unwinding of deferred tax liabilities

Net cash used in operating activities was approximately RMB2.01 million for FY2016 due mainly to the changes in working capital

Net cash used in investing activities was approximately RMB82.08 million for FY2016 mainly from the acquisition of DAS

Net cash generated from financing activities was RMB145.5 million for FY2016 mainly from the proceeds from the rights issue completed on 19 September 2016

Financial Performance (RMB'000)

	Group	
	FY2016	FY2015
Revenue	718,755	26,396
Cost of sales	(597,978)	(25,368)
Gross profit	120,777	1,028
Other income	25,673	21,774
Distribution costs	(7,980)	(2,478)
Administrative expenses	(17,093)	(11,441)
Other non-operating expenses	(766)	(2,261)
Finance costs	(7,346)	–
Profit before taxation	113,265	6,622
Taxation	50,688	373
Profit for the year	163,953	6,995

Cashflow (RMB'000)

	Group	
	FY2016	FY2015
Net Cash used in Operating Activities	(2,009)	(29,768)
Net Cash (used in)/generated from Investing Activities	(82,081)	16,862
Net Cash generated from Financing Activities	145,537	30,280
Net increase in Cash and Cash Equivalents	61,447	17,374
Deposits pledged to financial institutions	(12,686)	(17,189)
Cash and Cash equivalents at 1 January	1,167	987
Exchange differences on translation of Cash and Cash equivalents at 1 January	(462)	(5)
Cash and Cash Equivalents at 31 December	49,466	1,167

FINANCIAL YEAR
REVIEW

Financial Position (RMB'000)

Mainly due to maiden consolidation of DAS Group's financial position and increase in fair value of the investment properties from the Daya Bay project

Mainly due to maiden consolidation of DAS Group's financial position

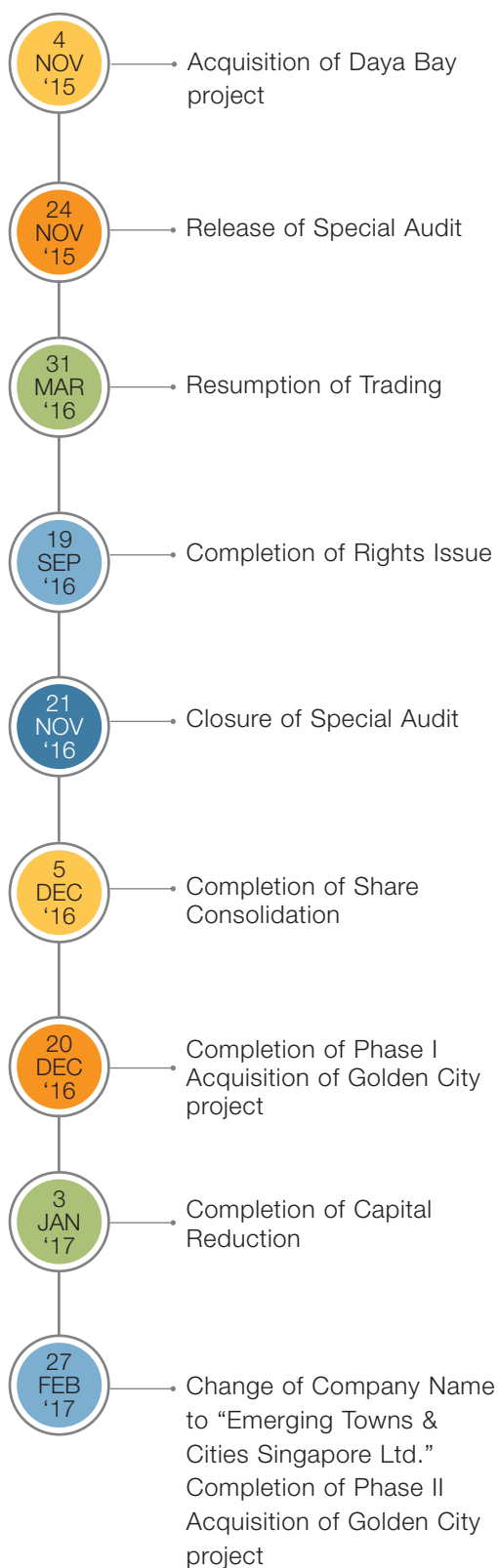
Mainly due to rights issue and shares consideration issued for acquisition of Golden City project

Mainly due to maiden consolidation of DAS Group's financial position

Mainly due to contributions from the Daya Bay project in FY2016

	Group		Company	
	FY2016	FY2015	FY2016	FY2015
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	38,057	6,305	396	549
Investment properties	294,705	265,500	-	-
Investments in Subsidiaries	-	-	164,967	467
Total Non-Current Assets	332,762	271,805	165,363	1,016
Current Assets				
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
	1,382,706	202,884	28,761	6,255
Total Assets	1,715,468	474,689	194,124	7,271
EQUITY				
Capital and Reserves:				
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)
Equity attributable to equity holders of the Company	261,317	21,091	153,005	(7,485)
Non-Controlling Interests	190,813	44,467	-	-
Total Equity	452,130	65,558	153,005	(7,485)
LIABILITIES				
Non-Current Liabilities				
Accrued land lease premium	110,872	-	-	-
Provisions	135	135	135	135
Deferred tax liabilities	164,258	45,130	-	-
Financial liabilities	293,045	101,980	34,719	-
Total Non-Current Liabilities	568,310	147,245	34,854	135
Current Liabilities				
Trade and Other Payables	298,269	170,916	6,265	14,621
Accrued land lease premium	19,567	-	-	-
Deposits from Customers on purchase of development properties	233,125	80,030	-	-
Financial Liabilities	129,130	-	-	-
Current tax payable	14,937	10,940	-	-
Total Current Liabilities	695,028	261,886	6,265	14,621
Total Liabilities	1,263,338	409,131	41,119	14,756
Total Equity and Liabilities	1,715,468	474,689	194,124	7,271

CORPORATE MILESTONES



EMERGING TOWNS & CITIES SINGAPORE LTD
新世界地产集团有限公司

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK				
Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
A.	Board Responsibilities – 35%			
	Board size			
	Number of directors on board	1	1	
	Board independence			
	Proportion of independent directors on board			
	Number of directors on board			
	Number of independent directors on board	1	3	We do not have a majority of independent directors because there are sufficient checks and balances namely: we have strong independent directors and the Non-Executive Group Chairman and the Group CEO are separate persons.
	CEO-Chairman separation			
	Is the chairman an independent director?			
	If the answer to the above is "NO", is the chairman a non-executive director and not related to the CEO?	3	3	
	If chairman is the CEO, is related to the CEO, is a controlling shareholder or is an executive director, does the company have a Lead Independent director?			
	Board competencies			
	Does at least one of the independent directors have experience in the industry the company is in?	1	1	
	Does the company disclose a board diversity policy?	1	1	
	Does the company disclose the orientation programmes for new directors?	1	1	
	Board duties and responsibilities			
	Does the company clearly state the roles and responsibilities of the board of directors?	1	1	
	Board and committee meetings			
	How many times did the board meet during the year?	1	1	
	How many times did the remuneration and nomination committee meet during the year?	1	1	
	How many times did the audit committee meet during the year?	1	1	
	Is individual director attendance at board and committee meetings given?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK				
Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
	Nominating Committee			
	Number of members in the committee	1	1	
	Number of independent members in the committee			
	Is the chairman independent?			
	Does the company set limits on the number of directorships that can be held?	1	1	
	Selection of directors			
	Is the skills/experience sought disclosed?	1	1	
	Is the process followed disclosed?	1	1	
	Board and individual director appraisal			
	For board appraisal, is the process disclosed in detail?	1	1	
	For board appraisal, is the criteria disclosed?	1	1	
	For individual director appraisal, is the process disclosed in detail?	1	1	
	For individual director appraisal, is the criteria disclosed?			
	Does the company conduct an annual performance assessment of the board committees?	1	1	
	Remuneration Committee			
	Number of members in the committee	1	1	
	Number of independent members in the committee			
	Is the chairman independent?			
	Executive director/Top 5 executives' remuneration			
	Is the remuneration of executive directors disclosed? (E = Exact, B1 = Bands of \$100k or less with upper limit, B2 = Bands of between \$100k-\$250k with upper limit, B3 = Bands of \$250k with upper limit, ND = Not Disclosed)	2	2	
	Is the remuneration of CEO disclosed? (E = Exact, B1 = Bands of \$100k or less with upper limit, B2 = Bands of between \$100k-\$250k with upper limit, B3 = Bands of \$250k with upper limit, ND = Not Disclosed)	1	1	
	Is the remuneration of top 5 executives disclosed? (E = Exact, B1 = Bands of \$100k or less with upper limit, B2 = Bands of between \$100k-\$250k with upper limit, B3 = Bands of \$250k with upper limit, ND = Not Disclosed)	1	2	Exact remuneration is not disclosed for confidentiality reasons so as to prevent competitors from knowing salaries offered by the Company to its key management personnel of similar status in the Group.
	Are the names of the top 5 executives given?			
	Is the aggregate remuneration paid to the top five key management personnel disclosed?			

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK				
Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
	Are short-term incentives used?	1	1	
	Are long-term incentives used?	1	1	
	Does the company disclose information on the link between remuneration paid to the executive directors and key management personnel, and performance?	1	1	
	Does the Remuneration Committee periodically seek remuneration consultants' advice on remuneration matters for directors?	0	1	The assessment is conducted by the management together with the Remuneration Committee currently.
	Non-Executive director fees			
	Is the fees of Non-Executive directors disclosed? (E = Exact, ND = Not Disclosed)	1	1	
	Is the fee structure disclosed?	1	1	
	Total: Section A	31	35	
B.	Rights of Shareholders – 20%			
	Fundamental shareholder right			
	Does the company pay dividend (final/annual/interim/special dividends) to all its shareholders within 30 days after the declaration of dividends and/or after shareholders; approval of final dividends at shareholder general meetings?	0	1	The Company did not pay any dividends for FY2016.
	Right to participate effectively and vote in general shareholder meetings			
	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors?	1	1	
	Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	1	1	
	Do shareholders have opportunities to ask questions in the latest Annual General Meeting (AGM), and does the meeting minutes record details of shareholders' questions and answers?	1	1	
	Does the company disclose the appointment of an independent party (scrutineers/inspectors) to count and validate the votes at the AGM?	2	2	
	Does the company disclose the attendance of the Chairman of the Board at the latest AGM?	1	1	
	Does the company disclose the attendance of the CEO/Managing Director at the latest AGM?	1	1	
	Is poll voting used, instead of show of hands, for all resolutions at the latest AGM?	2	2	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK				
Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
	Conduct of interested person transactions (IPTs) and management of conflicts of interest			
	Does the company disclose policy that requires directors of the board to refrain from participation in board discussions and decision making process on a particular agenda when they have conflicts of interest?	1	1	
	Does the company ensure the IPTs are conducted fairly and on arm's length basis?	2	2	
	Institutional investors			
	Does the share ownership of institutional investors, other than controlling shareholders, exceed 5%?	1	1	
	Shareholder participation			
	Does the company disclose that it allows shareholders who hold shares through nominees to appoint more than two proxies or to attend AGMs as observers without being constrained by the two-proxy rule?	1	1	
	Does the company disclose detailed information on each agenda item for the AGM in the Notice?	1	1	
	Does the company publish detailed information of the vote results?	1	1	
	Are all the directors required to stand for re-election at least once every three years?	1	1	
	Do shareholders or the board of directors approve the remuneration of the executive directors and/or senior executives?	1	1	
	Dividend payment			
	If dividends are paid, is there disclosure of company's policy on payment of dividends?	2	2	
	If dividends are not paid, is there disclosure of reasons for not paying out dividends during the financial year?			
	Total: Section B	19	20	
C.	Engagement of Stakeholders – 10%			
	Rights of stakeholders established through law and mutual agreements upheld			
	Does the company disclose a policy and its relevant activities that:			
	Specify company's efforts to ensure customers' health and safety?	1	1	
	Demonstrate the company's attempts to employ eco-friendly and sustainable value chain processes?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK				
Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
	Describe the company's interaction and cooperation with the relevant communities?	1	1	
	Describe the company's anti-corruption programmes and procedures?	1	1	
	Explain how the company protects creditors' rights?	1	1	
	Stakeholders' avenue for redress for violation of rights			
	Performance enhancing mechanisms for employee participation			
	Does the company disclose relevant policy to ensure the health, safety and welfare of its employees?	1	1	
	Does the company provide training and development programmes for its employees?			
	Does the company publish relevant results of such training and development programmes that its employees participated in?	1	1	
	Stock options			
	Is the vesting period for stock options / PSP (Performance Share Plan) 3 years or more?	1	1	
	Whistleblowing policy			
	Does the company have a whistleblowing policy?	1	1	
	If the answer to the above is "Yes", are key details of the policy disclosed and is anonymous reporting allowed?	1	1	
	Total: Section C	10	10	
D.	Accountability and Audit – 10%			
	Composition of the audit committee			
	Are all the audit committee members independent?			
	If the answer to the above is "No", are all the audit committee members non-executive with an independent chairman?	2	2	
	Does the majority of the audit committee members have an accounting or finance background?	1	1	
	Does the audit committee chairman have an accounting or finance background?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK				
Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
	Risk management and internal control systems			
	Is there disclosure of the process and framework used to assess the adequacy of risk management and internal control systems?	1	1	
	Is there disclosure that the internal auditor meets or exceeds IIA standards?	1	1	
	Does the annual report have a statement by the board or audit committee on the adequacy of the risk management and internal control systems (including operational, financial compliance, and information technology)?	1	1	
	Does the company identify the in-house head/team of internal audit or the name of external firm that conducts its internal audit?	1	1	
	Is there a CEO/CFO certification of financial statements?			
	Is there an assurance from the CEO and the CFO regarding the effectiveness of the company's risk management and internal control systems?	1	1	
	External auditor and auditor Report			
	Is the Audit Committee primarily responsible for proposing the appointment and removal of the external auditor?	1	1	
	Total: Section D	10	10	
E.	Disclosure and Transparency – 25%			
	Transparent ownership structure			
	Does the company disclose the direct and indirect (deemed) shareholdings of directors?	1	1	
	Quality of Annual Report			
	Does the company's annual report disclose the following items:			
	Corporate objectives	1	1	
	Financial performance indicators	1	1	
	Non-financial performance indicators	1	1	
	Key risks (including operational risks) and how these risks are assessed and managed	1	1	
	Disclosure of Related Party Transactions (RPTs) and Interested Person Transactions (IPTs)			
	Does the company disclose a detail policy that sets out procedures for the review and approval of material/significant IPTs?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK				
Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
	For each material/significant IPT, does the company identify all related parties and its relationship with each party?	1	1	
	For each material/significant IPT, does the company disclose the nature and value of each transaction?			
	Does the company disclose the type of material transactions that require board approval?	1	1	
	Directorships/Chairmanships in listed companies			
	Is there disclosure of all the directorships and chairmanships held by its directors at present and over the past 3 years?	2	2	
	Is there disclosure of only the current directorships and chairmanships held by its directors?			
	Timeliness of release of results			
	Financial year end			
	Results release date	2	3	As the Board requires that the results be reviewed by the Auditors prior to announcement, it is highly unlikely that the Group's results will be announced within 30 days.
	Number of days taken to release the results			
	Does the company release its audited annual/financial report on later than 60 days from the company's financial year end?	0	1	The results, though not audited, were reviewed by the auditors prior to announcement.
	Medium of communication			
	Does the company use the following modes of communication?			
	Analyst's briefing	1	1	
	Media briefings/press conferences			
	Corporate website			
	Are details of its code of conduct or ethics disclosed?	1	1	
	Is the link provided on the SGX website and/or annual report?	1	1	
	Does the website have a clearly dedicated IR link instead of providing the financial information under links such as "News" or "Announcements"?	1	1	
	Are the latest financial results available on the website?	1	1	
	Is the latest annual report available on the website?			
	Is the IR contact given on the website/annual report?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK				
Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
	Does the company have a website disclosing up-to-date information on the following?			
	Group corporate structure	1	1	
	Clear vision and mission statements	1	1	
	Does the company demonstrate email responsiveness to investor relations function promptly and effectively (i.e. within a week)?	1	1	
	Results briefings			
	In the company's annual report, are there commentaries of the board on steps and measures being taken to understand shareholders' viewpoints and concerns, e.g. through analyst briefings, investor roadshows or Investors' Day briefings?	1	1	
	Does the company carry out an adequate investor relations policy in order to ensure regular and effective convey of pertinent information to shareholders?	1	1	
	Total: Section E	23	25	
	Total: Base Score	93	100	

SUSTAINABILITY PERFORMANCE STATEMENT

BOARD STATEMENT

Our Vision

We envision to build infrastructure using sustainable methods for our existing and future generations.

Our Mission

We are dedicated to making the world a better place to live in. Our mission is to:

- Enhance the stakeholders' value through sustainable business practices.
- Offer employees competitive benefits and a safe work environment and honoring the rights of our employees.
- Empowering our communities to advance and prosper.
- Protect the limited resources and actively seeking ways to reduce our environmental footprints.

Leaving 2016 and moving into 2017, the uncertainties in the global market which most closely concern our business remain – political changes and economic slowdown. Nonetheless, we see pockets of opportunities in the developing regions, such as Myanmar where we recently entered into a joint venture. We understand how new developments are of concern to both the local community and foreign investments, especially in emerging cities, where regulatory and legal transparency could be lacking. We work in close contact with the relevant authorities and our local partners, seeking guidance and clarifications to ensure that our projects can be carried out in accordance to schedule.

Our Commitment

While we seek to bring value to our shareholders, we are prudent in our execution, bearing in mind our sustainability commitment to our other stakeholders, which we believe supports our goal of providing shareholder returns for the long term. We are pleased to share that the project site of Golden City was not formerly a residential site, protected area nor ecosystem conservation area. Hence, disruptions to the local community were kept at its minimal. The Golden City project was presented with the "Green Asia Habitat Award" by Asian Habitat Society in 2015 for its role in spurring green, ecological and sustainable development in Myanmar. This recognises the Golden City project's sustainability focus that included assessments on the project's environmental and social impacts. We endeavour to uphold this in the project's future developmental phases. We are also on track to achieving the target "green" area of 30% of land area. The "green" area for Golden City is currently at 26.1% in Phase Two of the project. We will gradually increase the "green" area in the next two phases. Other than providing green spaces for flora and fauna, some of these areas also function as open and common spaces for our residents to gather and organise activities, creating more liveable spaces outside their residential units, in line with our mission statements.

During the year, we have maintained all the initiatives that were designed to promote the well-being of our employees. We have also reported zero fatalities at our worksite. Our track record is maintained by continual training and education on workplace health and safety to our employees, whose safety is always at top of our minds. This concern is communicated to and instilled within our working partners and vendors.

Our Promise

We will continue to be committed to invest, develop, manage and divest assets in the manner that benefit the Group and our stakeholders which includes our customers, communities where our assets are based, working partners, shareholders and employees. We will ensure co-operation with our local working partners to explore more channels to manage energy, water and waste in the most cost effective and environmentally friendly ways possible.

Sustainability is not the responsibility of a few, but a concerted effort by all of us here in the Group. We will continue to strive to achieve our sustainability objectives.

For and on behalf of
the Board of Directors
of Emerging Towns & Cities
Singapore Ltd.

SUSTAINABILITY PERFORMANCE STATEMENT



MATERIALITY

Through working group sessions involving the management and executives, we considered and assessed the topics that the stakeholders and the Group are concerned with and which could potentially impact the long term sustainability of our business.



The Group has completed the development of Daya Bay in FY2016, with almost all of its holiday apartments sold, hence the Group is focused on presenting its efforts in Myanmar and also on the factors that influence the business and management decisions. Where efforts are project specific, they will be indicated as such. Otherwise, the write up below is applicable for both Golden City and Daya Bay projects.

	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
Environmental Aspect			
Carbon and energy 	<p>Global greenhouse gas emissions have been rising at unsustainable levels and the rising demand for energy compounded by finite resources are placing pressure on our environment.</p> <p>The long-term growth of our business is largely dependent on the sustainability of our environment. Climate change is a critical issue to our business as erratic weather patterns and severe natural disasters pose major challenges to the completion of our development projects and the natural environment and the communities which we operate in.</p>	<p>Climate change affects the daily life of our stakeholders. In particular, the occurrence of catastrophic natural disasters to the region, such as floods, cyclones and heat waves, have been commonly attributable to climate change.</p>	<p>While our eyes are set on growth potential and economic benefits of emerging cities, we are concerned with the environmental footprint created.</p> <p>We are committed to lowering the environmental footprint of our developments through constant innovation. We have reduced direct and indirect carbon emissions through consumption of fueled energy from construction and operation activities. Furthermore, we have installed more energy-efficient lightings such as Light-Emitting Diode (LED) lamps and light fixtures.</p>
Waste and Resource Management 	<p>Waste management is crucial to our business during the execution of our projects and managing our operations.</p> <p>Moreover, unsustainable rates of waste generation has resulted in land scarcity for waste disposal and cost pressures due to resource scarcity.</p> <p>Natural resources provide materials that are needed to build and manage our properties. Furthermore, they are important to our business in developing a safe and efficient environment for our customers. The increasing cost of resources will have a significant impact on the long-term viability of our business.</p>	<p>The depletion of natural resources concerns stakeholders as future generations may face insufficiency of such resources.</p>	<p>We have implemented the 'reduce, reuse and recycle' waste hierarchy to minimise the amount of waste produced during the execution of projects and managing of operations.</p> <p>We have also placed recycling bins in our properties to encourage residents/tenants to recycle wastes produced.</p> <p>We also require our main contractors to implement proper waste management procedures to minimise construction waste, as well as to properly manage and dispose any waste generated.</p>

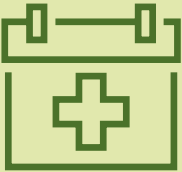

SUSTAINABILITY PERFORMANCE STATEMENT

	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
<p>Water stewardship</p> 	<p>We understand the importance of safe drinking water and the need to protect both ecosystems and communities through proper sanitation. Therefore, we are committed to reducing water consumption, reusing water and preventing water pollution through maximising water efficiency during the execution of our projects and operations management processes.</p>	<p>Adequate amounts of safe drinking water and sanitation are important to both the community and the ecosystems.</p>	<p>Our sanitary facilities will be equipped with low flush toilets and dual flush and flow regulators to be installed.</p> <p>We ensure proper treatment of waste by our service providers to prevent pollution to the water bodies.</p>
Economic/Governance Aspect			
<p>Corporate governance, business ethics and anti-corruption</p> 	<p>We are committed to creating a balance between profitability and the needs of our stakeholders and the environment. Furthermore, we ensure that our business activities are conducted with integrity and respect for society.</p>	<p>Stakeholders believe that apart from maintaining profitability, companies should also manage its non-financial aspects such as its impact on the environment and society over the long term. All aspects of financial and non-financial performance should be integrated into the business strategy so as to sustain long-term growth of the Company.</p>	<p>We have zero tolerance for breaches of our Code of Business Conduct and anti-bribery policies which extends to business dealings with third-party service providers and vendors. Moreover, we educate our employees on the updates of policies to ensure compliance throughout our operations. A whistle blowing policy is in place to help employees who have major concerns over any wrong-doing within the Group relating to unlawful conduct, financial malpractice or dangers to the Group, the public or the environment.</p> <p>Furthermore, the Board oversees the environmental, social and governance matters related to the business.</p>


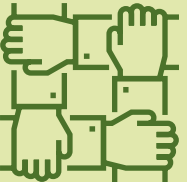
SUSTAINABILITY PERFORMANCE STATEMENT

	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
<p>Direct and indirect economic impacts</p> 	<p>We contribute to local economies in countries we operate in through our core business activities. Our business operations generate income for employees, revenue for suppliers and contractors and support public well-being and infrastructure through tax payments and fees.</p>	<p>As we contribute directly or indirectly to our stakeholders through our business activities, they are interested in the value that our business is able to create.</p>	<p>Our contractors and subcontractors have employed more than 1,000 employees during the project development of Golden City. Moreover, we have supported more than 100 direct and indirect jobs in our development and operation processes. We source for raw materials, resources and services from over 20 suppliers with a direct procurement spend of US\$700,000 for 2016.</p> <p>We conduct social and environmental impact analysis prior to each of our property development projects.</p>
<p>Product quality and integrity</p> 	<p>Our buildings are designed to provide a safe environment for prospective homeowners, hotel guests, tenants, and the community and satisfy customer needs. We strive to achieve our customer's utmost confidence in our buildings by ensuring consistency in the safety and quality of our developments. We believe that product quality and integrity forms the foundation of the reputation and trust that we seek to earn in the communities we operate in.</p>	<p>Stakeholders are concerned with how the safety and quality of our buildings are guaranteed. Developments with high quality and integrity help us to stay competitive in the real-estate industry and contribute to a thriving economy for the local communities.</p>	<p>We are committed to offering highest quality properties that meet consumer's expectations in every area. During the development of our properties and the managing of our operations, we apply relevant standards and regulations to ensure compliance. Apart from quality and safety of our properties, other intangibles including branding are critical to our business.</p>

SUSTAINABILITY PERFORMANCE STATEMENT

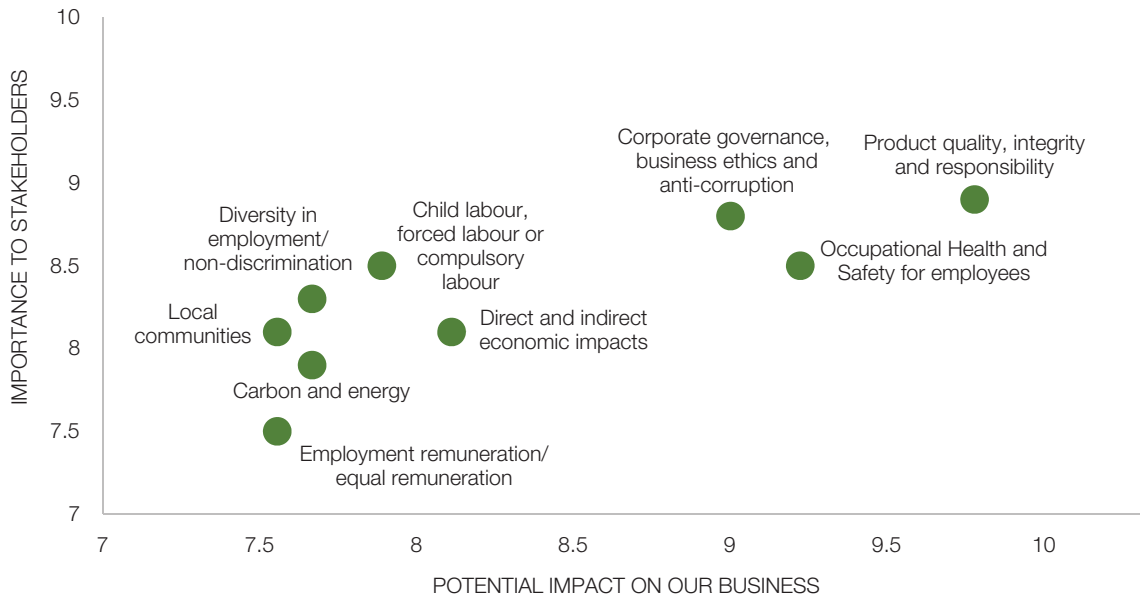
	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
Society Aspect			
<p>Occupational Health and Safety</p> 	<p>We value the well-being of our employees, contractors and sub-contractors as they form the foundation of our operations. The continued success of our property development business depends on our ability to attract and retain healthy, motivated and engaged workers.</p> <p>Where possible, we strive to give our utmost efforts in providing a safe and healthy working environment for our employees, contractors and sub-contractors.</p>	<p>The property construction industry is inherently riskier than other industries in terms of the health and safety risk exposures our employees and sub-contractors face in the course of their work.</p> <p>A safe working environment provides greater assurance to our employees and subcontractors. Moreover, the achievement of accident-free worksites is integral to the timely completion of our construction projects.</p>	<p>Our employees are entitled to medical benefits and one free health check-up per year. We have developed workplace safety guidelines to promote a safe working environment for our employees.</p> <p>For the Golden City Project, we have complied with the construction safety Guideline for High Rise Building Construction Project issued by Committee for Quality Control of High Rise Building, and obtained the necessary construction permit in relation to construction safety according to the rules of the Yangon City Development Committee.</p>
<p>Employment, remuneration, diversity</p> 	<p>Our employees form the basic building blocks of our business. Our ability to attract and retain talent for the long run enables the business to build value.</p> <p>We believe in equal opportunity for all. The long term success of our business requires the full support from all employees. Their efforts should not go unrecognised, and there shall be no undue discrimination in remuneration due to factors other than meritocracy.</p>	<p>Adequate recognition of the efforts put in by our employees is important. Satisfied and engaged workers translates into improved workplace performance – greater productivity, quality of workmanship, and financial performance of the Group as a whole.</p>	<p>To attract and retain talent, employees' compensations are competitive and are in line with their qualifications and experience.</p> <p>We ensure that compensation meets or exceeds the minimum wage requirements in operating jurisdictions where applicable.</p> <p>We provide employees with equal opportunities for training and development to help them progress in their careers.</p>

SUSTAINABILITY PERFORMANCE STATEMENT

	Why is this material	How it relates to stakeholder concerns	How we are addressing the issue
<p>Human Rights – Child labour – Forced or Compulsory Labour</p> 	<p>The emerging markets of Asia, where we are primarily focused, are known to have child or forced labour. For instance, an International Labour Organization (ILO) survey published in 2016 revealed that about 9.3% of children in Myanmar, a market which we have entered, were employed as child labour.</p>	<p>The countries where we currently operate in – Singapore, China and Myanmar, have ratified ILO Conventions including those relating to forced labour and child labour.</p> <p>The use of forced or child labour is an issue of increasing concern to our stakeholders, including end customers, as we are primarily focused on the emerging markets of Asia.</p>	<p>We are fully against exploitation of child and forced labour. We comply with the minimum employment age in our existing operating jurisdictions and we ensure that all our employees meet the minimum age requirement.</p> <p>While the workforce of subcontractors does not come directly under our supervision, their welfare and well-being are a priority to us. If our sub-contractors are found to employ child or forced labour, we seek to remediate and eradicate the use of such workers.</p>
<p>Society – local communities</p> 	<p>As a socially conscious business, we recognise the need for the local communities to thrive alongside with us. Apart from job creation, we seek to empower all other members of the community through our CSR programs.</p>	<p>As one of the corporations at the forefront of driving the local economies in developing regions, our stakeholders expect us to contribute towards the Sustainable Development Goals which include ending poverty, quality education and reducing inequalities.</p>	<p>We organise volunteering activities to promote employee volunteerism. In 2016, our employees in the PRC visited the Huiyang Qiaobei Orphanage to spend quality time with the children there and made donations.</p> <p>In Yangon, we have also carried out the following fund raising activities to benefit the local communities:</p> <ul style="list-style-type: none"> • Fund for Rowing & Canoeing Federation fees • Funding the Thanlyin monastery expenses • Donation to Taiwan Students' Alumni Of Myanmar • Donation for 'Economic Forum' by University of Economic of Myanmar. <p>We have made a total donation of US\$13,500 in FY2016.</p>

SUSTAINABILITY PERFORMANCE STATEMENT

Through our engagement and interactions with stakeholders, we had the above aspects rated and present them in the following Materiality Matrix.



STAKEHOLDER ENGAGEMENT

Long-term engagement with our stakeholders through a diverse range of channels provides critical input that guides our decision making and assists us in progressing towards our sustainability commitments.

Stakeholders are groups that our business impacts and the manner in which our business influence them differs; therefore we engage with them through various ways. Our key stakeholders include employees, investors (e.g. business partners), customers (i.e. tenants, home owners and residents), suppliers and contractors, the community, governments and national agencies. We recognise the value of open and effective two-way communication with our key stakeholders which is critical to our business and sustainability reporting initiatives.

Through regular and constructive conversations, we seek to enhance our relationships with stakeholders, understand different views and shape our business decisions towards achieving our goals. We are dedicated to improving the social and economic well-being of our stakeholders through the execution of projects and management of our operations.

SUSTAINABILITY PERFORMANCE STATEMENT

Summary of Stakeholder Engagements

Stakeholder	Platforms	Key Feedback/Issue	Commitments to Sustainability
Employees	<ul style="list-style-type: none"> Engagement surveys Interviews Regular dialogue sessions with senior management Volunteer programmes e.g. Golden City Charity Fund donation activities 	<ul style="list-style-type: none"> Employee safety and welfare Staff training and development opportunities Work-life balance Remuneration and benefits 	<ul style="list-style-type: none"> Motivate employees to achieve their full potential in a safe and cohesive working environment
Customers	<ul style="list-style-type: none"> Homebuyers: Engagement events, satisfaction survey Tenants: Engagement events 	<ul style="list-style-type: none"> Customer experience Workmanship and design Commitment to environmental conservation 	<ul style="list-style-type: none"> Promise to uphold excellence in development properties that cater to customers' growing aspirations for sustainable living environment
Suppliers, vendors and Contractors	<ul style="list-style-type: none"> Vendor evaluation Environmental, health and safety (EHS) policy Quarterly EHS audits 	<ul style="list-style-type: none"> Design and quality Occupational health and safety practices Workers welfare and well-being Environmental compliance 	<ul style="list-style-type: none"> Improve the transparency of our supply chain to meet industry's best practices
Government/National Agencies/the Community	<ul style="list-style-type: none"> Sustainability reports Regular sharing of technical skills with local government 	<ul style="list-style-type: none"> Sustainable building development Stakeholder programmes to advocate greener tenant/resident/customer behaviour 	<ul style="list-style-type: none"> Understand and support initiatives by the local community/government
Investors	<ul style="list-style-type: none"> Annual general meetings Quarterly financial results announcement Media releases and interviews Annual report, sustainability report Company website 	<ul style="list-style-type: none"> Operational efficiency Monetary savings, cost avoidance, ROI ESG risk and opportunities Corporate governance Sustainability reporting standards Market diversification 	<ul style="list-style-type: none"> Strive to generate long-term returns on investment through sustainable practices Adhere to timely and transparent dissemination of accurate and relevant information to the market

SUSTAINABILITY PERFORMANCE STATEMENT

ENVIRONMENTAL

Managing construction noise

To protect neighbouring residences during the construction phase of our developments, we placed emphasis on our builders to abide by the construction noise limits and restricted the carrying out of the construction works to specific timings. The construction companies, engaged as sub-contractors in the Golden City project, are also encouraged to use less noise generating tools, equipment, machines and sound proof machines.

Biodiversity protection

We are dedicated to preserving the biodiversity at our developments and surroundings whenever possible. We ensure that consumers, businesses and ecology can co-exist without compromising any party by taking into consideration the natural and ecological features within and around our properties. Within our properties, we have set aside approximately 30% of the land area as a “green” area for both Daya Bay and Golden City, so as to create an ecological environment for our customers. The “green” area for Golden City is currently 26.1% for Phase Two of the project.

The Golden City project was presented with the “Green Asia Habitat Award” by Asian Habitat Society in 2015 and we will continue to strive to uphold this for Golden City’s future phases. We are certainly greatly encouraged and honoured that Golden City’s international design concepts and standards have been recognised by Asian Habitat Society, an international organisation of experts in property and living environments. The Asian Habitat Society cooperates closely with UN-Habitat of the United Nations. Golden City is the first real estate project in Myanmar to receive this prestigious award.

Waste and resource management

We seek greener initiatives to manage our construction waste. These include educating our employees to maximise

construction materials to reduce wastage, and to ensure proper handling and disposal of waste generated.

We aim to reduce and recycle household waste produced by residents, tenants and visitors by engaging them through multiple means. We encourage household waste to be sealed and removed from our developments on a daily basis so as to prevent contaminating the environment through diffusion and leakage. We also have a pilot Reduce and Recycle programme at our Golden City property. Stakeholders are also educated on recyclable materials, which are differentiated and placed aside for proper handling by our waste management vendor. We are targeting to launch similar programmes for Daya Bay property in the coming year by working with the current hotel management company.

Environmental compliance

We are committed to complying fully with all environmental related legal requirements imposed by local regulatory authorities. Prior to the construction of our developments, we conduct an environmental analysis for reporting to the local regulatory authorities. Key aspects of the report include potential threats that might occur during and

after construction, possible solutions to minimise or mitigate the impacts, conserving biodiversity and compliance to environmental regulations. The Environmental Impact Assessment and Social Impact Assessment reports were submitted to the Ministry of Natural Resources and Environmental Conservation prior to commencement of the Golden City project.

For the construction of our developments, we require all key suppliers and sub-contractors to strictly adhere to regulations related to environmental protection. For main materials used for renovation works for our developments, we require our renovation subcontractors to utilise environmentally friendly materials that come with quality and environmental compliance certifications. We understand that currently one of the pressing challenges in Yangon is energy. The city suffers from occasional electricity shortages and the demand far outstrips current supply. Today, Yangon consumes 45% of Myanmar’s electricity supply, a figure that will only increase over time. We reduce the use of energy in our Golden City property by using energy-efficient lighting technologies such as LED bulbs in the Golden City project.



SUSTAINABILITY PERFORMANCE STATEMENT

SOCIAL

Employees

ETC Singapore strongly advocates fair employment practices, high standards of productivity, a safe workplace and a progressive wage model. We practice fair hiring without prejudice, regardless of age, gender and ethnicity as diversity encourages diverse ways of thinking which supports innovation, resulting in new opportunities. We are highly committed to employing personnel based on qualifications and experience.

All Singapore employees are provided with a signed employment contract that states the terms and conditions of their employment with us in writing. We ensure that the employment contract complies with the local Employment Act. The hiring of other employees in foreign countries are performed by our investment partners in both Daya Bay and Golden City projects. We have also shared the Group's employment policies with our partners. Through the due diligence performed prior to acquisition (Golden City) and the annual internal control exercises (Daya Bay), we have not flagged any non-compliance issues with regards to the Group's employment policies.

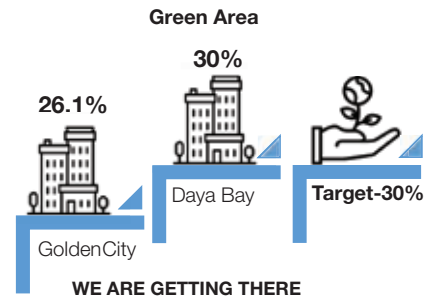
We ensure that employees' remuneration are competitive and are in line with their qualifications and experience. Furthermore, we ensure that compensation meets or exceeds the minimum wage requirement in operating jurisdictions where applicable. The Performance Share Plan and new Employee Share Option Scheme 2016 approved by shareholders in November 2016, replacing the Employee Share Option Scheme 2009, is offered to recognise and reward employees' contribution to ETC Singapore. On 17 January 2017, the Group allotted 780,000 shares at market price to the key management under the Performance Share Plan. On 17 May 2016, 16 million

share options (number of share options adjusted to show the effects of the 25 to 1 share consolidation) were granted to the directors and key management under the Employee Share Option Scheme 2009.

In addition, ETC Singapore actively contributes to social security schemes in countries where we operate in.

- o Singapore: Monthly contribution to employees' Central Provident Funds (CPF) account which allows employees to purchase affordable government developed housing, cover medical expenses, and caters to future retirement savings.
- o Huizhou, Guangdong Province, PRC: Contribution to the Social Insurance Scheme and Housing Provident Fund which allows employees to claim benefits in times of disability, long-term illness, industrial injuries, retrenchment and retirement.
- o Yangon, Myanmar: The social security fund where it is formed from contributions from both the employer and employee where our employees contribute 2% of their wages and we contribute 3% of the employees' wages to the fund.

Golden City



SUSTAINABILITY PERFORMANCE STATEMENT

HUMAN RESOURCES

0

Fatalities at our
worksites

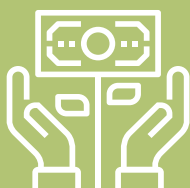


Zero

non-compliance
issues with regards
to the Group's
employment policies



Contributed to
social security
funds for our
employees in all
3 locations



Our vibrant
workforce



Male
Female

21-30
31-40
41-50

SUSTAINABILITY PERFORMANCE STATEMENT

Community

Following the opening up of the Myanmar economy in 2011, elections in 2015 where the National League for Democracy, and Daw Aung San Suu Kyi had a resounding mandate to lead the country for the next five years, the country is on its way to nation and economic rebuilding. Through our investments in the Golden City project in the CBD area in the affluent Yankin Township of Yangon, Myanmar, we are able to make the following contributions to the local community:

- Job creation for the locals. Other than employing locals, the Golden City project will improve the human traffic flow and increase commercial activities in the Yankin Township once the project is completed and handed over to the residents, thus creating more job as well as business opportunities for the local community.
- Boosting of local economy through setting up new residential units. Considered as one of the larger scale mixed-use projects in Yangon, the completion of the Golden City will add residential units for living and raises the availability of rental units in Yangon, Myanmar. The success of the project will boost confidence in the performance of the property market of the country, enhancing its image to the likes of the local as well as overseas investors
- Giving back to the community. We believe in the importance of being a responsible corporate citizen, and also support humanitarian efforts in the jurisdictions that we operate in. We were involved in a number of social activities that directly impact our community, including flood relief efforts for affected villagers hit by the Cyclone Komen, food and essential

items donations to monastery and orphanage, and donations to student groups. Whilst we are in the pursuit of development and investment properties in emerging countries, we also strive to ensure that our role as property developer supports the sustainable development of local communities.

Customers Relationships

We are committed to our motto to deliver high standards in design, quality and service in our developments to our customers. We are also committed to ensuring product safety for our customers. For our property development business, we ensure that the safety of our buildings fulfil regulatory and industry requirements.

Occupiers' Health and Safety

The buildings that are managed by our JV partner (Golden City) and hotel management partner have set up dedicated building management teams to oversee daily operations, including security services on 24-hour shifts. Colliers International Property Management is engaged to manage the Golden City properties, providing edge cutting security services and features such as Perimeter Alarm System, Digital Surveillance System, Door Access System and Safety Security.

The Emergency Preparedness Plan for known building-related emergencies such as flu epidemic outbreaks, fires and major electricity outages is also in place for buildings at both locations. Fire drills are conducted annually to familiarise the occupiers of the evacuation routes.

Our Investment choice

We are selective with the joint-venture partners that we work with to ensure that the products and services that we provide to our customers exceed their expectations. We utilise a stringent



SUSTAINABILITY PERFORMANCE STATEMENT

qualification and performance review system to ensure that quality and safety requirements are fulfilled by our joint-venture partners and sub-contractors.


GOVERNANCE

We are committed to achieving and upholding high standards of corporate governance and business conduct.

To demonstrate our commitment to sustainability practices, our Group's sustainability efforts comes under the direct supervision of the Group CEO. It further illustrates our commitment to integrate sustainability practices into all aspects of our operations. Our sustainability efforts are further strengthened by our commitment towards transparency. This is enforced through our code of ethics and policies relating to trading, whistle blowing and conflict of interest, which are available on our official company website (<http://www.etcsgingapore.com/corporate-policies/>) which is accessible to the general public and interested parties.

✓ Code of Ethics

We have developed a set of Code of Ethics that we expect to continuously refine with our various stakeholders. The underlying principle for our Code of Ethics is that we expect our management and staff to act with integrity towards those with whom we have business dealings, to the larger society where we conduct our business, and towards each other. To outline how this principle is applied, we ensure that our systems and processes are based on the following:



- **Fund for Rowing & Canoeing Federation fees**
- **Funding the Thanlyin monastery expenses**
- **Donation to Taiwan Students' Alumni Of Myanmar**
- **Donation for 'Economic Forum' by University of Economic of Myanmar.**



- **Management and staff understanding that they are responsible and accountable for their own actions.**
- **Dealing honestly towards our investors, customers, subcontractors, suppliers and other stakeholders.**
- **Treating all persons with dignity.**
- **Respecting and complying with all applicable laws, regulations and local customs relating to behavioural and ethical practices.**
- **Where possible avoiding conflict of interest and where not possible resolve them in a transparent manner and in favour of the Group**

SUSTAINABILITY PERFORMANCE STATEMENT

✓ Anti-corruption & fraud/Insider Trading/Conflict of Interest

We have zero tolerance towards corruption and fraud. This applies to all employees, including employees that are located in foreign jurisdictions (e.g. China and Myanmar). We ensure proper orientation programmes for new employees are in place, which educates them on proper business conduct and our zero tolerance towards corruption and fraud. An employee handbook is also handed out that covers penalties for misconduct and fraud that reinforces our stance and guides all employees in their everyday conduct.

We have a Share Trading Policy that describes conduct which constitutes insider trading. It also covers actions for Directors and employees to take (i.e. restriction in communicating of insider information, blackout periods, etc.) to minimise any risk of contravening insider-trading regulations.

We have a Conflict of Interest Policy that defines situations in which an employee's personal interests are opposed to (or clash with) with his/her responsibility towards the Group.

It provides guidance to employees by highlighting situations which are viewed as conflict of interest and the course of action that they should take.

✓ Whistle blowing

A whistle blowing policy is in place to help employees who have major concerns over any wrong-doing within our Group relating to unlawful conduct, financial malpractice or dangers to our Group, the public or the environment. Our policy is also extended to employees working at our overseas' operations and subsidiaries as well as contractors that are working for us, who are allowed to report any suspected wrongdoings directly to the Audit Committee anonymously without reprisal. We take any harassment or victimisation (including informal pressures) towards the whistleblower seriously, and will take appropriate action to protect those who raise a concern in good faith.

If an investigation is warranted, matters raised may be investigated by management, internal audit, a committee set up by the Board of Directors or through the disciplinary

process be referred to the police, be referred to the external audit and/or form the subject of an independent inquiry. There are procedures in place to ensure that outcome of the investigation is communicated to the whistleblower.

✓ Investors

We are committed to finding balance between long term sustainable growth and achieving returns on investments. To show our commitment towards transparency, we strive to be forthcoming in sharing our thought processes, short-term and long-term goals, the risks that we assume and our execution strategy. This is communicated through timely issuance of our annual reports, quarterly financial statements, notices and disclosures to SGX-ST and shareholders via SGXNET. We also endeavour to issue circulars and letters to shareholders to provide details on major transactions. We engage with shareholders and interested parties through media interviews and publications. Investors also have access to timely updates via the investor relations section on our official company website (<http://www.etc singapore.com/investor-relations>) and can contact us at info@etc singapore.com. We also hold quarterly analyst briefings/presentations, where the referenced documents are available for download on the investor relations section of our website.



SUSTAINABILITY PERFORMANCE STATEMENT

TARGETS

Going forward, we aim to implement the following strategies to achieve greater sustainability targets that we have set for our Group:

Strategic Objectives	Short term	Short term	Short term/ Long term	Medium-Long term
	To empower our people	To conduct our business in a socially responsible manner	To empower our local communities	To sustain financial stability of the Group
Strategies in place	Invest in our employees through training Provide fair wages, equal development opportunities Provide safe and healthy working environment	Responsible sourcing internally and along the supply chain	Helping our local communities to thrive through regular engagement CSR activities	Focused acquisition strategy – projects which meet our criteria of an emerging region and an emerging industry
How we measure achievement	<ul style="list-style-type: none"> ■ Number of training hours per employee ■ Wage growth ■ Accident rates 	<ul style="list-style-type: none"> ■ Number of reported incidents ■ Customer Satisfaction and Quality Issues 	<ul style="list-style-type: none"> ■ Number of CSR activities ■ Number of CSR hours 	<ul style="list-style-type: none"> ■ Recurring cash flow ■ Capital gains
Target outcomes	<ul style="list-style-type: none"> ■ 15 hours per employee ■ Increase in entry level wages above the minimum wage, in tandem with worker productivity improvements ■ Zero fatal accidents on project sites 	<ul style="list-style-type: none"> ■ Zero reported incidents ■ 90% of customer satisfaction (results will be based on the customer satisfaction survey after rectifications during key handover) 	<ul style="list-style-type: none"> ■ 3 CSR activities per year with 50% employee participation for each activity ■ Increase by at least 10% on yearly basis 	<ul style="list-style-type: none"> ■ At least one operating activity for each investment property that provides recurring cash flow ■ 3% year on year capital gains after the completion of Phase Three of Golden City

SUSTAINABILITY REPORTING FRAMEWORK

This report contains information on the Group's environmental, social and governance issues from 1 January to 31 December 2016, focused on key material issues identified through our engagement with key stakeholders.

In selecting content for inclusion in our report, the Group has utilised the Core requirements of the Global Reporting Initiative (GRI) G4 Guidelines, and includes consideration of the GRI Construction and Real Estate Sector Disclosures.

The context and structure of the report were developed in alignment with key stakeholder expectations, materiality of issues and the scope necessary for completeness. The information in this report will aid our key stakeholders in assessing our performance from a balanced view. The performance of the Group presented in this report is to enable the readers to form a reasonable assessment of our performance.

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CORPORATE GOVERNANCE REPORT

The Listing Manual – Section B: Rules of Catalist (“**Catalist Rules**”) issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) require an issuer to describe its corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2012 (the “**Code**”) in its annual report. An issuer is also required to disclose any deviation from any guideline of the Code together with an appropriate explanation for such deviation in the annual report.

The Board of Directors (“**Board**”) and the management of Emerging Towns & Cities Singapore Ltd. (“**ETC**” or the “**Company**”) wish to assure its shareholders that they are committed to maintaining a high standard of corporate governance to protect the interests of shareholders, employees and customers, and to promote investors’ confidence.

In accordance with Rule 710 of the Catalist Rules, this Corporate Governance Report dated 31 March 2017 (this “**Report**”) sets out the Company’s corporate governance practices, which have been adopted based on the Code. The Company believes that it has largely complied with the spirit and intent of the Code and in areas where the Company’s practices have deviated from the Code, rationale for the same is provided herein.

In addition to the Code, the Company has also adopted a code of ethics (“**Ethics**”) to provide its employees with guidance on how to act in ways to prevent the Group, its employees and all those who come into contact with the Group from being exposed to harm. Copies of the Company’s Ethics have been circulated to the Group’s employees and may also be found at the Company’s registered office.

BOARD MATTERS

Board’s Conduct of Its Affairs

Principle 1: Effective Board to lead and control the Company

The Board’s principal roles include promoting long-term shareholder value, ensuring that the businesses of the Company and its subsidiaries (collectively referred herein as the “**Group**”) are effectively managed and properly conducted by management and ensuring proper observance of corporate governance practices.

In addition to statutory duties and responsibilities, the Board’s duties include the following:

- a) reviewing and approving the annual budget;
- b) reviewing and approving key business and financial strategies and objectives for the Group;
- c) reviewing and approving major corporate and/or financial restructuring and/or share issuance;
- d) reviewing and approving major transactions, including acquisitions, divestments, investments and capital expenditure;
- e) ensuring internal controls are in place and functional for the Group’s continuing operations and which enables risks to be assessed and managed;
- f) overseeing risk management strategies;
- g) reviewing and approving quarterly and annual results announcements;
- h) reviewing and approving the annual report and audited financial statements;
- i) reviewing and providing guidance to the management of the Company;

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- j) ensuring the adequacy of necessary financial and human resources to meet the Group's objectives;
- k) providing entrepreneurial leadership and setting strategic directions;
- l) establishing and maintaining the Company's values and standards and ensuring obligations to shareholders and others are understood and met;
- m) approving nominations to the Board and appointments of key personnel;
- n) ensuring the Group's compliance with all relevant and applicable laws and regulations; and
- o) assuming responsibility for the corporate governance of the Group.

The Board has set up three committees to assist in the execution of the Board's responsibilities. These committees ("**Board Committees**") include the Nominating and Corporate Governance Committee ("**NCGC**"), Remuneration Committee ("**RC**") and Audit Committee ("**AC**"). Each Committee functions within clearly defined terms of its respective charter. In particular, the NCGC reviews the effectiveness of the Board, AC, and RC, as well as each individual Director annually, while the Board reviews the effectiveness of the NCGC annually.

Directors' Attendance at Board, Board Committee Meetings and other Additional Meetings

The Board meets at least four times each year and at other times as and when required. Board Committees meet at certain time periods in accordance with their respective Charters or as needed. Meetings are held in person and by telephone conference to enable the widest possible participation by Directors, taking into account those who may be in different geographical locations. The Directors also engage in discussions via email correspondence. Where a decision has to be made before a Board meeting is convened, directors' resolutions in writing are circulated in accordance with the Constitution of the Company and the Directors are also provided with all relevant information and documents to allow them to make informed decisions.

The attendance of the Directors at meetings of the Board and Board Committees in the financial year ended 31 December 2016 ("**FY2016**") is tabulated below:

Directors' Attendance at Board, Board Committee Meetings and other Additional Meetings held during the financial year ended 31 December 2016

	Board of Directors	Audit Committee	Nominating & Corporate Governance Committee	Remuneration Committee
Number of Meetings per Charter	4	4	2	2
Number of Meetings Held	8	8	2	3

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Name of Directors	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Christopher Chong Meng Tak	7 ^A	7 ^A	2 ^A	3 ^A
Tan Thiam Hee	8	8 (attended as invitee)	2 (attended as invitee)	3 (attended as invitee)
Wong Pak Him Patrick ¹	8 ^B	8 ^B (attended as invitee ^C)	2 ^B (attended as invitee ^C)	3 ^B (attended as invitee)
Peter Tan	8 ^D	8 ^D	2	3
Teo Cheng Kwee ²	7 ^E	7 ^E (attended as invitee ^F)	1 (attended as invitee ^F)	2
Zhu Xiaolin ³	— ^G	— ^G	— ^G	— ^G
Yu Jinzhi ⁴	— ^G	— ^G	— ^G	— ^G

A Attended 1 Board of Directors' Meeting, 1 AC Meeting, 1 NCGC Meeting and 1 RC Meeting via teleconference.

B Attended 3 Board of Directors' Meetings, 3 AC Meetings, 1 NCGC Meeting and 2 RC Meetings via teleconference.

C As Mr Wong Pak Him Patrick stepped down as a Member of AC and NCGC on 19 September 2016, he attended 3 AC Meetings and 1 NCGC Meeting as an invitee from 19 September 2016.

D Attended 1 Board of Directors' Meeting and 1 AC Meeting via teleconference.

E Attended 1 Board of Directors' Meeting and 1 AC Meeting via teleconference.

F As Mr Teo Cheng Kwee was only re-designated as a Member of AC and NCGC on 19 September 2016, he attended 5 AC Meetings and 1 NCGC Meeting as an invitee prior to 19 September 2016.

G As Mr Zhu Xiaolin and Mr Yu Jinzhi were only appointed as Directors on 30 March 2017, they did not attend any Board, Board Committee Meetings or other Additional Meetings held during the financial year ended 31 December 2016.

Notes:

1. Re-designated as an Executive Director of the Company on 19 September 2016 and stepped down as a Member of AC and NCGC on 19 September 2016. Announcements in relation to the appointment as an Executive Director and reconstitution of the Board and Board Committees were released via SGXNET on 19 September 2016.
2. Re-designated as a Member of AC and NCGC on 19 September 2016 and stepped down as a Member of AC, RC and NCGC on 30 March 2017. Announcements in relation to the reconstitutions of the Board and Board Committees were released via SGXNET on 19 September 2016 and 30 March 2017.
3. Appointed as an Executive Director of the Company and a Member of NCGC on 30 March 2017. Announcements in relation to the appointment as an Executive Director and reconstitution of the Board and Board Committees were released via SGXNET on 30 March 2017.
4. Appointed as an Independent Director of the Company and a Member of AC and RC on 30 March 2017. Announcements in relation to the appointment as an Independent Director and reconstitution of the Board and Board Committees were released via SGXNET on 30 March 2017.

The Board's approval is required for all major matters such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends. All other matters are delegated to committees whose actions are reported to and monitored by the Board. The matters delegated are listed out in the charter of each committee.

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The Board noted that formal documents have been adopted to set out the following:

- (a) the approval matrix;
- (b) delegation of limits of authority;
- (c) the matters reserved for the Board's decision; and
- (d) clear directions to management on matters that must be approved by the Board

The Company has a training budget for its Directors to attend courses and seminars, which is utilised as and when needed. The Company relies on and encourages its Directors to update themselves on new laws, regulations and changing commercial risks in the industry. Accordingly, information on courses or seminars in relation to the roles and responsibilities as a director of a listed company as well as revisions to laws or regulations (which are applicable to the Group) are disseminated to Directors.

The Company also has in place orientation programs for newly-appointed Directors to ensure that they are familiar with the Group's structure, the Group's business, and its operations. New Directors will be expected to undergo orientation with the Company which includes meeting with the Group Chairman and/or the Executive Director for an introduction to the business of the Group. Newly appointed Directors are encouraged to attend formal courses to familiarise themselves with the regulatory environment in Singapore and the roles and responsibilities as a director of a listed company. Mr Zhu Xiaolin and Mr Yu Jinzhi, Directors with no prior experience as a director of listed companies in Singapore and who were appointed on 30 March 2017, will attend a formal course on compliance, regulatory and corporate governance matters. The external auditors also briefed the AC members on the developments in accounting standards (where applicable) during AC meetings whilst the Company Secretary periodically updates the Board on any changes in the regulatory environment in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company. Newly-appointed directors are provided with formal letters of appointment (setting out the directors' duties and obligations) at their appointment.

In the event that a Director is interested in any transactions of the Group, he shall be obliged to inform the Board accordingly and abstain from making any recommendations or decisions in relation to that transaction.

Board Composition & Balance

Principle 2: Strong and independent element on the Board

As at the date of this Report, the Board comprises the following members:

Christopher Chong Meng Tak	Non-Executive and Independent Group Chairman
Tan Thiam Hee	Executive Director and Group Chief Executive Officer
Zhu Xiaolin	Executive Director and Group President
Wong Pak Him Patrick	Executive Director
Peter Tan	Independent Director
Yu Jinzhi	Independent Director
Teo Cheng Kwee	Non-Executive Director

Under the Constitution of the Company, the Board must comprise a minimum of two members. However, the Constitution of the Company does not impose any limit on the maximum number of Directors the Company may appoint. The composition of the Board is also reviewed on an annual basis by the NCGC to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for the effective functioning of and informed decision-making in the Company.

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Pursuant to its review of the Board's size for FY2016, the NCGC, taking into account the scope and nature of the Company's current operations, has recommended the appointment of Mr Zhu Xiaolin as an Executive Director and Group President and Mr Yu Jinzhi as an Independent Director to strengthen the Board. The NCGC is of the view that the Board's size of seven Directors as at the date of this Report is appropriate and that the Board possesses the appropriate diversity – being a mix of nationality, skills, knowledge, expertise and experience to provide core competencies in areas such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and experience or knowledge that are relevant to the direction of the expansion of the Group.

The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment on the conduct of the Company's affairs. The Board and the NCGC are of the opinion that the Independent Directors satisfy the criteria.

As at least one-third of the Board is made up of Independent Directors, the Board and the NCGC are also of the view that the Board is able to exercise independent judgement on corporate affairs and that no one individual or group(s) of individuals dominates any decision-making process. As the Non-Executive and Independent Group Chairman is not the same person as the Group Chief Executive Officer, an immediate family member of the Group Chief Executive Officer or part of the management team, and he is an Independent Director, it is not a requirement for the Independent Directors to make up at least half of the Board pursuant to Guideline 2.2 of the Code.

There are no alternate directors appointed to the Board as at the date of this Report.

The Non-Executive Directors meet as and when required without the presence of management.

Key information on each Director is set on pages 6 to 7 of the Annual Report.

The Board has no dissenting views on the Group Chairman's statement for the year under review.

Access to Information & Accountability

Principle 6: Board members to have complete, adequate and timely information

Principle 10: Board's accountability to the shareholders, management's accountability to the Board

Changes to regulations and accounting standards are monitored closely by the management of the Company. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or Director's disclosure obligations (as determined by the management of the Company in consultation with professional(s)), Directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals. Information relating to such regulatory changes is also circulated to the Board via email for their attention. Newly-appointed Directors will be briefed by the Group Chairman and Executive Director(s) on the business activities of the Group and its strategic directions.

In order to ensure that the Board is able to contribute in a meaningful manner during Board meetings, the management provides the members of the Board with management accounts at each quarterly Board meeting, as well as relevant background information and documents relating to the items of business to be discussed at each Board meeting, such as copies of disclosure documents, budgets, forecasts and monthly internal financial statements, before the scheduled meeting. Key information relating to the Group's operations and finances are also circulated to the Board via email so that the Directors may monitor with ease the Group's performance as well as the management's fulfilment of goals and objectives set by the Board.

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The Directors are also regularly briefed by the management of the Company on the business activities of the Group. The Directors are responsible for the Group's strategic directions as well as its corporate practices, and are accordingly also regularly briefed by the management of the Company on the day-to-day implementation of such strategic directions and corporate practices.

The Directors have separate and independent access to the management of the Company, including the Group Chief Executive Officer ("**CEO**"), Group President ("**President**"), Group Chief Financial Officer ("**CFO**"), Group Chief Development Officer ("**CDO**") and Company Secretary of the Group. The Company Secretary and/or representatives from the Company Secretary's office attends all meetings of the Board and the Board Committees and prepares the minutes of such meetings. The minutes of such meetings are then circulated to the Board and the Board Committees, as the case may be. The Company Secretary also advises the Board on governance matters and ensures that the procedures for such meetings are in accordance with the Constitution and all applicable rules and regulations (including the requirements of the Singapore Companies Act, Cap. 50 and the Catalist Rules) are complied with. Further to the above, the Company Secretary helps to facilitate communications within the Board and the Board Committees and between management and the Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Company allows Directors to take independent professional advice on matters affecting the Group, and such costs will be borne by the Company. Further to the above, Directors have, at all times, unrestricted access to the Company's records and information.

The Group has also adopted the Ethics which sets out the principles and guidelines relating to, among other things, conflict of interests, transactions with suppliers and customers, transactions with related persons, confidentiality, and insider trading.

One of the Board's principal duties is to protect and enhance the long-term value and returns to the Company's shareholders. This accountability to shareholders is demonstrated through the provision of quarterly announcements on the financial results of the Group as well as timely announcements on news releases of significant corporate developments and activities of the Group such that shareholders will have information to evaluate and assess the Group's financial position and prospects.

The quarterly financial statements were signed by two Directors, thereby confirming that, to the best of the Board's knowledge, nothing had come to the attention of the Board which may render the unaudited interim financial results contained in that announcement to be false or misleading in any material aspect.

Further to the above, the Company also completes and submits compliance checklists to its Sponsor (if applicable and when required) to ensure that all announcements, circulars or letters to our shareholders comply with the requirements set out in the Catalist Rules.

Non-Executive Group Chairman, Executive Director and CEO

Principle 3: Clear division of responsibilities at the top of the Company

As at the date of this Report, the Company has a Non-Executive and Independent Group Chairman, two Independent Directors, a Non-Executive Director, an Executive Director/CEO, an Executive Director/Group President and an Executive Director. In addition, the Company also has a CFO and CDO each with specific areas of responsibility within the Company. There is a clear division of responsibilities between the Non-Executive Group Chairman, the other Independent Director, and the management of the Company, who are also not related to each other.

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The responsibilities of the Non-Executive Group Chairman include the following:

- a) leading the Board, ensuring its effectiveness in all aspects of its role, and setting out its agenda;
- b) ensuring that the Directors receive complete, adequate, accurate, timely and clear information;
- c) critiquing key proposals by management before they are presented to the Board;
- d) ensuring effective communication with shareholders;
- e) encouraging constructive relations between the Board and management;
- f) facilitating the effective contribution of the Non-Executive/Independent Directors towards the Company;
- g) encouraging constructive relations between the Executive Directors and Non-Executive/Independent Directors; and
- h) promoting high standards of corporate governance.

The CEO is engaged in the overall management of the Group. The CEO's responsibilities pertaining to the Board include the following:

- a) scheduling meetings that enable the Board to perform its duties responsibly;
- b) preparing meeting agendas in consultation with the Non-Executive Group Chairman;
- c) ensuring quality, quantity and timeliness of the flow of information between the management and the Board; and
- d) assisting to ensure compliance with the Company's guidelines on corporate governance.

The CEO manages the business of the Company, implements the Board's decisions and monitors the translation of the Board's decisions into executive action. He reviews and approves the agendas for the Board meetings. He exercises control over the quality, quantity and timeliness of information flow between the Board and management.

Mr Zhu Xiaolin, the Executive Director/Group President, and Mr Wong Pak Him Patrick, an Executive Director, are engaged in the overall management of the Group's property business. In addition to managing the business of the Company, the Executive Director/Group President and Executive Director also implement the Board's decisions and monitor the translation of the Board's decisions into executive action.

The CFO is engaged to oversee the finance, accounting and treasury functions of the Group's businesses. In addition to overseeing the finance responsibilities in the Group, the CFO also assists the CEO in the day-to-day management of the Group.

The CDO is engaged to oversee the development projects of the Group and advises the CEO on the businesses of the Group as well as potential new developments and investments given his experience and results in the real estate sector and assets management.

The Board is of the view that the roles of the Non-Executive Group Chairman, other Independent Directors, Executive Director/CEO, Executive Director/Group President, Executive Director, CFO and CDO are separate, thereby ensuring an appropriate balance of power between them and creating increased accountability in both the Board and management, as well as enabling greater capacity of the Board for independent decision-making.

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NOMINATING & CORPORATE GOVERNANCE COMMITTEE

Nominations

Principle 4: Formal and transparent process for appointment of new Directors and requirement for re-nomination and re-election of Directors

The NCGC comprises the following members:

Christopher Chong Meng Tak (Chairman)	Non-Executive and Independent Group Chairman
Zhu Xiaolin	Executive Director and Group President
Peter Tan	Independent Director

The NCGC meets twice each year in accordance with its Charter and at other times as required. The NCGC performs a dual function as set out in its Charter. It provides assistance to the Board of Directors in the selection and assessment of Directors, and it has oversight of the Group's corporate governance practices.

The responsibilities of the NCGC in relation to Board appointments include the following:

- a) recommending to the Board the appropriate structure, size and composition of the Board, taking into account the size and needs of the Group, as well as the skill mix, qualities and experience required of Directors (including the recommendation of personal professional development programs for the Directors, as the case may be) to advance the business interests of the Group and to promote long-term shareholder value;
- b) recommending to the Board the size and composition of Board Committees that would enable each Committee to function competently and effectively;
- c) considering the suitability of nominees for appointment as new Directors, having regard to each nominee's background, potential contribution to the Group based on his experience and expertise, and his ability to exercise independent business judgment;
- d) considering the suitability of Directors for re-nomination, having regard to their past contributions and performance, including their attendance and degree of participation at meetings;
- e) assessing, on an annual basis, the independence of the Directors;
- f) evaluating, on an annual basis, the performance of each individual Director, the performance of each Board Committee, and the performance of the Board as a whole, as well as the development and review of the actual process for such evaluation;
- g) recommending to the Board the termination of membership of individual Directors in accordance with corporate policy on terminations for cause or other appropriate reasons; and
- h) reviewing and recommending to the Board other policies and succession plans related to the Board from time to time.

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In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NCGC will review the change to be implemented and make recommendations to the Board accordingly. For the appointment of new Directors, the NCGC will, in consultation with the Board, examine the existing Board's strength, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. The NCGC will take into account the future needs of the Group and together with the Board, it will seek candidates who are able to contribute to the Group. The NCGC seeks candidates widely and beyond persons directly known to the existing Directors. The NCGC recommends suitable candidates to the Board and if such candidates are appointed, announcements relating to their appointment shall be released via SGXNET. In the event of cessation of any individuals as Director or executive officer, the Chairman of the NCGC will conduct exit interviews with the Director or executive officer, as the case may be, and announcements, where required pursuant to the Catalist Rules, relating to such cessation will also be released via SGXNET.

The dates of initial appointment and last re-election of each Director are set out as follows:

Name of Directors	Appointment	Date of Initial Appointment	Date of last re-election/ re-appointment
Christopher Chong Meng Tak	Non-Executive and Independent Group Chairman	24 June 2015	28 April 2016
Tan Thiam Hee	Executive Director and Group Chief Executive Officer	24 June 2015	28 April 2016
Zhu Xiaolin ¹	Executive Director and Group President	30 March 2017	N.A.
Wong Pak Him Patrick ²	Executive Director	21 July 2015	15 December 2015
Peter Tan	Independent Director	24 June 2015	15 December 2015
Yu Jinzhi ³	Independent Director	30 March 2017	N.A.
Teo Cheng Kwee	Non-Executive Director	21 July 2015	15 December 2015

Notes:

1. On 30 March 2017, Mr Zhu Xiaolin was appointed as an Executive Director and Group President.
2. On 19 September 2016, Mr Wong Pak Him Patrick was re-designated as an Executive Director.
3. On 30 March 2017, Mr Yu Jinzhi was appointed as an Independent Director.

The NCGC also reviews the composition of the Board and the independence of each Director annually. To determine the independence of the Independent Directors, the NCGC reviews disclosures/declarations made by the Independent Directors. The forms for these disclosures/declarations are drawn up based on the guidelines in the Code. Pursuant to its review, the NCGC is of the view that Mr Christopher Chong Meng Tak, Mr Peter Tan and Mr Yu Jinzhi are deemed to be independent of the Group and its management.

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A list of directorships of the Directors of the Board in other listed companies, as well as their interests in the Company and related corporations (if any) as at the date of this Report are set out below:

Name of Directors	Directorship in Listed Company		Principal Commitments	Shareholding in the Company and related corporations	
	Present	Past Preceding 5 years		Direct	Indirect
Christopher Chong Meng Tak	Ying Li International Real Estate Limited GLG Corp Ltd. ASL Marine Holdings Ltd. Singapore O&G Ltd. Forise International Limited	Koon Holdings Limited Lorenzo International Ltd. Koda Ltd. Xpress Holdings Ltd.	Director of ACH Investments Pte Ltd	7,471,111 ordinary shares and 11,111,111 warrants ¹	N.A.
Tan Thiam Hee	Nil	GPS Alliance Holdings Limited Koon Holdings Limited JES International Holdings Limited	Executive Director and Group Chief Executive Officer of ETC	360,000 ordinary shares ²	N.A.
Zhu Xiaolin	Nil	China Polymetallic Mining Limited	Executive Director and Group President of ETC	20,000,000 ordinary shares	30,469,600 ordinary shares ³
Wong Pak Him Patrick	Nil	Far City Mining Limited	Executive Director of ETC	81,212,921 ordinary shares ⁴	N.A.
Peter Tan	PCI Limited	Nil	CFO of Golden Orange Materials Pte Ltd	N.A. ⁵	N.A.
Yu Jinzhi	Nil	Nil	General Manager of Chengdu Xiangshang Alliance Equity Investment Fund Management Co., Ltd	N.A.	N.A.
Teo Cheng Kwee	Sapphire Corporation Limited	China Vanadium Titano-Magnetite Mining Company Limited	Nil	59,281,760 ordinary shares ⁶	N.A.

Notes:

1. Mr Christopher Chong Meng Tak has been granted 2,000,000 options under the CSH Employee Share Option Scheme 2009.
2. Mr Tan Thiam Hee has been granted 5,000,000 options under the CSH Employee Share Option Scheme 2009.
3. Mr Zhu Xiaolin is deemed interested in 30,469,600 ordinary shares held by Phillip Securities Pte Ltd as his nominee.
4. Mr Wong Pak Him Patrick has been granted 2,000,000 options under the CSH Employee Share Option Scheme 2009.
5. Mr Peter Tan has been granted 2,000,000 options under the CSH Employee Share Option Scheme 2009.
6. Mr Teo Cheng Kwee has been granted 2,000,000 options under the CSH Employee Share Option Scheme 2009.

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Each Director of the Board does not have any relationships, including immediate family relationships, with the other Directors, the Company or its 10% shareholders.

The NCGC does not currently set a cap on the maximum number of directorships which Directors may hold, given that there has been no issue with the current Directors not being able to devote adequate time and attention to the affairs of the Company. Nevertheless, the NCGC has in place internal guidelines to address the competing time commitments of Directors serving on multiple boards. If a Director is on the board of other companies, the NCGC shall consider whether adequate time and attention have been devoted to the affairs of the Company. In the event there are sufficient grounds for complaint, the Chairman of the Board will discuss the issue with the Director, and if necessary, remind him of the consequences of failure to rectify the situation within the period required.

After conducting reviews, the NCGC is satisfied that the current Directors have been able to devote adequate time and attention to the affairs of the Company and that they are able to satisfy their duties as Directors of the Company.

In its selection and appointment of new Directors, the NCGC receives recommendations from existing Directors and the Company's professional advisors. At least two members of the NCGC will conduct interviews with the potential new Director before recommending their appointments to the Board for approval.

The NCGC also recommends all appointments and re-nominations of Directors to the Board. Regulation 87 of the Company's Constitution provides *inter alia* and subject to the other provisions in the Constitution, that at each annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or multiples of three, then the number nearest one-third (rounded upwards where necessary) shall retire from office at least once every three years by rotation from the date of his appointment or last re-election, but he shall also be eligible for re-election. The Directors to retire in every year shall be those who have been in office for the longest period since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Pursuant to Regulation 94 of the Company's Constitution, any Director appointed within a financial year shall hold office only until the next annual general meeting, but shall then be eligible for re-election and shall not be taken into account in determining the Directors who are to retire by rotation pursuant to Regulation 87 of the Company's Constitution, at that meeting.

Based on the above, Mr Peter Tan and Mr Teo Cheng Kwee are required to retire pursuant to Regulation 87 of the Company's Constitution at the forthcoming Annual General Meeting and Mr Zhu Xiaolin and Mr Yu Jinzhi are required to retire pursuant to Regulation 94 of the Company's Constitution at the forthcoming Annual General Meeting.

It be noted that Mr Peter Tan, Mr Teo Cheng Kwee, Mr Zhu Xiaolin and Mr Yu Jinzhi have given their consent to stand for re-election as Directors of the Company at the forthcoming Annual General Meeting. The NCGC and the Board has recommended Mr Peter Tan and Mr Teo Cheng Kwee, who shall be retiring pursuant to Regulation 87 of the Company's Constitution at the forthcoming Annual General Meeting, and Mr Zhu Xiaolin and Mr Yu Jinzhi, who shall be retiring pursuant to Regulation 94 of the Company's Constitution at the forthcoming Annual General Meeting, to be re-elected.

Consistent with the spirit of the Constitution, the NCGC has also determined that commencing from January 2004, members of the Board Committees shall assume the chairmanship by rotation, and the term of office as Chairman shall not exceed five consecutive years. The Board Committees shall be re-constituted at a later date when required. The Board Committees were last re-constituted on 30 March 2017 following the appointments of Mr Zhu Xiaolin as an Executive Director and Group President and Mr Yu Jinzhi as an Independent Director.

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Corporate Governance

Principle 5: Formal assessment of the effectiveness of the Board and contributions of each Director

In addition to the above, the NCGC is also responsible for adopting and implementing corporate governance measures to achieve good stewardship of the Company. In this respect, its responsibilities include:

- a) proposing objective performance criteria which incorporates qualitative and quantitative factors to evaluate on an annual basis the performance of the Board as a whole and that of each Director (other than Executive Directors, who are evaluated by the RC);
- b) implementing appropriate programmes for orientation and training of new Directors, and to update the Board on relevant new laws, regulations, and changing commercial risks in the industry, from time to time;
- c) advising the Board on corporate governance issues, generally where they are not covered by other Board Committees, including but not limited to shareholders' issues; and
- d) performing other functions assigned by law, the Company's Constitution, or by the Board from time to time.

In assessing the performance and effectiveness of the Directors in fulfilling their duties, the NCGC takes into account, among other factors, the Director's qualifications in relation to general commercial knowledge, specific industry experience, political and social knowledge of the countries the Group operates in, attendance at Board or Board Committee meetings in person or via teleconference, availability at all reasonable times and the degree of participation at Board and Board Committee meetings, quality of interventions or difference of opinion expressed, and any special contributions. The NCGC also considers whether the Director has a reasonable understanding of the Company's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.

In assessing the performance and effectiveness of the Board and its committees, the NCGC takes into account, among other factors, the Board Committees' and the Board's ability to work with the senior management of the Company, the discussions and due deliberations of the Board Committees and the Board, and whether objective and target set at the commencement of the relevant financial years have been met.

After evaluation, the NCGC considered the performance and effectiveness of each individual current Director and the Board as a whole, to be satisfactory. The Board as a whole considered the performance of the NCGC to be satisfactory. For the avoidance of doubt, each member of the NCGC abstains from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

Reviews of each individual Board member's performance and effectiveness, as well as the performance and effectiveness of the Board Committees and the Board are undertaken on a continuous basis by the NCGC with inputs from the various Board members. Renewals or replacements of Directors do not necessarily reflect their contributions to date but may be driven by the need to position and shape the Board in line with the medium-term needs of the Company and its business.

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REMUNERATION COMMITTEE

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives

Principle 8: Remuneration of Directors should be adequate, not excessive and linked to performance

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration and procedure for setting remuneration

The RC comprises the following members:

Christopher Chong Meng Tak (Chairman)	Non-Executive and Independent Group Chairman
Peter Tan	Independent Director
Yu Jinzhi	Independent Director

The RC is governed by its own Charter and its primary function is to advise the Board on compensation issues. In particular, in relation to the Directors and key management, the RC bears in mind that a meaningful portion of their compensation should be contingent upon the financial performance of the Company, in order to foster the creation of long-term shareholder value.

Its responsibilities include the following:

- a) advising the Board of Directors on compensation theory and practice, as well as best practices with regard to non-cash compensation and trends;
- b) reviewing management's appraisal on the current market situation (as it relates to compensation issues) and management's recommendation of the overall aggregate adjustments to be made at the next annual review of compensation for all staff, management, and Directors, including stock options and other equity incentive schemes;
- c) recommending to the Board compensation packages for the Executive Directors, Non-Executive Directors, CEO, President, CFO and CDO;
- d) determining the allocation of share options, performance shares and other equity incentives, if any, to Directors, management, and staff;
- e) reviewing and assessing the performance of management and adopting appropriate measures to assess such performances; and
- f) ensuring that appropriate structures for management succession and career development are adopted.

The RC meets twice each year and at other times as required, in accordance with its Charter.

The management, together with the RC, recommends the compensation for Non-Executive Director(s) and Independent Director(s), taking into account factors such as time spent and the responsibilities of the Directors, the current market circumstances, and the need to attract directors of experience and standing. The Directors' fees are compared against market standards to ensure that they are in line with market norms. As the members of the RC do not participate in any decisions concerning their own remuneration, management takes on that role and the Board accepts the management's recommendation. Payment of Directors' fees is subject to shareholders' approval at the Annual General Meeting. The RC and the Board are of the view that the compensation of the current Non-Executive Director(s) and Independent Director(s) is adequate and not excessive.

CORPORATE GOVERNANCE REPORT

The RC administers the ETC Employee Share Option Scheme 2016 (previously known as the CSH Employee Share Option Scheme 2016) and the ETC Performance Share Plan 2016 (previously known as the CSH Performance Share Plan 2016), which were approved by the Company's shareholders at the Extraordinary General Meeting held on 21 November 2016. The performance-related elements of remuneration are designed to align the interests of Directors, management, and staff with those of shareholders and to link their rewards to corporate and individual performance. Details of the ETC Employee Share Option Scheme 2016 and the ETC Performance Share Plan 2016 including awards made are found on pages 70 to 73 of the Annual Report in the Directors' Statement and Note 23 of the financial statements as well as the Company's Circular to shareholders dated 28 October 2016 which may be found on SGXNET.

Non-Executive Directors receive basic Directors' fees and additional fees for serving as a Board Committee Chairman. Executive Directors do not receive Directors' fees. A long-term incentive scheme for Directors, management, and staff includes share options and share awards.

Directors' fees of S\$285,000 for the financial year ending 31 December 2018, which are to be paid quarterly in arrears, and Directors' fees of an additional S\$30,000 for the financial year ending 31 December 2017 will be recommended to the shareholders for approval at the forthcoming AGM. The Directors' fees of an additional S\$30,000 for the financial year ending 31 December 2017 will be recommended in view of the appointment of additional Non-Executive Directors to the Board. The actual Directors' fees paid out will be disclosed in the Company's Annual Report for the relevant financial year.

It was noted that Directors' fees of S\$230,000 for the financial year ended 31 December 2017 have been approved by the shareholders during the last AGM held on 28 April 2016. It was also noted that Directors' fees of approximately S\$221,500 for the financial year ended 31 December 2016 have been paid out.

The management, together with the RC, determines and recommends to the Board the compensation package of the Executive Directors, taking into account their experience and knowledge as well as the existing circumstances in the employment market.

With regard to the remuneration of other key management executives, the RC, together with the management, reviews proposals which are made by the Executive Directors. The remuneration policy for the key management executives is guided by the National Wage Council guidelines, and also takes into consideration the Company's performance as well as the responsibilities and performance of individual key management executives. The latter is measured by goals and objectives set for each key management executive in congruence with the Company's overall goals and objectives. None of the employees in the Company or any of its principal subsidiaries whose remuneration exceed S\$50,000 during the year is a relative of a Director or substantial shareholder of the Company or any of its principal subsidiaries.

The NC and the RC have reviewed the terms of the service contracts for the Executive Directors and they are of the view that the Executive Directors have service contracts which include fair and reasonable terms for termination under appropriate notice and these service contracts are in line with market practices and are not overly generous.

The Board is of the view that it is not necessary to present its remuneration policy before shareholders for approval at the AGM as the remuneration policy for executives is a management decision that the Board is generally entitled to make.

In addition, the Board is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself of remedies against the Executive Directors in the event of such a breach of fiduciary duties.

Details of the Directors and key management executives' remuneration for FY2016 are set out on the next page. Disclosure of the Directors' remuneration is also made in Note 17 of the financial statements.

CORPORATE GOVERNANCE
REPORT**Directors' Remuneration**

	Fees %	Salary and Bonus %	Other Benefits* %	Total %
Directors				
Between S\$400,000 – S\$499,999				
Tan Thiam Hee ¹	–	70.10	29.90	100
Between S\$100,000 – S\$199,999				
Christopher Chong Meng Tak ²	74.76	–	25.24	100
Wong Pak Him Patrick ³	25.45	50.58	23.97	100
Between S\$0 – S\$99,999				
Peter Tan ⁴	66.39	–	33.61	100
Teo Cheng Kwee ⁵	56.33	–	43.67	100
Zhu Xiaolin ⁶	–	100	–	100
Yu Jinzhi ⁷	–	–	–	–

Notes:

- * Other benefits include granting of share options under the ETC Employee Share Option Scheme, granting of awards under the ETC Performance Share Plan 2016 and employer's contribution to the Central Provident Fund.
- Directors' remuneration for FY2016 were S\$469,551.
 - Directors' fees paid for FY2016 were S\$90,000.
 - Directors' fees paid for FY2016 were S\$32,261 and total directors' remuneration (inclusive of directors' fees paid) for FY2016 was S\$126,767.
 - Directors' fees paid for FY2016 were S\$60,000.
 - Directors' fees paid for FY2016 were S\$39,192.
 - Though Mr Zhu Xiaolin was only appointed as Director on 30 March 2017, his remuneration for FY2016 pertained to the period 21 December 2016 to 31 December 2016 by virtue of his positions as the chief executive officer and director of Uni Global Power Pte. Ltd. and chairman and director of Golden Land Real Estate Development Co. Ltd.
 - As Mr Yu Jinzhi was only appointed as Director on 30 March 2017, no Directors' remuneration was paid to Mr Yu Jinzhi during the financial year ended 31 December 2016.

CORPORATE GOVERNANCE REPORT

Key Management Personnel's Remuneration

	Fees %	Salary and Bonus %	Other Benefits* %	Total %
Key Management Personnel				
Between S\$200,000 – S\$299,999				
Joseph Lim (Group CFO)	–	82.01	17.99	100
Between S\$0 – S\$99,999				
Yang Cha (Group CDO)	–	84.69	15.31	100
Zhou Lin (COO) (Appointed on 1 September 2016 and resigned on 1 March 2017)	–	90.74	9.26	100
Lai Xuejun (SVP & Regional GM – Myanmar) ¹	–	97.09	2.91	100
Li Bo (VP (Sales & Marketing) & Regional Sales & Marketing Director – Myanmar) ¹		94.67	5.33	100
William Lau (VP (Investment) & Regional CFO – Myanmar) ¹	–	95.40	4.60	100

Notes:

* Other benefits include granting of share options under the ETC Employee Share Option Scheme, granting of awards under the ETC Performance Share Plan 2016, benefits in kind and employer's contribution to the Central Provident Fund.

1. The remuneration of Mr Lai Xuejun, Mr Li Bo and Mr William Lau for FY2016 pertained to the period from 21 December 2016 to 31 December 2016 as Mr Lai Xuejun, Mr Li Bo and Mr William Lau only joined the Group after the completion of the Company's acquisition of approximately 75% of the total interest in DAS Pte. Ltd. on 20 December 2016.

The total remuneration paid to the top key management personnel (who are not Directors or the CEO) in FY2016 is S\$420,000.

The Company does not disclose the aggregate remuneration of the key management personnel to the nearest thousand but in bands of S\$100,000 for confidentiality reasons so as to prevent competitors from knowing salaries offered by the Company to its key management personnel of similar status in the Group.

The Board confirms that the remuneration paid to the Executive Directors and key management personnel of the Group is based, *inter alia*, on the prevailing market forces, their qualification and expertise and their contribution to the Group.

For the purpose of Rule 704(10) of the Catalist Rules, the Company hereby confirms that there are no persons occupying managerial positions who are related to any Director, Group Chief Executive Officer or Substantial Shareholders of the Group.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 12: Establishment of Audit Committee with written terms of reference

To ensure that corporate governance is effectively practiced, the current Directors have established self-regulatory and monitoring mechanisms, including the establishment of the AC, which comprises the following members:

Peter Tan (Chairman)	Independent Director
Christopher Chong Meng Tak	Non-Executive and Independent Group Chairman
Yu Jinzhi	Independent Director

The roles and responsibilities of the AC are established in accordance with the Code. The Charter provides for a minimum of four meetings a year, and at such other times as required.

The AC's primary function is to provide assistance to the Board of Directors by fulfilling its responsibilities relating to corporate accounting and auditing reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics as established by the management and the Board.

The responsibilities of the AC include the following:

- a) recommending the appointment or dismissal of external auditors (subject to shareholders' approval) and in relation to this, the AC considers the independence and objectivity of the external auditors, reviews and recommends to the Board the compensation of the external auditors, and reviews the scope and results of the audit and its cost effectiveness. Where the auditors also supply a substantial volume of non-audit services to the Company, the AC reviews the nature and extent of such services with the objective of balancing between maintaining auditors' objectivity against cost-effectiveness;
- b) considering, in consultation with the external auditors, the audit scope and the plans of external auditors on the coverage and effective use of audit resources;
- c) reviewing, with the external auditors, their audit reports;
- d) reviewing the assistance given by the Company's officers to the external auditors;
- e) reviewing the quarterly announcements and annual financial statements of the Company;
- f) reviewing and assessing management processes, including but not limited to strategic planning, operations, performance measurement, and reporting, in order to resist over-ambitious and unethical behaviour;
- g) inquiring from management and external auditors about significant risks or exposures, and assessing steps taken by management to minimise or control the Company's exposure to such risks;
- h) considering and reviewing with the external auditors and internal auditors (as the case may be) at least annually the adequacy, effectiveness, and efficiency of management processes, financial controls, operational controls, compliance controls, information technology controls, security, and risk management, and all other material controls, and any related significant findings and recommendations of the auditors, together with management's responses thereto;

CORPORATE GOVERNANCE REPORT

- i) maintaining free and open communications between Directors, external auditors, and management;
- j) meeting with the external auditors, management, and any others considered appropriate in separate executive sessions to discuss any matters that the AC believes should be discussed privately at least annually;
- k) reviewing all non-audit services provided by the Group's external auditors, Foo Kon Tan LLP, if any;
- l) recommending and approving the appointment or dismissal of the internal auditors and in relation to this, the AC considers the independence and objectivity of the internal auditors, reviews and recommends to the Board the compensation of the internal auditors; and
- m) reviewing the adequacy and effectiveness of the internal audit function.

The AC has in place "Whistle Blowing" arrangements by which staff may, in confidence, raise concerns either verbally or in writing (via email) about possible improprieties in matters of financial reporting or other matters within the Company to the members of the AC directly. The objective is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up action to be taken. Copies of the "Whistle Blowing" policy have been circulated to the employees and are also available at the Company's registered office.

Foo Kon Tan LLP is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and its appointment as the Company's external auditors was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 August 2009. The AC noted that there were no non-audit services rendered by Foo Kon Tan LLP in the financial year ended 31 December 2016. In accordance with Rule 1204(6) of the Catalist Rules, the audit fees paid to Foo Kon Tan LLP for their audit services in FY2016 are S\$180,000 (excluding disbursements and GST).

Foo Kon Tan LLP was also appointed in FY2016 to audit the accounts of the Company, its subsidiaries (save for DAS Pte. Ltd. and Uni Global Power Pte. Ltd., which became the Company's subsidiaries on 20 December 2016) and its significant associated companies. The Company has therefore acted in compliance with Rule 712 and Rule 715 of the Catalist Rules.

The AC reviewed the independence and objectivity of the external auditors as required under Section 206(1A) of the Companies Act and determined that the external auditors were independent in carrying out their audit of the Group's financial statements. None of the members of the AC are a partner or director of Foo Kon Tan LLP or any other auditing firm or auditing corporation. The AC had also reviewed the scope and quality of the external auditors' work before recommending the external auditors to the Board for re-appointment. After taking into account the resources and experience of Foo Kon Tan LLP and the audit engagement partner assigned to the audit, Foo Kon Tan LLP's other audit engagements, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by Foo Kon Tan LLP for the audit, the AC is of the view that Foo Kon Tan LLP is able to meet its audit obligations. Together with the Board, the AC recommends the re-appointment of Foo Kon Tan LLP at the forthcoming Annual General Meeting.

The external auditors also brief the AC members on the developments in accounting standards (where applicable) during AC meetings to keep the AC members abreast of changes to the accounting standards and issues which have a direct impact on financial statements. The AC has full access to the external auditors and internal auditors without the presence of management and is authorised to have full and unrestricted access to management and all personnel, records, operations, properties, and other informational sources of the Company as required or desirable to properly discharge its responsibilities. The AC has met with the external auditors without the presence of management in FY2016. The AC has full discretion to invite any Director or executive officer to its meetings and has the authority to conduct or authorise investigations into any matters within its scope of responsibilities.

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The significant matters considered by the AC during the financial year ended 31 December 2016 are detailed below, alongside the actions taken by the AC to address these matters.

Significant Matters	Action
Accounting for Business Combinations	<p>The AC considered the approach and methodology used in allocating the purchase prices to the different assets acquired and liabilities assumed in the business combinations, which were conducted by external business valuers.</p> <p>The AC reviewed the adequacy and appropriateness of the disclosure for the business combinations made in the financial statements. The Group's disclosures about accounting for business combination is included in Note 2(d) to the financial statements.</p> <p>The accounting of business combinations was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016, as referred to on page 76 of this Annual Report.</p>
Valuation of investment properties	<p>The AC considered the approach and methodology applied to the valuation models in assessing the valuation of investment properties, which were conducted by independent international renowned valuers, at the Golden City and Daya Bay projects. The AC reviewed the reasonableness of the cash flow forecasts, long-term growth rates and discount rates used in the valuation models and the external market indicators in the respective markets. The Group adopts the fair value model, under which an investment property is measured, after initial measurement, at fair value with changes in fair value recognised in profit or loss and the carrying values were supported by the valuations.</p> <p>The valuation of investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016, as referred to on page 77 of this Annual Report.</p>

Internal Controls & Internal Audit

Principle 11: Sound system of internal controls

Principle 13: Setting up independent internal audit function

The Board acknowledges that it is responsible for the overall internal control framework but also recognises that all internal control systems contain inherent limitations and that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against misstatements or losses. The Board and AC review regularly the adequacy and effectiveness of the Group's risk management and internal control systems, including but not limited to financial, operational, and compliance controls. In particular, the Group has adopted the Ethics as well as a "Whistle Blowing" policy to ensure that there are no irregularities in the Company's business dealings and that there is a system of integrity and reliability.

Whilst the Company recognises the importance of having a system of internal controls designed to provide reasonable assurance that assets are safeguarded and financial reporting is reliable, the Board recognises that no internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud and other irregularities. The system is designed to manage rather than eliminate all risks of failure in the Company's pursuit to achieve its business objectives.

CORPORATE GOVERNANCE REPORT

The AC and management also review the Group's operational activities on an on-going basis to identify areas of material risks. The AC together with the management and the internal and external auditors will table all control issues and review the appropriate measures being recommended to mitigate areas of weaknesses highlighted to the Board during its quarterly meetings.

The Board has reviewed and evaluated the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. Internal controls have been put in place to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances.

The Company has engaged Baker Tilly, a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, to conduct an internal audit of the Company as well as to implement enterprise risk management ("**ERM**") initiatives within the Group to assist in determining whether the Group's checks and balances and control systems are adequate. In addition, Baker Tilly assists on the implementation of sustainability practices throughout the Group to assess and disclose the environmental and social aspects of the Group's performance. Baker Tilly has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. Baker Tilly reports directly to the AC and provides reports to AC on a timely basis.

At present, the Board relies on external audit reports and management letters prepared by the external auditors, Baker Tilly's internal audit findings and ERM report on any material non-compliance or internal control weaknesses. Going forward, the Board would be able to, in addition to the aforesaid, rely on Baker Tilly's sustainability reporting to better determine whether the Group conduct their business responsibly, particularly the environmental and social aspects.

The Group's external auditors, Foo Kon Tan LLP, contribute by providing an independent perspective on the relevant internal controls arising from their audit, the findings of which are reported to the AC. The AC is satisfied that the independence of the external auditors is not compromised by any other material relationship with the Company.

The AC has also set in place certain internal controls (for example, setting limits on transactions amounts and having different bank signatories), risk management practices and sustainability practices, taking into consideration the risks which the Group is exposed to, the likelihood of occurrence of such risks, the costs of implementing the corresponding controls and the environmental and social interactions within the communities in which the issuers operate. Furthermore, as mentioned above, the Company is assisted by Foo Kon Tan LLP (in the course of their audit), and has engaged Baker Tilly to conduct an internal audit on the Group, to introduce ERM initiatives for the Group and to advise on the Group's corporate transparency on responsible business practices, particularly the environmental and social aspects.

The Board has received assurance from the CEO and CFO that the financial records of the Group for the financial year ended 31 December 2016 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received assurance from the CEO and CFO that the Group's risk management and internal controls system are effective for the financial year ended 31 December 2016.

Taking into account the Company's corporate structure and scope of operations and based on the internal controls established and maintained by the Group, work performed by the external and internal auditors, and reviews performed by management, the AC and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operations, compliance and information technology risks, and risk management systems were adequate and effective as at 31 December 2016.

CORPORATE GOVERNANCE REPORT

KEY OPERATIONAL RISKS

The Board is aware of the risk profiles which may adversely affect the Company's financial performance, financial position and cash flows in the event that any of these risk factors develop into actual events. The Board thinks that the following risks could affect the Company (please note that this is a non-exhaustive list):

General Country and Political Risks associated with the Company's business in Myanmar

Political, economic and social instability in Myanmar

The Group's Golden City project is based in Myanmar, which has the potential to be politically and economically unstable. The previous governing military regime was succeeded by a civilian government. The new government has already implemented a number of political, economic and social reforms. However, there is no certainty that the reform will continue or be successful, and there is no certainty that the business and investment environment in Myanmar will continue to improve or be sustainable. Various parts of the country are also experiencing a rise in ethnic and sectarian tensions, which, if escalated further, could hamper investor confidence, economic potential, and growth and stability of the construction industry. Any unfavourable changes in the political, economic and social conditions of Myanmar, and the existence of conditions impacting upon safety and security, may also adversely affect the Group's business and operations in Myanmar.

Further, any changes in the political, economic and social policies of the Myanmar government may lead to changes in the laws and regulations or the interpretation and application of the same, as well as changes in the foreign exchange regulations, taxation and land ownership and development restrictions, which may adversely affect the Group's financial performance.

The Myanmar legal system is still maturing and the interpretation and application of Myanmar laws and regulations involve uncertainty

The Group's operations in Myanmar is subject to the laws and regulations promulgated by the Myanmar legislature, and notifications and guidelines from various government authorities and bodies. These include the laws and regulations relating to labour (such as those dealing with subjects such as work hours, wages and overtime, minimum wage and workmen's compensation) and foreign ownership of land. The laws and regulations of Myanmar may be supplemented or otherwise modified by unofficial or internal guidelines and practices which exist but which are not documented or which are not generally available to the public or uniformly applied. Such guidelines and practices may not have been ruled upon by the courts or enacted by legislative bodies and may be subject to change without notice or adequate notice. There are also limited precedents on the interpretation, implementation or enforcement of Myanmar laws and regulations, and there is limited judicial review over administrative actions and decisions. Therefore, a high degree of uncertainty exists in connection with the application of existing laws and regulations to events, circumstances and conditions.

Myanmar laws and regulations are also undergoing extensive changes. Changes in the laws and regulations may however not adequately address shortcomings in the legal and regulatory regimes and even if they do, may not be successfully implemented or could be subjected to uncertainty and differences in application and interpretation. Further, changes in the laws may be unpredictable and may in some instances introduce conditions that will increase the costs of doing business in Myanmar and adversely affect the Group's financial performance.

While Myanmar adopts a mixed legal system of common law, civil law and customary law, governmental policies play an overriding role in the implementation of the laws. Furthermore, the application and administration of Myanmar laws and regulations may be subject to a certain degree of discretionary determination by the authorities and may differ in implementation across various regional governments and government authorities and bodies.

CORPORATE GOVERNANCE REPORT

In any event, the resolution of commercial and investment disputes by domestic tribunals, either through the courts or arbitration proceedings, is, at present, limited. The experience of Myanmar courts with respect to commercial disputes is significantly limited, and while domestic arbitration is available under the Arbitration Act of Myanmar 1944, an insignificant number of proceedings have been conducted under this law. There are, furthermore, limited local experts with the know-how needed to preside over commercial disputes. While Myanmar has ratified and acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958, it is uncertain how long it would take to enact or amend the necessary domestic laws to implement a framework capable of supporting the recognition and enforcement of foreign arbitral awards by the Myanmar courts. Whilst Myanmar is also a party to the ASEAN Comprehensive Investment Agreement (2009), it is likewise unclear as yet how disputes covered by and the protections afforded under this agreement will be treated and resolved under Myanmar law or by the Myanmar courts.

Limited accessibility of publicly available information and statistics in Myanmar

Under the current business environment in Myanmar, it may be very difficult to obtain up-to-date information and statistics on other businesses in Myanmar that may be relevant to the Group in terms of, inter alia, business activities, geographical spread, track record, operating and financial leverage, liquidity, quality of earnings and accounting, economic outlook, growth statistics and other relevant data. As such it may be difficult for the Group to access the prospects and potential of any business opportunities available to the Group from time to time. Consequently, the investment and business decisions of the Group may not be in the future be based on accurate, complete and timely information. Inaccurate information may adversely affect the Group's business decisions, which could materially and adversely affect the business and financial condition of the Group.

Foreign exchange control risks in Myanmar

In 2012, the Central Bank of Myanmar adopted a managed float for the Kyats after a 35-year fixed exchange rate regime. Although this policy shift is widely considered to be a positive development in the liberalisation of Myanmar's economy, the actual impact of such change is yet to be ascertained. Significant fluctuations of the Kyats against the United States dollar or the Singapore dollar could have a material adverse effect on the Group's operations and financial conditions and prospects.

The remittance of foreign currency into Myanmar is generally unlimited but for remittance of foreign currency out of Myanmar, depending on the nature of the remittance, the approval by the Central Bank of Myanmar, Myanmar Investment Commission, Internal Revenue Department and/or other government authorities and bodies may be required. The ability of the subsidiaries to pay dividends or make other distributions, payments of service fees and repayments of loans to the Group by way of repatriation or remittance from the Myanmar operations may be restricted by, amongst other things, the availability of funds and statutory and other legal restrictions. To the extent that the ability of the subsidiaries to distribute to the Group is restricted, it may have an adverse effect on the Group's business, operations and financial condition.

Mitigation of the Risks

The Group has retained the current key management of the Golden City project for their relevant expertise and experience in managing the Golden City project in Myanmar in order to mitigate the abovementioned risks associated with the Group's foray into the Myanmar region. In particular, Mr Zhu Xiaolin is currently the chairman and director of Golden Land Real Estate Development Co. Ltd. and the chief executive officer and director of Uni Global Power Pte. Ltd. Together with Mr Lai Xuejun, Mr Zhu Xiaolin manages and operates the Golden City project. Mr Zhu Xiaolin holds an interest in and Mr Lai Xuejun will hold an interest in the Company and both hold interests in Uni Global Power Pte. Ltd. which aligns the interests of Mr Zhu Xiaolin and Mr Lai Xuejun with the Group. Both Mr Zhu and Mr Lai are part of the founding investors and management of the Golden City project.

CORPORATE GOVERNANCE REPORT

The Company has appointed Mr Zhu Xiaolin as an Executive Director and Group President of the Company, announced on SGXNET on 30 March 2017. The Board is of the view that, taking into consideration Mr Zhu's qualifications, working experience and ability to contribute to the Company, Mr Zhu is the appropriate person to take on the role of an Executive Director and Group President of the Company.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Recognise, protect and facilitate the exercise of shareholder' rights

Principle 15: Regular, effective and fair communication with shareholders

Principle 16: Shareholders participation at AGM

Information is communicated to shareholders on a timely basis. Where disclosure is inadvertently made to a selected group, the Company will make the same disclosure publicly as soon as practicable for it to do so. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual reports include all relevant information about the Group, including future developments and other disclosures required under the Catalist Rules and the relevant accounting standards;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of annual general meetings and extraordinary general meetings ("**Notices**");
- replies to email queries from shareholders;
- disclosures to the SGX-ST and the shareholders by releasing announcements via SGXNET; and
- circulars or letters to shareholders to provide the shareholders with more information on its major transactions.

The Board has also kept the shareholders abreast on the developments in relation to the issues raised by the special auditor (as announced on SGXNET).

The Group values dialogue with investors and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Group adopts the practice of regularly communicating major developments in its business and operations through SGXNET and news releases and where appropriate also directly to shareholders, other investors, analysts, the media, the public and its employees.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Quarterly, half yearly and full year results as well as the annual reports are announced or issued within the mandatory period. However, any information that may be regarded as undisclosed material information about the Group will not be given, The Group issues announcements and news releases on an immediate basis where required under the SGX-ST Catalist Rules. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the stakeholders and the public have fair access to the information.

Briefings and meetings for analysts and the media are held, generally coinciding with the release of the Group's quarterly, half yearly and full year results. Presentations are made, as appropriate, to explain the Group's strategies, performance and major developments.

CORPORATE GOVERNANCE REPORT

The Notices are advertised in the press and published via SGXNET. The results of all general meetings are also published via SGXNET. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders to attend and vote at all general meetings of the Company by proxies. Proxy forms can be sent to the Company's Share Registrar by mail. At all general meetings, each distinct issue is voted via a separate resolution.

The Board also regards the general meetings as opportunities to communicate directly with the shareholders and encourages greater shareholder participation. As such, the shareholders are encouraged to attend general meetings of the Company to grasp a better understanding of the Group's businesses and be informed of the Group's strategic goals and objectives. Notices of general meetings are dispatched to the shareholders at least 14 days before the meeting if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting.

General meetings of the Company will be chaired by the Group Chairman and are also attended by other Directors, the management, the Company Secretary and if necessary, the external and internal auditors. At all general meetings, shareholders are given the opportunity to air their views and to ask the Group Chairman, the individual Directors and the Chairmen of Board Committees questions regarding the Company. The external auditors are also present to assist the Board in answering the shareholders' queries, where they are able to do so. In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, using polling slips, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders.

The Company Secretary and/or representatives from the Company Secretary's office prepares the minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the minutes are available to shareholders upon request.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

Shareholders and the public can access information on the Group via its website at: www.etcsingapore.com

INTERNAL COMPLIANCE CODE ON DEALINGS IN COMPANY'S SECURITIES

The Company has its own internal compliance code to provide guidance for both itself, and its Directors and employees (including employees with access to price-sensitive information on the Company's shares) on dealings in the Company's securities, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1204(19) of the Catalist Rule, the Company issues a directive informing the Directors and employees that they are not allowed to deal in the Company's shares during the period commencing two weeks before the date of the results announcement for each of the first three quarters of the Company's financial year and one month before the date of announcement of the annual results. These trading restrictions end on the date of the results announcement. Additionally, both Directors and employees are prohibited from dealing in securities of the Company while in possession of price-sensitive information. They are required to report to the Company Secretary whenever they deal in the Company's shares. The Company Secretary assists the AC and the Board to monitor such share transactions and to make the necessary announcements.

An officer of the Company should not deal in the Company's securities on short-term considerations.

The Board confirms that as at the date of this Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

CORPORATE GOVERNANCE
REPORT**INTERESTED PERSON TRANSACTIONS**

(Catalist Rule 907)

The Group has established procedures to ensure that all transactions with interested persons are properly documented and reported in a timely manner to the AC on a quarterly basis, and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders, in accordance with the internal controls set up by the Company on interested person transactions. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

The aggregate value of transactions entered into by the Group with interested persons and their associates for FY2016 are as follows:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Mr Luo Shandong	US\$450,000 (approximately RMB3.03 million ¹) ²	–
D3 Capital Limited	S\$8.68 million (approximately RMB41.92 million ³) ⁴	–

Notes:

1. Based on the exchange rate of US\$1.00: RMB\$6.73 as at 14 October 2016.
2. The interested person transaction value exceeded 3% of the Group's net tangible assets ("Group NTA") of approximately RMB65.56 million as at 31 December 2015, but did not exceed 5% of the Group NTA. As such, the Company was not required to seek shareholders' approval for the interested person transaction pursuant to Rule 906(1)(b) of the Catalist Rules.
3. Based on the exchange rate of S\$1.00: RMB4.83 as at 23 January 2017.
4. The acquisition from D3 Capital Limited of 6,225,000 shares representing 25.025% of the total issued and paid-up shares of DAS Pte. Ltd. as an interested person transaction was approved by the shareholders at the Extraordinary General Meeting held on 27 February 2017.

Mr Luo Shandong is a controlling shareholder of the Company. Accordingly, Mr Luo Shandong is an "interested person" for the purposes of Chapter 9 of the Catalist Rules. Details of the interested person transaction were announced via SGXNET on 17 October 2016.

Mr Teo Cheng Kwee is a Non-Executive Director of the Company. His immediate family collectively hold 100% shareholding interest in D3 Capital Limited. Accordingly, D3 Capital Limited is an associate of Mr Teo Cheng Kwee and thus an "interested person" under Chapter 9 of the Catalist Rules. Details of the interested person transaction were announced via SGXNET on 17 October 2016.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Catalist Rule 920.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

(Catalist Rule 1204(8))

There were no material contracts of the Company or its subsidiary involving the interests of the Group Chief Executive Officer, any director or controlling shareholders subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year, save for the following:

- a) a loan agreement dated 17 October 2016 with Mr Luo Shandong, a controlling shareholder of the Company, pursuant to which Mr Luo Shandong agreed to grant the Company a loan of an aggregate principal amount of up to US\$5,000,000, as referred to in the “Interested Person Transactions” section above and Note 12 to the financial statements; and
- b) a sale and purchase agreement with D3 Capital Limited, an associate of Mr Teo Cheng Kwee, a Non-Executive director of the Company, pursuant to which D3 Capital Limited agreed to sell and the Company agreed to purchase all of D3 Capital Limited’s interest in the issued and paid-up capital of DAS Pte. Ltd., as referred to in the “Interested Person Transactions” section above and Notes 4 and 20 to the financial statements.

RISK MANAGEMENT

(Catalist Rule 1204(4)(b)(iv))

The management regularly reviews the Company’s business and operational activities to identify areas of significant business risks as well as appropriate measures to manage and mitigate these risks. The management reviews all the significant control policies and procedures and highlights all significant findings to the Directors and the AC.

NON-SPONSOR FEES

(Catalist Rule 1204(21))

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The current Continuing Sponsor of the Company is RHT Capital Pte. Ltd. (“**RHT Capital**”). RHT Capital was appointed as the Company’s Continuing Sponsor, in place of Stamford Corporate Services Pte. Ltd. (“**Stamford**”), with effect from 13 October 2016. No non-sponsor fees were paid to Stamford or RHT Capital by the Company for FY2016.

CORPORATE GOVERNANCE
REPORT**USE OF PROCEEDS**

(Catalist Rule 1204(22))

S/N	Intended Use of Proceeds	Amount Allocated (S\$'000)	Amount Utilised as at 31 December 2016 (S\$'000)	Amount Remaining as at December 2016 (S\$'000)
1	To fund the development of real estate projects and/or investment in real estate and/or related assets	916	916	0
2	General working capital, including to fund the salaries of the Group's employees, legal and professional fees, as well as ancillary expenses for the Group	2,674	2,674	0
3	To repay the Group's existing liabilities (including but not limited to legal and professional fees and other miscellaneous expenses incurred to date)	675	675	0
4	To fund the special audit (including special auditors' fee, various costs (including legal and payroll and supporting costs) to review and prepare for the special audit)	298	298	0
5	To fund the preparation of the Company's audit for FY2014, preparation and issuance of annual report and the holding of the annual general meeting of the Company	397	397	0
6	To fund the salary of the Group's employees, legal and professional fees and ancillary expenses for the Group going forward	615	615	0
TOTAL		5,575	5,575	0

Pursuant to the terms of the placement agreements with Mr Zhu Xiaolin and Mr Tao Xucheng, the investment agreements with Mr Teo Cheng Kwee and Mr Wong Pak Him Patrick and the placement agreement with Mr Luo Shandong, the Company raised the sum of S\$4,560,000 by issuing 950 million new shares in the share capital of the Company at an issue price of S\$0.0022 per share and another 950 million new shares in the share capital of the Company at an issue price of S\$0.0026 per share on 31 March 2016 as well as a sum of S\$1,400,000 by issuing 500 million new shares in the share capital of the Company at an issue price of S\$0.0028 per share on 7 April 2016. The net proceeds of approximately S\$5,575,000 (after deducting estimated expenses of approximately S\$385,000) as at 31 December 2016 has been fully utilised as above. The Company confirms that the use of proceeds is in accordance with the intended use.

CORPORATE GOVERNANCE REPORT

S/N	Intended Use of Proceeds	Amount Allocated (S\$'000)	Amount Utilised as at 31 December 2016 (S\$'000)	Amount Remaining as at December 2016 (S\$'000)
1	Funding of the Daya Bay Acquisition	10,000	10,000	0
2	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	0
3	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	2,400
TOTAL		18,460	16,060	2,400

During FY2016, the Company completed a rights issue of 5,183,391,404 rights shares at an issue price of S\$0.0036 per share. The rights shares were allotted and issued on 19 September 2016. As at 31 December 2016, the net proceeds of approximately S\$18.5 million (after deducting estimated expenses of approximately S\$0.2 million) had been utilised as above. The Company confirms that the use of proceeds is in accordance with the intended use as stated in the offer information statement dated 24 August 2016.

EMPLOYEE SHARE OPTION SCHEME

(Catalist Rule 1204(16))

On 21 November 2016, shareholders terminated the CSH Employee Share Option Scheme 2009 (previously known as CTL Employee Share Option Scheme and which was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 August 2009) and approved the ETC Employee Share Option Scheme 2016 (previously known as the CSH Employee Share Option Scheme 2016) and the ETC Performance Share Plan 2016 (previously known as the CSH Performance Share Plan 2016). Information on the ETC Employee Share Option Scheme 2016 and the ETC Performance Share Plan 2016 can be found on pages 70 to 73 of the Annual Report in the Directors' Statement and Note 23 of the financial statements.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion,

- (a) the accompanying statements of the Group and the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

NAMES OF DIRECTORS

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

Christopher Chong Meng Tak (Non-Executive Group Chairman/Independent Director)

Tan Thiam Hee (Executive Director)

Wong Pak Him Patrick (Executive Director)

Peter Tan (Independent Director)

Teo Cheng Kwee (Non-Executive Director)

Zhu Xiaolin (Executive Director) (Appointed on 30 March 2017)

Yu Jinzhi (Independent Director) (Appointed on 30 March 2017)

ARRANGEMENTS TO ACQUIRE SHARES, DEBENTURES, WARRANTS OR OPTIONS

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares, debentures, warrants or options of the Company or of any other corporate body, other than as disclosed below and in this report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

DIRECTORS' INTEREST IN SHARES, DEBENTURES, WARRANTS OR OPTIONS

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares, debentures or warrants of the Company or its related corporations, except as follows:

	Number of ordinary shares				
	Holdings registered in the name of director			Holdings in which director is deemed to have an interest	
	As at 1.1.2016*	As at 31.12.2016*	As at 21.1.2017*	As at 1.1.2016	As at 31.12.2016
The Company -					
Emerging Towns &					
Cities Singapore Ltd.					
Ordinary shares					
Christopher Chong Meng Tak	11,111,111	11,111,111	11,111,111	-	-
Tan Thiam Hee	-	-	360,000	-	-
Zhu Xiaolin	-	85,469,600	85,469,600	-	-
Wong Pak Him Patrick	-	81,032,921	81,212,921	-	-
Teo Cheng Kwee	-	20,000,000	20,000,000	-	-
Warrants					
Christopher Chong Meng Tak	11,111,111	11,111,111	11,111,111	-	-
Options					
Christopher Chong Meng Tak	-	2,000,000	2,000,000	-	-
Tan Thiam Hee	-	5,000,000	5,000,000	-	-
Wong Pak Him Patrick	-	2,000,000	2,000,000	-	-
Peter Tan	-	2,000,000	2,000,000	-	-
Teo Cheng Kwee	-	2,000,000	2,000,000	-	-

Save as disclosed above, the directors' interests in the ordinary shares and warrants of the Company as at 21 January 2017 were the same as at 31 December 2016.

* On 5 December 2016, the Company completed the share consolidation of 25 existing issued ordinary shares into 1 ordinary share and adjustments have been made to reflect the adjusted number of shares, warrants and options. Fractional entitlements are disregarded.

SHARE OPTION SCHEME

At the date of this report, the Company has the following employee share option scheme for granting share options and performance share plan for granting share awards to employees and directors of the Company and its subsidiaries:

- the Emerging Towns & Cities Singapore Ltd. (formerly known as Cedar Strategic Holdings Ltd.) Employee Share Option Scheme 2016 (the "2016 Scheme") which was approved at an Extraordinary General Meeting of the Company held on 21 November 2016; and
- the Emerging Towns & Cities Singapore Ltd. (formerly known as Cedar Strategic Holdings Ltd.) Performance Share Plan 2016 (the "Plan") which was approved at an Extraordinary General Meeting of the Company held on 21 November 2016.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

SHARE OPTION SCHEME (CONTINUED)

At an Extraordinary General Meeting of the Company held on 21 August 2009, the shareholders approved the Cedar Strategic Holdings Ltd. (formerly known as China Titanium Ltd.) Employee Share Option Scheme (previously known as Jade Technologies Holdings Ltd. Employee Share Option Scheme) (the "2009 Scheme"). The 2009 Scheme had been terminated by the shareholders at an Extraordinary General Meeting of the Company held on 21 November 2016. Options already granted under the 2009 Scheme remain valid and exercisable until the end of the relevant exercise period.

The 2009 Scheme, 2016 Scheme (collectively, the "Schemes") and the Plan are administered by the Company's Remuneration Committee which at the date of this report comprises the following members, who are all independent directors of the Company:

Christopher Chong Meng Tak (Chairman)
Peter Tan
Yu Jinzhi

Under the Schemes, the Company may grant options to employees and directors of the Company and its subsidiaries in recognition of their services and contributions to the growth and performance of the Group. Under the Plan, the Company may grant share awards to employees and directors of the Company and its subsidiaries to incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company. The Schemes and Plan align the interest of the participants with those of shareholders so as to motivate them to contribute towards future growth and profitability of the Group and maximisation of shareholder value in the longer term.

The total number of new shares over which options or awards may be granted pursuant to the Schemes and the Plan respectively, when added to the number of shares issued and issuable under such other share-based incentive plans of the Company, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant.

Under the 2009 Scheme, options granted to executive directors and employees who, as of the date of grant, have been in the employment of the Group for a period of twelve months or more, may be exercised one year after the date of grant. Options which are granted to executive directors and employees who have been in the employment of the Group for less than twelve months as of the date of grant may be exercised two years after the date of grant. Options which are granted to non-executive directors may be exercised one year after the date of grant. Options granted expire after ten years from the date of grant. Irrespective of an employee's period of employment with the Group as of the date of grant, all options with exercise prices which represent a discount to the market price may be exercised two years after the date of grant.

Under the 2016 Scheme, options granted with exercise prices equal to the market price may be exercised after the first anniversary of the date of grant and will expire after ten years from the date of grant. Options with exercise prices which represent a discount to the market price may be exercised after the second anniversary of the date of grant and will expire after ten years from the date of grant.

Under the 2009 Scheme, if a variation in the issued share capital of the Company occurs (whether by way of a capitalisation of profits or reserves or a rights issue or the conversion of convertible loan stock or other debt securities or a reduction, subdivision or consolidation of shares), the subscription price in respect of shares comprised in an option to the extent unexercised, the class and/or number of shares comprised in an option to the extent unexercised or in respect of which additional options may be granted under the 2009 Scheme and the maximum entitlement in any financial period shall be adjusted in such a manner as the Remuneration Committee may determine to be appropriate. Except for capitalisation issues, a written confirmation of the auditors of the Company for the time being (acting only as experts and not as arbitrators) that in their opinion such adjustment is fair and reasonable, shall be procured.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

SHARE OPTION SCHEME (CONTINUED)

Under the 2016 Scheme, a variation in the issued share capital of the Company (whether by way of a capitalisation of profits, reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued shares), subdivision, consolidation or distribution, or issues for cash or for shares or otherwise howsoever) shall take place, then (a) the exercise price in respect of the shares comprised in any option(s) to the extent unexercised; (b) the class and/or number of shares comprised in any option(s) to the extent unexercised and the rights attached thereto; and/or (c) the class and/or number of shares in respect of which additional options may be granted to participants of the 2016 Scheme may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate, including retrospective adjustments where such variation occurs after the date of the exercise of an option provided that the record date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, the auditors of the Company for the time being (acting as experts and not as arbitrators) provide written confirmation that in their opinion, such adjustment (or absence of adjustment) is fair and reasonable.

Under the Plan, if a variation in the issued share capital of the Company (whether by way of a capitalisation of profits, reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued shares), subdivision, consolidation or distribution, or issues for cash or for shares or otherwise howsoever) shall take place, then (a) the class and/or number of shares which are the subject of an award to the extent not yet vested; and/or (b) the class and/or number of shares over which future awards may be granted under the Plan may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate, including retrospective adjustments where such variation occurs after the vesting date of an award provided that the record date relating to such variation precedes such date of vesting and, except in relation to a capitalisation issue, the auditors of the Company for the time being (acting as experts and not as arbitrators) provide written confirmation that in their opinion, such adjustment (or absence of adjustment) is fair and reasonable.

There were no outstanding options granted to the directors, controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited) as at the end of the financial year, except as follows:

Name of participant	Options* granted during financial year under review (including terms)	Aggregate options* granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options* outstanding as at end of financial year under review
2009 Scheme				
Christopher Chong Meng Tak	2,000,000	2,000,000	–	2,000,000
Tan Thiam Hee	5,000,000	5,000,000	–	5,000,000
Wong Pak Him Patrick	2,000,000	2,000,000	–	2,000,000
Peter Tan	2,000,000	2,000,000	–	2,000,000
Teo Cheng Kwee	2,000,000	2,000,000	–	2,000,000

* On 5 December 2016, the Company completed the share consolidation of 25 existing issued ordinary shares into 1 ordinary share and adjustments have been made to reflect the adjusted number of options. Fractional entitlements are disregarded.

There were no material conditions to which the options granted under the 2009 Scheme were subject.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

SHARE OPTION SCHEME (CONTINUED)

Save for Mr Tan Thiam Hee, no director or employee has received 5% or more of the total number of options available under the Schemes. No options were granted at a discount during the financial year.

There were no unissued shares of subsidiaries under option as at the end of the financial year. No shares have been issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company.

WARRANTS

On 14 February 2014, the Company announced the subscription of 1,277,777,777 new ordinary shares at an issue price of S\$0.0036 for each subscription shares and 1,277,777,777 free detachable unlisted warrants on the basis of one free warrant for every one subscription share at an exercise price of S\$0.0036 within the exercisable period from issuance. They were allotted and issued in June 2014.

As part of the purchase consideration to acquire 100% equity interests in West Themes Pte. Ltd. and Yess Le Green Pte. Ltd. in FY2013, the Company issued 250 million warrants, with each warrant carrying the right to subscribe for one share in the Company at an exercise price of S\$0.008 on 15 April 2013.

No shares have been issued during the financial year by virtue of the exercise of warrants to take up unissued shares of the Company.

CHANGE OF COMPANY NAME

Pursuant to an Extraordinary General Meeting held on 27 February 2017, the name of the Company was changed to Emerging Towns & Cities Singapore Ltd.

AUDIT COMMITTEE

The Audit Committee at the date of report comprises the following members:

Peter Tan (Chairman)
Christopher Chong Meng Tak
Yu Jinzhi

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act Cap. 50, the Listing Manual and the Code of Corporate Governance. The functions performed are detailed in the Report on Corporate Governance set out in the Annual Report of the Company for the financial year ended 31 December 2016.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of SGX Listing Manual.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
CHRISTOPHER CHONG MENG TAK

.....
TAN THIAM HEE

Dated: 31 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMERGING TOWNS & CITIES SINGAPORE LTD AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Emerging Towns & Cities Singapore Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMERGING TOWNS & CITIES SINGAPORE LTD AND ITS SUBSIDIARIES

Key Audit Matters (Continued)

Key Audit Matter	Risk	Our responses and work performed
Accounting for business combination	<p>The Company announced the completion of the acquisition of DAS Pte. Ltd. and its subsidiaries on 20 December 2016. The Group makes acquisitions as part of its business strategy to enhance shareholder value. Such transactions can be complex and judgement is involved in determining whether the acquisition is (i) a business combination, (ii) an acquisition of assets that does not meet the definition of a business or (iii) businesses under common control. There are different accounting treatments applicable to the various types of acquisition.</p> <p>A business combination is a transaction or event in which an acquirer obtains control of one or more businesses, which generally consist of inputs, processes applied to those inputs and the ability to create outputs.</p> <p>FRS 103 – <i>Business Combinations</i> requires acquisition accounting to be applied to all business combinations in its scope. In accounting for business combination, management undertakes a purchase price allocation exercise. There are judgements and inherent uncertainties in the estimation used in the allocation of the overall purchase price to the different assets acquired and liabilities assumed that make up the acquisition.</p> <p>A negative goodwill of RMB22.5 million was recorded in the consolidated statement of comprehensive income arising from this business combination.</p>	<p>We have identified the accounting for business combinations as a key audit matter. We assessed the Group's processes for the review and the determination of the accounting for business combination. We challenged management's assertion on the acquisition of DAS Pte. Ltd. and its subsidiaries by examining legal and contractual documents to understand the purpose and the design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities to determine whether the acquisition is a business combination, an acquisition of an asset or an acquisition under common control.</p> <p>We read the reports from the appointed business valuers and checked the computations where they have allocated the purchase price to the different assets acquired and liabilities assumed in the business combination during the year.</p> <p>We obtained an understanding of the work of the appointed business valuers and evaluated their competencies, capabilities and objectivities and evaluated the appropriateness of the business valuers' work as audit evidence for the relevant assertion.</p> <p>We have also evaluated whether the auditor's expert has the necessary competencies, capabilities and objectivity for the auditor's purposes.</p> <p>We compared the methodologies and key assumptions used in deriving the allocated values to generally accepted market practices and market data.</p> <p>We also considered the adequacy of disclosure for the business combinations in the consolidated financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMERGING TOWNS & CITIES SINGAPORE LTD AND ITS SUBSIDIARIES

Key Audit Matters (Continued)

Key Audit Matter	Risk	Our responses and work performed
<p>Valuation of investment properties</p>	<p>In FY 2015, the Company acquired a 60% interest in Daya Bay Mei Tai Cheng Property Development Co., Ltd ("Daya Bay"). Daya Bay is the sole developer of a project located in Huizhou, Guangdong Province, People's Republic of China. The project comprised of 1,116 decorated apartments, of which 399 units in the project will continue to be owned by Daya Bay and these apartments are currently rented out to a third party hotel operator as holiday apartments for recurring rental income.</p> <p>Investment properties represents the second largest category of assets on the Group's statement of financial position. As at 31 December 2016, the fair value of the investment properties held by Daya Bay amounted to RMB268.5 million. The investment properties are stated at their fair values based on independent external valuations.</p> <p>The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation, discount and terminal yield rates i.e. a small change in the assumptions can have a significant impact to the valuation.</p>	<p>We have identified the valuation of investment properties as a key audit matter. We assessed the Group's processes for the selection of the external valuers, the determination of their scope of work and the review and acceptance of the valuation report from the external valuers.</p> <p>We evaluated the qualifications and competency of the external valuers. We read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.</p> <p>We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We challenged the capitalisation, discount and terminal yield rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.</p> <p>We have also evaluated whether the auditor's expert has the necessary competencies, capabilities and objectivity for the auditor's purposes.</p> <p>We have also considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMERGING TOWNS & CITIES SINGAPORE LTD AND ITS SUBSIDIARIES

Other Information

Management is responsible for the other information. The other information obtained at the date of the auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon. The other information mainly comprises the group chairman's statement, financial and operations review and directors' statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMERGING TOWNS & CITIES SINGAPORE LTD AND ITS SUBSIDIARIES

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

In the financial statements of the Group and the Company for the year ended 31 December 2015 dated 30 March 2016, we expressed a modified opinion on those statements as disclosed in Note 28. The qualification raised does not have an effect to the audit opinion rendered for the current financial year.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EMERGING TOWNS & CITIES SINGAPORE LTD AND ITS SUBSIDIARIES

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit in this independent auditor's report is Kong Chih Hsiang Raymond.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 31 March 2017

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	The Group		The Company	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-Current					
Property, plant and equipment	3	38,057	6,305	396	549
Subsidiaries	4	–	–	164,967	467
Investment properties	5	294,705	265,500	–	–
		332,762	271,805	165,363	1,016
Current					
Development properties	6	1,182,492	169,085	–	–
Trade and other receivables	7	120,873	15,443	11,379	5,711
Cash and cash equivalents	8	79,341	18,356	17,382	544
		1,382,706	202,884	28,761	6,255
Total assets		1,715,468	474,689	194,124	7,271
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	9	646,703	471,355	646,703	471,355
Reserves	10	(385,386)	(450,264)	(493,698)	(478,840)
Equity attributable to equity holders of the company		261,317	21,091	153,005	(7,485)
Non-controlling interests		190,813	44,467	–	–
Total Equity		452,130	65,558	153,005	(7,485)
LIABILITIES					
Non-Current					
Provision for site restoration		135	135	135	135
Deferred tax liabilities	11	164,258	45,130	–	–
Financial liabilities	12	293,045	101,980	34,719	–
Accrued land lease premium	13	110,872	–	–	–
		568,310	147,245	34,854	135
Current					
Financial liabilities	12	129,130	–	–	–
Accrued land lease premium	13	19,567	–	–	–
Trade and other payables	14	298,269	170,916	6,265	14,621
Deposits from customers on purchase of development properties		233,125	80,030	–	–
Current tax payable		14,937	10,940	–	–
		695,028	261,886	6,265	14,621
Total liabilities		1,263,338	409,131	41,119	14,756
Total equity and liabilities		1,715,468	474,689	194,124	7,271

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	The Group Year ended 31 December 2016 RMB'000	The Group Year ended 31 December 2015 RMB'000
Revenue	15	718,755	26,396
Cost of sales		(597,978)	(25,368)
Gross profit		120,777	1,028
Other income	16	25,673	21,774
Distribution costs		(7,980)	(2,478)
Administrative expenses		(17,093)	(11,441)
Other non-operating expenses		(766)	(2,261)
Finance costs		(7,346)	–
Profit before taxation	17	113,265	6,622
Taxation	18	50,688	373
Profit for the year		163,953	6,995
Other comprehensive income:			
Other comprehensive income reclassified to profit or loss in subsequent periods (net of tax)			
Currency translation difference (Nil tax)		(228)	(5)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		(228)	(5)
Total comprehensive income for the year		163,725	6,990
Profit attributable to:			
Owners of the Company		63,948	7,497
Non-controlling interests		100,005	(502)
Total comprehensive income for the year		163,953	6,995
Total comprehensive income attributable to:			
Owners of the Company		63,720	7,492
Non-controlling interests		100,005	(502)
		163,725	6,990
Earnings per share (Fen) attributable to owners of the Company			
– basic	19	14.08	2.35*
– diluted	19	14.08	2.35*

* Comparatives are restated to show the effects of the share consolidation

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Group	Note	Share capital RMB'000	Capital reduction reserve RMB'000	Capital reserve RMB'000	Warrant reserve RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total attributable to equity holders 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
Profit/(loss) for the year		-	-	-	-	-	-	7,497	7,497	(502)	6,995
Other comprehensive loss		-	-	-	-	(5)	-	-	(5)	-	(5)
Total comprehensive income for the year		-	-	-	-	(5)	-	7,497	7,492	(502)	6,990
Transactions with owners, recognised directly in equity Contributions by and distributions to owners											
Acquisition of a subsidiary with non-controlling interests	20	-	-	-	-	-	-	-	-	44,969	44,969
Additional investment in a subsidiary by a non-controlling interests	10	-	-	10,454	-	-	-	-	10,454	-	10,454
Total contributions by and distributions to owners		-	-	10,454	-	-	-	-	10,454	44,969	55,423
Balance at 31 December 2015		471,355	79,151	10,454	14,167	-	26,752	(580,788)	21,091	44,467	65,558
Profit for the year		-	-	-	-	-	-	63,948	63,948	100,005	163,953
Other comprehensive loss		-	-	-	-	(228)	-	-	(228)	-	(228)
Total comprehensive income for the year		-	-	-	-	(228)	-	63,948	63,720	100,005	163,725
Transactions with owners, recognised directly in equity Contributions by and distributions to owners											
Issue of ordinary shares arising from:											
- Investment placement made in the previous financial year	9	9,993	-	-	-	-	-	-	9,993	-	9,993
- Share subscription agreements during the current financial year	9	17,591	-	-	-	-	-	-	17,591	-	17,591
- Rights issue	9	90,342	-	-	-	-	-	-	90,342	-	90,342
- Consideration shares for the acquisition of a subsidiary	9	57,422	-	-	-	-	-	-	57,422	-	57,422
Share-based compensation		-	-	-	-	1,158	-	-	1,158	-	1,158
Acquisition of a subsidiary with non-controlling interests	20	-	-	-	-	-	-	-	-	46,341	46,341
Total contributions by and distributions to owners		175,348	-	-	-	1,158	-	-	176,506	46,341	222,847
Balance at 31 December 2016		646,703	79,151	10,454	14,167	1,158	26,524	(516,840)	261,317	190,813	452,130

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	The Group Year ended 31 December 2016 RMB'000	The Group Year ended 31 December 2015 RMB'000
Cash Flows from Operating Activities			
Profit before taxation		113,265	6,622
Adjustments for:			
Share-based compensation		1,158	–
Depreciation of property, plant and equipment	3	998	293
Writeback of amounts due to ex-director (Writeback)/impairment losses on other receivables	17	(2,252)	–
Gain on disposal of property, plant and equipment	16	–	(141)
Fair value gain on investment properties	16	(3,000)	(400)
Interest income	16	(145)	(15)
Interest expenses		7,346	–
Gain on bargain purchase from acquisition of a subsidiary	16	(22,525)	(21,202)
Operating profit/(loss) before working capital changes		94,363	(12,582)
Trade and other receivables		(76,938)	239
Trade and other payables		(561,030)	(38,055)
Development properties		548,788	20,630
Cash generated from/(used in) operations		5,183	(29,768)
Income tax paid		(7,192)	–
Net cash used in operating activities		(2,009)	(29,768)
Cash Flows from Investing Activities			
Interest received		145	15
Purchase of property, plant and equipment	3	(130)	(607)
Proceeds from disposal of property, plant and equipment		–	192
Deferred purchase consideration paid		(48,000)	–
Acquisition of a subsidiary (net of cash acquired)	20	(34,096)	17,262
Net cash (used in)/generated from investing activities		(82,081)	16,862
Cash Flows From Financing Activities			
Issue of ordinary shares		107,933	–
Proceeds from shareholder loans		34,719	–
Proceeds from interest-free loans from related parties of a minority shareholder of a subsidiary		2,885	20,691
Investment placement amounts received from directors	14(a)	–	9,589
Net cash generated from financing activities		145,537	30,280
Net increase in cash and cash equivalents		61,447	17,374
Deposits pledged to financial institutions		(12,686)	(17,189)
Cash and cash equivalents at beginning of year		1,167	987
Effect of exchange rate fluctuations on cash held		(462)	(5)
Cash and cash equivalents at end of year	8	49,466	1,167

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION

The financial statements of Emerging Towns & Cities Singapore Ltd. (formerly known as Cedar Strategic Holdings Ltd.) (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is incorporated as a limited liability company and domiciled in Singapore.

The registered office is located at 80 Raffles Place, #26-05 UOB Plaza 1, Singapore 048624.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are as stated in Note 4.

2(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Accounting Standards Council (“ASC”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Renminbi which is the Company’s functional currency. All financial information is presented in Renminbi, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are detailed below:

Significant judgements made in applying accounting policies

(i) Identification of functional currencies

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. The financial statements are presented in RMB, which is the functional and presentational currency of most of the Group entities. Determination of the functional currency involves significant judgement and other companies may make different judgements based on similar facts.

The functional currency of each of the Group entities is principally determined by the primary economic environment in which the respective entity operates. The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of the non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the statement of comprehensive income. It also impacts exchange gains and losses included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(A) BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgements (Continued)

Significant judgements made in applying accounting policies (Continued)

(ii) Classification of development properties as current assets (Note 6)

The Group's current assets include assets which are expected to be realised, or are intended for sale or consumption, in the Group's normal operating cycle. Two of the Group's subsidiaries are engaged in the development of properties for sale which has an operating cycle of more than one year. Significant judgement is involved in determining the length of the normal operating cycle which is the basis for classifying development properties as "current assets" when those development activities have commenced and are expected to be completed within the normal operating cycle. The carrying amounts of the development properties is disclosed in Note 6 to the financial statements.

(iii) Deferred taxation on investment properties (Note 11)

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under the business model whose objective is to consume substantially all of the economic benefits embodied the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of investment properties. The carrying amount of deferred tax liabilities is disclosed in Note 11 to the financial statements.

(iv) Acquisition of a subsidiary: fair values measured (Note 20)

Acquisitions of subsidiaries are complex in nature and can be material to the financial statements. Assessment is required to determine the most appropriate accounting treatment for the acquisition and potential contractual arrangements relating to the acquisitions. The acquisition of the Investee Companies as mentioned in Note 20 was accounted for as a business combination in accordance with FRS 103 – *Business Combinations*. There were various valuation techniques used in the measurement of the fair values of material assets acquired.

The purchase consideration of DAS Pte. Ltd. ("DAS") and its subsidiaries (collectively "DAS Group") was RMB116.5 million, which was settled both in shares and cash, amounting to RMB57.4 million and RMB59.1 million respectively. No contingent consideration or indemnification asset was recognised at the acquisition date. A gain from bargain purchase of RMB22.5 million was recognised as a result of the difference between consideration transferred and the fair values of the identifiable net assets acquired. There were significant judgements involved in determining the fair values of material assets acquired and liabilities assumed. Changes in the parameters used in the determination of the fair values of the assets acquired and liabilities assumed would affect the quantum of bargain purchase recognised in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(A) BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgements (Continued)

Significant judgements made in applying accounting policies (Continued)

(iv) Acquisition of a subsidiary: fair values measured (Note 20) (Continued)

Acquisitions of subsidiaries are complex in nature and can be material to the financial statements. Assessment is required to determine the most appropriate accounting treatment for the acquisition and potential contractual arrangements relating to the acquisitions. The acquisition of the Investee Companies as mentioned in Note 20 was accounted for as a business combination in accordance with FRS 103 – *Business Combinations*. There were various valuation techniques used in the measurement of the fair values of material assets acquired.

The purchase consideration of the DAS Group was RMB116.5 million, which was settled both in shares and cash, amounting to RMB57.4 million and RMB59.1 million respectively. No contingent consideration or indemnification asset was recognised at the acquisition date. A gain from bargain purchase of RMB22.5 million was recognised as a result of the difference between consideration transferred and the fair values of the identifiable net assets acquired. There were significant judgements involved in determining the fair values of material assets acquired and liabilities assumed. Changes in the parameters used in the determination of the fair values of the assets acquired and liabilities assumed would affect the quantum of bargain purchase recognised in the consolidated statement of comprehensive income.

Significant assumptions used and accounting estimates in applying accounting policies

(i) Depreciation of property, plant and equipment (Note 3)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage, maintenance programmes, and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 3 to the financial statements. A reduction/extension in useful life of the property, plant and equipment by one year would reduce/increase the Group's profit for the financial year by approximately RMB17,000/RMB12,000 (2015 – RMB33,000/RMB29,000) respectively.

(ii) Valuation of investment properties (Note 5)

The Group's investment properties are stated at estimated fair value determined by an independent professional valuer based on the properties' highest and best use, using the income approach to value the investment properties. The income approach takes into account the net rental income of 399 residential units derived from the existing leases entered and/or rental income achievable in the existing market. Where appropriate, reference has also been made to comparable sale transactions as available in the relevant market. The fair value based on estimated market value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. The carrying amounts of investment properties at the reporting date are disclosed in Note 5 to the financial statements. If the net rental income increase/decrease by 5% from the valuer's estimates, the Group's profit will increase/decrease by RMB1.9 million and RMB1.8 million respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(A) BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgements (Continued)

Significant assumptions used and accounting estimates in applying accounting policies (Continued)

- (iii) Allowance for impairment loss on other receivables (Note 7)

Allowances for impairment losses are based on an assessment of the recoverability of other receivables. Allowances are applied to other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment losses require the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of other receivables and impairment losses in the period in which such estimate has been changed. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's and the Company's allowance for impairment will increase by RMB11.3 million and RMB11.1 million respectively (2015 – increase by RMB0.6 million and RMB0.5 million respectively).

2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2016

On 1 January 2016, the Group has applied the new and revised standards, amendments and interpretation of FRSs that are mandatory for application from that date. The directors do not anticipate that the adoption of the FRSs will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following amended FRS, issued and effective in year 2016:

<u>Reference</u>	<u>Description</u>
Amendments to FRS 1	<i>Disclosure Initiatives</i>

The amendments to FRS 1 Presentation of Financial Statements clarify, rather than significantly change, existing FRS 1 requirements. The amendments clarify:

- The materiality requirements in FRS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income ("OCI") and the statement of financial position may be disaggregated
- That entities should adopt a systemic order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to FRS 1 are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(C) FRS AND INT FRS NOT YET EFFECTIVE

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards (“IFRS”) for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1 *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

The following are the relevant new or amended FRS and INT FRS issued in 2016 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 7	<i>Statement of Cash Flows</i>	1 January 2017
Amendments to FRS 40	<i>Transfer of Investment Property</i>	1 January 2018
FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109	<i>Financial Instruments</i>	1 January 2018
INT FRS 22	<i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
FRS 116	<i>Leases</i>	1 January 2019

Amendments to FRS 7 – *Statement of Cash Flows*

The Amendments to FRS 7 *Statement of Cash Flows* required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way – e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in.

Amendments to FRS 40 – *Transfer of Investment Property*

The Amendments to FRS 40 – *Transfer of Investment Property* states that the entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments are effective from 1 January 2018. Earlier adoption is permitted and would be applied retrospectively in accordance with FRS 8 – *Accounting Policies, Changes in Estimates and Errors*.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(C) FRS AND INT FRS NOT YET EFFECTIVE (CONTINUED)

FRS 115 Revenue from Contracts with Customers (Continued)

The standard replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfer of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards. FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

Clarifications to FRS 115 Revenue Contracts with Customers

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time

The amendments have the same effective date as the Standard, FRS 115, i.e. on 1 January 2018.

FRS 109 Financial Instruments

FRS 109 *Financial Instruments* replaces FRS 39 and it is a package of improvements introduced by FRS 109 which includes a logical model for:

- Classification and measurement;
- A single, forward-looking “expected loss” impairment model; and
- A substantially reformed approach to hedge accounting.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The adoption of FRS 109 will have an impact on the classification and measurement of financial assets, but no impact on the classification and measurement of financial liabilities. The Group is currently assessing the impact to the financial statements.

INT FRS 22 Foreign Currency Transactions and Advance Considerations

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The Interpretations are effective from 1 January 2018. On initial application, entities would have the option of applying the Interpretations either retrospectively or prospectively in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

FRS 116 Leases

FRS 116 *Leases* replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 *Leases* that are no longer considered fit for purpose, and is a major revision of the way in which companies where it requires lessees to recognise most leases on their statement of financial position. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 *Leases* will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided that the Company has adopted FRS 115. The Group is currently assessing the impact to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Consolidation of subsidiaries in the People's Republic of China ("PRC") is based on the subsidiaries' financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in PRC statutory financial statements of the subsidiaries, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profit available for distribution by the PRC subsidiary is based on the amounts stated in the PRC statutory financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. 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 Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of comprehensive income and 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 interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable FRSs).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the statement of comprehensive income. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to statement of comprehensive income, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial position of all the Group entities (*none of which has the currency of a hyperinflationary economy*) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the end of that statement of financial position;
- (ii) Income and expenses for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation on the property, plant and equipment is calculated using the straight-line method to allocate the depreciable amount over their estimated useful lives as follows:

Leasehold land	Over the remaining lease period of 67 years
Leasehold building	Over the remaining lease period of 67 years
Office equipment	5 to 8 years
Furniture and fittings	3 years
Renovations	5 years
Motor vehicles	1 to 8 years
Yacht	10 years

Construction-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

For acquisitions and disposals during the year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

Investment properties and investment properties under development

Investment properties include those portions of commercial properties and apartments that are held for long-term rental yields and/or capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

Investment properties and investment properties under development are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties and investment properties under development (Continued)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to the statement of comprehensive income. The cost of maintenance, repairs and minor improvement is charged to the statement of comprehensive income when incurred.

Investment properties and investment properties under development are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Development properties

Development properties are properties being constructed or developed for future sale. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases upon completion of development. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development property, weighted as applicable.

Development properties are initially stated at cost plus attributable profit less progress billings. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as an asset. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as a liability.

Unsold completed development properties

Completed development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete development and selling expenses.

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the completion of contract method. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense in the statement of comprehensive income immediately.

Financial assets

Financial assets can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

All financial assets are recognised on their trade date – the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the statement of comprehensive income when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables include trade and other receivables (excluding advances paid and prepayments) and cash and bank balances. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated statements of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of cash management.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Financial liabilities include financial liabilities, accrued annual land lease premium and trade and other payables.

Financial liabilities are recognised when the Group and the Company become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in “finance cost” in the statement of comprehensive income. Financial liabilities are derecognised if the Group’s and the Company’s obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the statement of comprehensive income over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Group’s operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

Financial liabilities are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Where the Group and the Company is the lessee,

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in statement of comprehensive income when incurred.

Where the Group and the Company is the lessor,

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (Continued)

Current and deferred income taxes are recognised as income or expense in statement of comprehensive income, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Employee benefits

Pension obligations

The Group and the Company participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore while employees of the subsidiary in PRC are required to participate in a certain pension scheme operated by the local municipal government (the "Central Pension Scheme"), whereby the PRC subsidiary is required to contribute a certain percentage of the basic salaries of their employees to the Central Pension Scheme. These contributions to national pension schemes are charged to the statement of comprehensive income in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Employee Share Option Scheme

The Company has an employee share option plan for the granting of non-transferable options.

The Group issues equity-settled share options to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the statement of comprehensive income with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant.

Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the statement of comprehensive income, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve is credited to the share capital account when new ordinary shares are issued.

In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the statement of comprehensive income. An impairment loss is reversed in the statement of comprehensive income if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Sale of development properties

Revenue from sale of development properties is recognised when the control and risk and rewards of the development properties have been transferred to the buyer, i.e. when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon signing of the property handover notice by the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as "advances from customers on purchase of development properties" and are classified under "current liabilities".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Rental income

Rental income receivable under operating leases are accounted for on a straight-line basis over the lease terms.

Interest income

Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and warrants.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All operating segments' operating results are reviewed regularly by the Group's directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Additional disclosures on operating segments are shown in Note 24 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land RMB'000	Leasehold building RMB'000	Car park lots RMB'000	Office equipment RMB'000	Furniture and fittings RMB'000	Renovations RMB'000	Motor vehicles RMB'000	Yacht RMB'000	Total RMB'000
Cost									
At 1 January 2015	-	-	76,756	168	-	-	937	-	77,861
Additions	-	-	-	69	-	538	-	-	607
Acquisitions through business combination (Note 20)	-	-	-	32	158	-	637	5,045	5,872
Disposals	-	-	-	-	-	-	(287)	-	(287)
At 31 December 2015	-	-	76,756	269	158	538	1,287	5,045	84,053
Additions	-	-	-	87	43	-	-	-	130
Acquisitions through business combination (Note 20)	17,627	8,891	-	3,770	566	-	1,780	-	32,634
Written-off	-	-	(76,756)	(65)	-	-	(649)	-	(77,470)
Exchange differences on translation	(6)	(2)	-	(3)	(1)	-	(2)	-	(14)
At 31 December 2016	17,621	8,889	-	4,058	766	538	2,416	5,045	39,333
Accumulated depreciation/ impairment losses									
At 1 January 2015	-	-	76,756	168	-	-	767	-	77,691
Depreciation charge for the year (Note 17)	-	-	-	12	18	51	131	81	293
Disposals	-	-	-	-	-	-	(236)	-	(236)
At 31 December 2015	-	-	76,756	180	18	51	662	81	77,748
Depreciation charge for the year (Note 17)	-	-	-	121	103	180	111	483	998
Written-off	-	-	(76,756)	(65)	-	-	(649)	-	(77,470)
At 31 December 2016	-	-	-	236	121	231	124	564	1,276
Net carrying amount									
At 31 December 2016	17,621	8,889	-	3,822	645	307	2,292	4,481	38,057
At 31 December 2015	-	-	-	89	140	487	625	4,964	6,305

During the current financial year, management wrote off certain property, plant and equipment owned by (i) Guizhou Cedar Hua Cheng Investment Management Co., Ltd, (ii) Guizhou Shengxiang Investment Co., Ltd, (iii) Guiyang Shunhe Real Estate Development Co., Ltd, and (iv) Guizhou Huamao Assets Operation Management Co., Ltd (collectively known as the "PRC entities"), which were fully impaired in the previous financial year following an assessment conducted by management. Management concluded that the Group no longer had the practical ability to direct the relevant activities of these PRC entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Office equipment RMB'000	Renovations RMB'000	Motor vehicle RMB'000	Total RMB'000
<u>Cost</u>				
At 1 January 2015	5	–	287	292
Additions	69	538	–	607
Disposals	–	–	(287)	(287)
At 31 December 2015	74	538	–	612
Additions	60	–	–	60
At 31 December 2016	134	538	–	672
<u>Accumulated depreciation</u>				
At 1 January 2015	5	–	117	122
Depreciation for the year	7	51	119	177
Disposals	–	–	(236)	(236)
At 31 December 2015	12	51	–	63
Depreciation for the year	33	180	–	213
At 31 December 2016	45	231	–	276
<u>Net carrying amount</u>				
At 31 December 2016	89	307	–	396
At 31 December 2015	62	487	–	549

Included in “renovations” was a provision made for restoration cost of RMB135,000 in respect of the Company’s corporate office located in UOB Plaza 1.

4 SUBSIDIARIES

The Company	2016 RMB'000	2015 RMB'000
Unquoted equity investments, at cost	116,967	467
Amount due from a subsidiary (non-trade)	48,000	–
	164,967	467

The non-trade amount due from a subsidiary amounting to RMB48 million represents an extension of the Company’s net investment in the subsidiary. The amount is unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company’s net investment in the subsidiary, it is considered to be part of the cost of investment, and is stated at cost, less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are:

Name of subsidiaries	Country of incorporation/ principal place of business	Principal activities	Effective percentage of equity held by the Company		Cost of Investment	
			2016	2015	2016	2015
			%	%	RMB'000	RMB'000
<u>Held by the Company</u>						
Futura Asset Holdings Pte. Ltd. ("Futura")®	Singapore	Inactive	100	100	467	467
Trechance Holdings Limited ("Trechance")^	Hong Kong	Investment holding	100	100	-	-
Cedar Properties Pte. Ltd. ("CPPL")®	Singapore	Investment holding	100	100	-*	-*
DAS Pte. Ltd. ("DAS")^	Singapore	Investment holding	75	-	116,500	-
					116,967	467
<u>Held by CPPL</u>						
Huizhou Daya Bay Mei Tai Cheng Property Development Co. Ltd. ("Daya Bay")^	PRC	Property development and investment	60	60	++	++
<u>Held by DAS</u>						
Uni Global Power Pte Ltd ("UGP")^	Singapore	Investment holding	52.5	-	++	-
<u>Held by UGP</u>						
Golden Land Real Estate Development Co. Ltd. ("GLRE")^	Myanmar	Property development and investment	36.75	-	++	-
<u>Held by Trechance</u>						
Guizhou Cedar Hua Cheng Investment Management Co., Ltd ("Cedar Hua Cheng")	PRC	Investment holdings	Note 1	Note 1	++	++
Guizhou Shengxiang Investment Management Co., Ltd ("Guizhou Shengxiang")	PRC	Inactive	Note 1	Note 1	++	++
<u>Held by Cedar Hua Cheng</u>						
Guiyang Shunhe Real Estate Development Co., Ltd ("Guiyang Shunhe")	PRC	Property development	Note 1	Note 1	++	++
Guizhou Huamao Assets Operation Management Co., Ltd ("Guizhou Huamao")	PRC	Property leasing	Note 1	Note 1	++	++

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 SUBSIDIARIES (CONTINUED)

- @ – Audited by Foo Kon Tan LLP
- ^ – Audited by Foo Kon Tan LLP for FY2016 consolidation purposes
- ++ Interest held through subsidiaries
- * Amount less than RMB1,000

Acquisition of DAS Group

On 17 October 2016, the Company entered into conditional sale and purchase agreements with Strong Ever Limited, Asiabiz Services Limited, Sunshine Shimmer Limited, Consortium Investments Limited and D3 Capital Limited (“D3 Capital”), to acquire all of the issued and paid-up shares of DAS for a total cash consideration of US\$10 million and issuance of 206,108,000 ordinary shares in DAS at an issue price of S\$0.10 per share (after share consolidation). DAS holds 2,800 ordinary shares (representing 70% equity interest) of UGP, which in turn holds 70% equity interest in GLRE, a company incorporated in Myanmar. GLRE owns the Golden City project which is a mixed-use luxury development project in the Yankin township of Yangon, Myanmar.

D3 Capital holds 6,225,000 ordinary shares (representing approximately 25% equity interest) in DAS. As D3 Capital is currently held by the immediate family members of Mr Teo Cheng Kwee, a non-executive director of the Company, the acquisition of D3 Capital’s equity interest in DAS (“D3 Acquisition”) constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules, and is subject to the approval of the Company’s shareholders to be obtained at an Extraordinary General Meeting to be convened pursuant to Rule 906(1)(b) of the Catalist Rules.

On 20 December 2016, the Company announced the completion of the acquisition of an initial interest of approximately 75% of DAS (excluding the D3 Acquisition) for an aggregate cash consideration of US\$8.5 million and the issuance of 140,636,400 new ordinary shares in the Company at an issue price of S\$0.085 per share (equivalent to RMB116.5 million in aggregate).

As at 31 December 2016, Management assessed whether or not the Group has the practical ability to direct the relevant activities of DAS, UGP and GLRE (collectively known as the “Investee Companies”), by taking into consideration of (i) the Group’s absolute size of shareholdings and the composition of the Board of Directors in these Investee Companies, (ii) its exposures and rights to variable returns from the involvement with the Investee Companies and (iii) the ability to affect those returns through the power established over the Investee Companies. Based on the assessment, Management concluded that the Group has sufficient dominant voting interests to direct the relevant activities of the Investee Companies and therefore control is established over these Investee Companies.

Subsequent to the balance sheet date, the Company announced the completion of the D3 Acquisition for an aggregate cash consideration of US\$1.5 million and the issuance of 65,469,600 new ordinary shares in the Company at an issue price of S\$0.10 per share at an Extraordinary General Meeting held on 28 February 2017.

Incorporation of CPPL

On 23 September 2015, the Company incorporated CPPL with an issued share capital of S\$1.00 vested in one ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 SUBSIDIARIES (CONTINUED)

Acquisition of Daya Bay

On 28 September 2015, CPPL entered into a conditional sale and purchase agreement (the “SPA”) with Shenzhen Tong Ze, pursuant to which CPPL agreed to purchase 60% of the registered capital of Daya Bay for an aggregate consideration of RMB48 million, to be satisfied in cash, on the terms and subject to the conditions of the SPA.

Daya Bay is the developer of a parcel of land located at No. 3 Xia Guang Road West, Xia Chong Town, Daya Bay District, Huizhou City, Guangdong Province. The Haiyunyayuan (“海韵雅苑”) project has 1,116 suites of decorated apartments, of which 717 units will be sold to strata owners while the remaining 399 units will be retained by Daya Bay and they will be rented out as holiday apartments for recurring rental income. Daya Bay appointed Estay Inc, an unrelated established hotel operator as the hotel management company for its holiday apartments. Pursuant to the tenancy agreement signed with Estay Inc, the rent of the holiday apartments has been confirmed at RMB2,000 per unit per month up to July 2021. The rent shall be adjusted on a half yearly basis, according to market conditions but it will not be less than RMB2,000 per unit per month.

As at 31 December 2015, there was an amount owing to the Vendor amounting to RMB48 million, which was reflected as “accrued consideration payable” included under “trade and other payables” as disclosed in Note 14 to the consolidated financial statements. The amount has been duly settled as at 31 December 2016.

Note 1:

As at 31 December 2014, management performed a ‘control’ assessment in accordance with FRS 110 – *Consolidated Financial Statements* and concluded that the Group no longer has the practical ability to direct the relevant activities of Guizhou Cedar Hua Cheng, Guizhou Shengxiang, Guiyang Shunhe and Guizhou Huamao and on this basis, these PRC entities ceased to be subsidiaries of the Company by 31 December 2014. As such, management wrote off the investment amount of RMB22.5 million, being the cost of investment of Trechance. The amount written off has been recognised in the Company’s statement of comprehensive income for the financial year ended 31 December 2014.

Details of non-wholly subsidiaries that have material non-controlling interests

The table below shows details of non-wholly subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit/(loss) allocated to non-controlling interests RMB’000	Accumulated non-controlling interests RMB’000	Dividends paid to non-controlling interests RMB’000
FY 2016					
Daya Bay	PRC	40%	5,279	4,777	–
DAS Group	Singapore	63.25%	94,726	94,726	–
FY 2015					
Daya Bay	PRC	40%	(502)	(502)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 SUBSIDIARIES (CONTINUED)

Details of non-wholly subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below.

The summarised financial information below represents amounts before intra-group eliminations.

Daya Bay

Summarised statement of financial position

	31 December 2016 RMB'000	31 December 2015 RMB'000
Non-current assets	273,626	271,256
Current assets	132,262	196,649
Non-current liabilities	(33,070)	(134,300)
Current liabilities	(248,454)	(211,985)
Non-controlling interest	(49,746)	(44,467)
Equity attributable to owners of the Company	74,618	77,153

Summarised statement of comprehensive income

	31 December 2016 RMB'000	Period from 4 November 2015 (the date of acquisition) to 31 December 2015 RMB'000
Revenue	148,258	26,298
Expenses	(135,061)	(27,553)
Profit/(loss) for the period	13,197	(1,255)
Profit/(loss) and other comprehensive income attributable to owners of the Company	7,918	(753)
Profit/(loss) and other comprehensive income attributable to the non-controlling interests	5,279	(502)
Profit/(loss) for the period	13,197	(1,255)
Total comprehensive profit/(loss) attributable to owners of the Company	7,918	(753)
Total comprehensive profit/(loss) attributable to the non-controlling interests	5,279	(502)
Total comprehensive profit/(loss) for the period	13,197	(1,255)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 SUBSIDIARIES (CONTINUED)

Daya Bay (Continued)

Other summarised information

	31 December 2016 RMB'000	Period from 4 November 2015 (the date of acquisition) to 31 December 2015 RMB'000
Net cash inflow from operating activities	11,152	172
Net cash outflow from investing activities	(42)	–
Net cash inflow from financing activities	2,885	–
Net cash inflow	13,995	172

DAS Group

Summarised consolidated statement of financial position

	31 December 2016 RMB'000
Non-current assets	58,739
Current assets	1,222,016
Non-current liabilities	(498,697)
Current liabilities	(447,396)
Non-controlling interests	(141,067)
Equity attributable to owners of the Company	193,595

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 SUBSIDIARIES (CONTINUED)

DAS Group (Continued)

Summarised consolidated statement of comprehensive income

	Period from 20 December 2016 (the date of acquisition) to 31 December 2016 RMB'000
Revenue	570,154
Expenses	<u>(420,609)</u>
Profit for the period	<u>149,545</u>
Profit and other comprehensive income attributable to owners of the Company	54,819
Profit and other comprehensive income attributable to the non-controlling interests	<u>94,726</u>
Profit for the period	<u>149,545</u>
Total comprehensive profit attributable to owners of the Company	54,572
Total comprehensive profit attributable to the non-controlling interests	<u>94,726</u>
Total comprehensive profit for the period	<u>149,298</u>

Other summarised information

	Period from 20 December 2016 (the date of acquisition) to 31 December 2016 RMB'000
Net cash inflow from operating activities	1,833
Net cash flow from investing activities	-
Net cash flow from financing activities	-
Net cash inflow	<u>1,833</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 INVESTMENT PROPERTIES

The Group	2016 RMB'000	2015 RMB'000
Investment properties	268,500	265,500
Investment properties under development	26,205	–
At 31 December	294,705	265,500

The movement in investment properties during the financial year is as follows:

The Group	2016 RMB'000	2015 RMB'000
At 1 January	265,500	–
Acquisition through business combination (Note 20)	26,209	265,100
Fair value gain recognised in the profit or loss (Note 16)	3,000	400
Exchange differences on translation	(4)	–
At 31 December	294,705	265,500

The investment properties are held by the Company's subsidiaries – Daya Bay and GLRE, comprising:

Location	Description	Area (Sq. metres)	Tenure
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	Golden City project	4,842	70 years*
No. 3 Xiaguang Road West, Xia Chong Town, Daya Bay District, Huizhou City, Guangdong Province, PRC	Haiyunyayuan ("海韵雅苑") project	20,055 (399 units)	70 years**

*: As at balance sheet date, Block 11 (old CMA Building) which is the existing showroom building will be converted for office use and the units to be tenanted are under-going refurbishment and the leasing of the office units is expected to commence in the third quarter of FY2017.

** : The construction of 海韵雅苑 project was completed in July 2015. As at the date of balance sheet, management is still in the process of applying for the Registration of Construction Completion Acceptance ("RCCA") (工程竣工验收登记) from the relevant government authorities. Following which, management will proceed to register & obtain the house ownership certificates for its 399 units of holiday apartments with the Housing Administration Authority. Based on the land use right certificate issued by the Municipal People's Government of Huizhou of Guangdong Province dated 24 August 2011, the land use rights will expire on 23 August 2081.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 INVESTMENT PROPERTIES (CONTINUED)

The fair values of investment properties are determined by Asia-Pacific Consulting and Appraisal Limited (“APA”) and Colliers International Thailand Appraisal Co., Ltd. (“CIT”) for the Haiyunyayuan project and Golden City project respectively. APA and CIT are independent firms of professional valuers, who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued.

The valuations of the investment properties are based on the properties’ highest and best use, using either the income approach or the residual approach in arriving at the fair value of the investment properties.

APA applied the income approach by taking into account the net rental income of the 399 holiday apartments and office units derived from the existing leases entered and/or rental income achievable in the current market and where appropriate, reference has also been made to comparable sale transactions as available in the respective relevant market.

CIT applied the income approach by taking into account the rental income achievable in the current market, with annual rental growth at 5% per annum with adjustment made to office vacancy rate ranging from 60% to 93% in the initial first 4 years and stabilising at 93% from the 5th year onwards.

The following amounts are recognised in the statement of comprehensive income:

The Group	2016 RMB’000	2015 RMB’000
Rental Income (Note 15)	9,576	798
Direct operating expenses arising from investment properties that generated rental income	(1,684)	(45)

Direct operating expenses comprised mainly property tax of 12% applied on the rental income earned by the PRC subsidiary by the local tax authority.

6 DEVELOPMENT PROPERTIES

The Group	2016 RMB’000	2015 RMB’000
Land for development, at cost	147,006	–
Properties under development, at cost	221,168	–
Completed properties held for sale, at cost	814,318	169,085
	1,182,492	169,085
Borrowing costs capitalised	1,942	–

The movement in development properties during the financial year is as follows:

The Group	2016 RMB’000	2015 RMB’000
At 1 January	169,085	–
Acquisition through business combination (Note 20)	1,562,195	189,715
Additions	1,401	–
Units sold and recognised in statement of comprehensive income	(548,917)	(20,630)
Exchange differences on translation	(1,272)	–
At 31 December	1,182,492	169,085

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6 DEVELOPMENT PROPERTIES (CONTINUED)

Completed and properties held for sale are as follows:

Location	Description	Existing use	Gross floor area (sq. meters)	Group's effective interest	
				2016	2015
Yangon, Myanmar					
(Golden City Project Phase 1)					
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon	Residential units for sale	Residential units for sale	50,521 (comprising 299 units of which 100 units have been contracted for)	36.75%	–
Guangdong, PRC					
(海韵雅苑 Project)					
No. 3 Xiaguang Road West, Xia Chong Town, Daya Bay District, Huizhou City, Guangdong Province, PRC	Decorated apartment units for sale	Decorated apartment units for sale	6,897 (comprising 168 units of which 111 units have been contracted for)	60%	60%

Properties under development comprised residential units under construction in respect of Phase 2 of Golden City Project. Phase 2 has a gross floor area of 55,137 square meters, comprising 561 units of which 130 units have been contracted for. As at 31 December 2016, Phase 2 is 45% complete and it is expected to be completed by 1st half of FY 2018. Land under development relates to Phases 3 and 4 of the Golden City Project, with an aggregated gross land area of 3,408 square meters.

7 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Non-current				
Amount due from a subsidiary (Note A)	–	–	189,912	189,912
Less: Allowance for impairment losses	–	–	(189,912)	(189,912)
	–	–	–	–
Consideration receivables from Talented Creation International Limited (Note A)	189,912	189,912	–	–
Less: Allowance for impairment losses	(189,912)	(189,912)	–	–
	–	–	–	–
	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Current				
Trade receivables	84,653	798	-	-
Consideration receivable from New Inspiration Development Limited ("New Inspiration")/Dr Charlie In (Note B)	-	6,881	-	6,881
Less: Allowance for impairment losses	-	(2,261)	-	(2,261)
Net consideration receivable	-	4,620	-	4,620
Amount due from subsidiaries (non-trade)	-	-	19,024	15,371
Less: Allowance for impairment losses (Note C)	-	-	(14,972)	(14,972)
	-	-	4,052	399
Amounts due from shareholders of a subsidiary (non-trade) (Note D)	18,080	-	-	-
Advances to staff	3,335	-	-	-
Other receivables	339	354	15	15
	21,754	354	15	15
	106,407	5,772	4,067	5,034
Deposits paid to a Vendor (Note E)	6,698	-	6,698	-
Other deposits	651	435	384	410
Loans and receivables	113,756	6,207	11,149	5,444
Prepayments to suppliers	6,508	8,968	-	-
Other prepayments	609	268	230	267
	120,873	15,443	11,379	5,711

Trade receivables comprised (i) outstanding receivables due from owners of the property units who are on instalment plans and (ii) rental receivables from Estay Inc, a hotel operator for Daya Bay project, that have good credit records with the Group.

Note A:

The Company had previously entered into an Equity Transfer Agreement (the "Agreement") dated 16 August 2012 with Trechance, Talented Creation International Limited ("TCI") and Mr Ji Yudong ("JYD") where the Company agreed to transfer all its beneficial interests and title in its 51% equity stake in Jade Marketing & Distribution Pte. Ltd., 100% interest in Jade Real Estate Pte. Ltd. and its equity interests in Daqing Xinde Chemical Marketing & Distribution Ltd and Daqing XinLong Chemical Company Ltd (collectively known as the "Disposal Group Held for Sale") to TCI for a consideration of RMB180 million (the "Consideration"). The divestment was completed in February 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Note A: (Continued)

Under the same Agreement, management agreed to utilise the Consideration by (i) extending a loan amounting to RMB100 million to Trechance for a tenure of 3 years, bearing an interest rate of 10% per annum and (ii) acquiring a 25% economic interest in a piece of land in Kaiyang County ("Land"), Guizhou Province, PRC for a consideration of RMB80 million. Trechance was previously a wholly-owned subsidiary of TCI before the acquisition.

On 25 August 2013, the Company entered into a Sale and Purchase Agreement with TCI to acquire the entire issued and paid-up share capital of Trechance for a consideration of RMB22.5 million. Trechance agreed to repay the Company a sum equivalent to the Land purchase price of RMB80 million by way of a loan due to the Company based on the same terms and conditions of the initial loan of RMB100 million as mentioned above. The loan extended to Trechance, including accrued interest receivable of RMB9.9 million, totalling RMB189.9 million, was recorded in the Company's statement of financial position.

Trechance subsequently entered into a separate back-to-back loan agreement amounting to RMB180 million with TCI. The loan bears interest of 10% per annum for a period of 3 years. Accordingly, the entire outstanding balance of RMB189.9 million due from Trechance (including interest thereon) recorded at the Company's statement of financial position was reclassified to "consideration receivable from TCI" in the consolidated statement of financial position at the balance sheet date.

As at 31 December 2014, management impaired the entire amounts due from TCI (at Group level) and Trechance (at Company level) on the basis that there was evidence of significant financial difficulty faced by JYD, the sole shareholder of TCI.

Note B:

As at 31 December 2015, the net consideration receivable of RMB4.6 million related to a receivable due from New Inspiration/Dr Charlie In. The consideration receivable was novated to New Inspiration/Dr Charlie In. from Yess Management International Pte Ltd ("YESS") on 31 October 2014 pursuant to a Settlement Agreement, which arose from the disposal of the Company's entire interest in Yess Le Green Pte Ltd ("YLG") and West Themes to YESS in FY2013. Under the Settlement Agreement, the vendor of YESS had agreed to transfer the entire interest in West Themes to New Inspiration/Dr Charlie In. Following which, New Inspiration/Dr Charlie In will be responsible for disposing of the property asset owned by West Themes and the proceeds raised from the disposal will be used to settle the consideration receivable owing to the Company.

In the previous financial year, management conducted an impairment assessment and recorded an impairment loss amounting to RMB2.3 million (equivalent to S\$0.5 million) in the Group's and the Company's statement of comprehensive income. The recoverable amount of a property was determined based on the estimated fair value less cost to sell of the property asset owned by West Themes.

On 4 November 2016, the Company received RMB5.1 million (equivalent to S\$1.1 million) from Dr Charlie In pursuant to a new settlement deed dated 1 November 2016. Accordingly, management reversed an impairment losses of RMB482,000 (equivalent to S\$0.1 million) to the Group's and the Company's statement of comprehensive income and utilised the impairment loss of RMB1.8 million (equivalent to S\$0.4 million) previously recognised.

Note C:

The amounts due from subsidiaries are unsecured, interest free and repayable on demand. As at 31 December 2014, management made full impairment provision on the amount due from the subsidiaries based on the reason cited in Note A.

Noted D: Amounts due from shareholders of a subsidiary (non-trade)

The non-trade amounts relate to advances extended by the subsidiary to the shareholders and they are unsecured, interest free and repayable on demand.

Note E: Deposit paid to vendor

This relates to a deposit paid to D3 Capital for the acquisition of its 25% equity interest in DAS amounting to S\$1.5 million. The acquisition was subsequently completed on 28 February 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing of loans and receivables that were not impaired at the reporting date was:

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
No credit terms	29,103	789	11,149	824
Not past due	79,680	798	-	-
Past due but not impaired				
- Less than 12 months	-	-	-	-
- More than 12 months	4,973	4,620	-	4,620
	113,756	6,207	11,149	5,444

The change in impairment losses in respect of other receivables during the year is as follows:

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
At 1 January	192,173	189,912	207,145	204,900
Allowance recognised in profit or loss	-	2,261	-	2,261
Allowance reversed to profit or loss	(482)	-	(482)	(16)
Allowance utilised	(1,779)	-	(1,779)	-
At 31 December	189,912	192,173	204,884	207,145

8 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Cash on hand	4,860	-	-	-
Cash at bank	44,606	1,167	17,382	544
Restricted bank balances ⁽¹⁾	29,875	17,189	-	-
Cash and bank balances	79,341	18,356	17,382	544

For the purposes of the consolidated statement of cash flows, the year-end cash and cash equivalents comprise the followings:

	2016 RMB'000	2015 RMB'000
The Group		
Cash and bank balances	79,341	18,356
Restricted bank balances ⁽¹⁾	(29,875)	(17,189)
As per consolidated statement of cash flows	49,466	1,167

At 31 December 2016, the weighted average interest rate of interest-earning bank balances is 0.37% per annum (2015 – Nil).

(1) Restricted bank balances represents bank balances pledged to financial institutions to release properties secured by banks upon sales of those properties to customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9 SHARE CAPITAL

The Company	Number of ordinary shares (‘000)	Amount RMB‘000
At 1 January and 31 December 2015	7,966,783	471,355
Issue of ordinary shares arising from the investment placement made in the previous financial year	950,000	9,993
Issue of ordinary shares arising from share subscription agreements during the current financial year	1,450,000	17,591
Rights issue	5,183,391	90,342
	15,550,174	589,281
Share consolidation	(14,928,167)	–
	622,007	589,281
Issue of consideration shares (Note 20)	140,638	57,422
At 31 December 2016	762,645	646,703

During the financial year, cash proceeds received from the issuance of ordinary shares amounted to RMB107,933,000 (2015 – RMB Nil).

Issue of ordinary shares

Following the resumption of trading of the Company’s shares on 18 March 2016, the Company issued an aggregate 950 million new ordinary shares in the capital of the Company at an issue price of S\$0.0022 per share to settle the investment placement amounts previously received from Mr Teo Cheng Kwee and Mr Wong Pak Him Patrick in FY2015, who are the current directors of the Company in connection with the investment agreements previously entered. The amounts received was subsequently reclassified from “trade and other payables” and capitalised as “share capital” upon the issuance and allotment of the new ordinary shares during the current financial year.

On the same day, the Company also issued an aggregate 950 million new ordinary shares in the capital of the Company at the issue price of S\$0.0026 per share to Mr Zhu Xiaolin and Mr Tao Xucheng pursuant to the share subscription agreements entered on 3 July 2015. The Company received RMB11.8 million (equivalent to S\$2.47 million).

On 30 March 2016, the Company issued 500,000,000 new ordinary shares in the Company at an exercise price of S\$0.0028 per share, pursuant to the Share Subscription Agreement entered with Mr Luo Shandong on 22 February 2016. The Company received RMB6.7 million (equivalent to S\$1.4 million).

Rights issue

On 19 September 2016, the Company issued 5,183,391,404 ordinary shares in the Company at an exercise price of S\$0.0036 per share, for the purpose of funding the acquisition of Daya Bay, other potential acquisitions and general working capital for administrative purposes. The Company received RMB90.4 million (equivalent to S\$18.4 million), net of Rights issue related costs.

Share consolidation

On 5 December 2016, the Company completed the share consolidation of 25 existing issued ordinary shares into 1 ordinary share and adjustments have been made to reflect the adjusted number of shares. Fractional entitlements are disregarded. Accordingly, the total number of shares has been reduced from 15,550,174,212 to 622,006,845.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9 SHARE CAPITAL (CONTINUED)

Shares issued in business consideration

On 20 December 2016, the Company issued 140,638,400 new ordinary shares in the capital of the Company for the acquisition of approximately 75% equity interest in DAS (refer to Note 4).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets. The ordinary shares have no par value.

10 RESERVES

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Capital reduction reserve	79,151	79,151	79,151	79,151
Capital reserve (Note 12(a))	10,454	10,454	–	–
Warrant reserve	14,167	14,167	14,167	14,167
Share option reserve	1,158	–	1,158	–
Exchange fluctuation reserve	26,524	26,752	26,760	26,760
Accumulated losses	(516,840)	(580,788)	(614,934)	(598,918)
	(385,386)	(450,264)	(493,698)	(478,840)

Capital reduction reserve

Capital reduction reserve comprises the reduction in the par value of each ordinary share in the share capital of the Company which was approved by the Court of Singapore and became effective on 9 February 2004.

Capital reserve

The capital reserve represents the additional investment in Daya Bay by certain related parties of Shenzhen Tong Ze, the non-controlling shareholder of Daya Bay, in connection with the interest free loans extended to Daya Bay.

Warrant reserve

Warrant reserve relates to the fair value ascribed to warrants issued, net of issue expenses. As and when the warrants are exercised, the related balance in the warrant reserve is transferred to the share capital account. At the expiry of the warrants, the balance in the warrant reserve is transferred to retained earnings. Each warrant carries the right to subscribe for one new ordinary share in the Company at an exercise price of S\$0.09 (after share consolidation). The warrants will expire on 11 June 2017.

Share option reserve

The share option reserve represents the equity-settled share options granted to directors and employees of the Company. The reserve is made up of the cumulative value of services received from these directors and employees recorded on the grant of equity-settled share options.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10 RESERVES (CONTINUED)

Exchange fluctuation reserve

The exchange fluctuation reserve records exchange differences arising from the translation of financial statements of foreign entities whose functional currencies are different from that of the Group's presentation currency.

11 DEFERRED TAX LIABILITIES

The Group	The Group	
	2016 RMB'000	2015 RMB'000
Deferred tax liabilities		
– To be settled after one year	164,258	45,130
	164,258	45,130
At 1 January	45,130	–
Acquisition through business combination (Note 20)	181,005	46,593
Recognised in profit or loss (Note 18)	(61,877)	(1,463)
At 31 December	164,258	45,130

The balance comprises tax on the following temporary differences:

The Group	Property, plant and equipment RMB'000	Investment properties RMB'000	Developed properties RMB'000	Total RMB'000
At 1 January 2015	–	–	–	–
Acquisition through business combination (Note 20)	–	32,220	14,373	46,593
Recognised in profit or loss (Note 18)	–	100	(1,563)	(1,463)
At 31 December 2015	–	32,320	12,810	45,130
Acquisition through business combination (Note 20)	2,367	835	177,803	181,005
Recognised in profit or loss (Note 18)	–	750	(62,627)	(61,877)
At 31 December 2016	2,367	33,905	127,986	164,258

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12 FINANCIAL LIABILITIES

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Non-current liabilities				
Interest free loans	–	101,980	–	–
Bank loan	90,810	–	–	–
Shareholder's loan (non-trade)	202,235	–	34,719	–
	293,045	101,980	34,719	–
Current liabilities				
Interest free loans	111,841	–	–	–
Bank loan	3,402	–	–	–
Loan from related parties (non-trade)	13,887	–	–	–
	129,130	–	–	–

The carrying amount of non-current borrowings at the balance sheet date approximate their fair value.

(a) Interest-free loans

On 31 December 2015, Daya Bay restructured its existing loans entered with certain related parties of Shenzhen Tong Ze, which are repayable on demand, to one that is interest-free and repayable at the end of two years. The Group will bear a late penalty fee of 5% per annum if the interest-free loans are not repaid by 31 December 2017.

Arising from this, the Group determined the fair value of the interest-free loans from these parties at inception based on an effective interest rate of 5% per annum; and subsequently measured them at amortised cost using the effective interest method. In the following two financial years, the effect of unwinding of interest expense of approximately RMB5 million each for each of the financial year will be recognised in the consolidated statement of comprehensive income. A day-one "gain" amounting to RMB10.4 million, being the difference between the interest-free loans received and the fair value of the interest-free loans computed, has been accounted for as a transaction with shareholders in accordance with FRS 1 – *Presentation of Financial Statements*, and accordingly, it was credited to "capital reserve" (Note 10). The carrying amount of the interest-free loans approximates its fair value as at the balance sheet date.

(b) Bank loan

On 4 April 2016, GLRE entered into a facility agreement of US\$15 million with Industrial and Commercial Bank of China Yangon Branch ("ICBC Facility"). The proceeds of ICBC Facility received would be used for the development of the Golden City Phase 2 Project and the interest rate would be based on 6 months LIBOR plus a margin equals to 300 base point. Under the ICBC Facility, GLRE will make repayment every six months, in tranches of US\$10,000, US\$90,000 and US\$140,000, with the final repayment of US\$14.5 million by 31 March 2018. An arrangement fee of US\$0.8 million was also paid by GLRE to ICBC upon the drawdown of the ICBC facility. GLRE has also separately entered into an agreement with Kanbawza Bank such that the latter will give a banker's guarantee to ICBC for any default or non-payment for any amounts due to ICBC under the ICBC facility. A further guarantee fee of US\$0.3 million was paid by GLRE to Kanbawza Bank on the issuance of such bank guarantee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12 FINANCIAL LIABILITIES (CONTINUED)

(c) Shareholder's loans (non-trade)

On 17 October 2016, the Company entered into a loan agreement with Mr Luo Shandong ("Mr Luo"), pursuant to which Mr Luo has agreed to grant the Company a loan of an aggregate principal amount of US\$5 million at an interest rate of 6% per annum. Prior to the acquisition of DAS by the Company, DAS had on 15 October 2016 entered into a loan agreement with Mr Luo where the latter agreed to grant DAS a loan of approximately US\$24.12 million at an interest rate of 6% per annum. These loans were intended to finance the acquisition of DAS. Subsequent to year end, the Company entered into a convertible loan agreement with Mr Luo whereby he has the right at any time within 15 months from 25 January 2017 to convert the full amounts of the loan, including accrued interest into fully paid new ordinary shares in the Company. Upon maturity of the loan, the Company has the right to convert the full amounts of the loan, including accrued interest into fully paid new ordinary shares in the Company.

(d) Loan from related parties (non-trade)

On 19 October 2016, GLRE entered into a loan agreement with its related parties pursuant to which these related parties agreed to grant GLRE a loan of US\$2 million at an interest rate of 6% per annum for the development of the Golden City Phase 1 Project. The loan is repayable on demand.

13 ACCRUED LAND LEASE PREMIUM

	2016 RMB'000
The Group	
At 1 January	–
Acquisition through business combination (Note 20)	130,439
At 31 December	130,439
<i>Represented by:</i>	
Non-current	110,872
Current	19,567
	130,439

The fair value of the accrued land lease premium as at the balance sheet date is as follows:

	2016 Carrying Amount RMB'000	2016 Fair Value RMB'000
The Group		
Accrued land lease Premium	130,439	108,709

On 15 October 2013, GLRE, together with Nature Link Travel & Tours Co Ltd entered into a Build, Operate, Transfer ("BOT") Basic Lease Agreement with the Quarter Master General Office (the "Lessor") in connection with a land located at No. 3 Land Survey Block, Kan Be', Yankin Township, Yangon Region, Myanmar. The parcel of land has a land area of 8.369 acres and a lease term of 50 years, with an option to renew every 10 years, up to a maximum of 20 years. The lease premium comprised (i) a one-time land use premium of approximately US\$6.3 million, and (ii) annual land use premium of approximately US\$2.8 million. The Lessor has granted the Group a land lease exemption between FY2013 to FY2016.

As at 31 December 2016, the accrued annual land premium represents the present value of future lease payments of US\$2.8 million from 2016 to 2082, at a discount rate of 15%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Trade payables	230,561	87,425	-	-
Accrued operating expenses	7,116	4,885	3,874	3,464
Accrued interest on deferred consideration	-	1,748	-	-
Accrued interest expenses	661	-	68	-
Amounts due to an ex-director	-	2,252	-	254
Amount due to a subsidiary (non-trade)	-	-	347	337
Amount due to related parties (non-trade)	-	1,104	-	-
Accrued consideration payable (Note 20)	-	46,252	-	-
Salary and welfare payable	73	204	-	-
Other payables	5,767	1,364	1,976	977
Land appreciation tax payables	23,711	12,966	-	-
Business and other tax payables	30,380	3,127	-	-
Financial liabilities at amortised cost	298,269	161,327	6,265	5,032
Investment amounts received from directors (Note a)	-	9,589	-	9,589
Total trade and other payables	298,269	170,916	6,265	14,621

The non-trade amounts due to a subsidiary and related parties, which are mainly advances received, are unsecured, interest-free and repayable on demand.

Note a:

This relates to investment placement amounts received from Mr Teo Cheng Kwee and Mr Wong Pak Him Patrick, who are directors of the Company in connection with the investment agreements entered where the directors will subscribe for 950 million new ordinary shares of the Company at a price of S\$0.0022 for each subscription share. On 18 March 2016, the Company announced that 950 million new ordinary shares of the Company were issued to Mr Teo Cheng Kwee and Mr Wong Pak Him Patrick and accordingly, the amounts received were reclassified to share capital.

15 REVENUE

	2016 RMB'000	2015 RMB'000
The Group		
Sale of development properties	708,836	25,500
Rental income from investment properties (Note 5)	9,576	798
Other rental income	343	98
	718,755	26,396

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16 OTHER INCOME

The Group	2016 RMB'000	2015 RMB'000
Interest income	145	15
Gain on disposal of property, plant and equipment	–	141
Gain on bargain purchase from the acquisition of a subsidiary (Note 20)	22,525	21,202
Fair value gain on investment properties (Note 5)	3,000	400
Others	3	16
	25,673	21,774

17 PROFIT BEFORE TAXATION

The Group	Note	2016 RMB'000	2015 RMB'000
Profit before taxation has been arrived at after charging:			
Depreciation of property, plant and equipment	3	998	293
Exchange loss		461	237
Operating lease expenses		1,380	509
Reversal of amounts due to an ex-director (Writeback)/impairment losses on other receivables	8	(2,252) (482)	– 2,261
Other non-operating expenses		(2,734)	2,261

Staff costs:

Directors of the Company:

Directors' fees	1,063	978
Directors' remuneration other than fees		
– salaries and other related costs	1,885	331
– contributions to defined contribution plan	105	4
– equity settled share based payment transactions	1,152	–

Key management personnel (other than directors):

– salaries and other related costs	1,577	688
– contributions to defined contribution plan	100	23
– equity settled share based payment transactions	311	–

Other than directors and key management personnel:

– salaries and other related costs	1,657	354
– contributions to defined contribution plan	97	31
	7,947	2,409

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18 TAXATION

The Group	2016 RMB'000	2015 RMB'000
Current taxation	11,189	1,090
Deferred taxation (Note 11)	(61,877)	(1,463)
Total taxation	(50,688)	(373)

The Company, CPPL and Futura, which are established in Singapore, are subject to Singapore income tax at 17% (2015 – 17%). Trechance, which is established in Hong Kong, is subject to Hong Kong tax rate at 16.5% (2015 – 16.5%). No provision for Singapore and Hong Kong profits tax have been made as the Group did not have assessable profit subject to Singapore and Hong Kong profits tax.

The Group's subsidiaries in PRC are subject to PRC income tax rate at 25% (2015 – 25%).

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable tax rate on profit before tax as a result of the following:

The Group	2016 RMB'000	2015 RMB'000
Profit before taxation	113,265	6,622
Tax at applicable tax rates of 25% (2015: 25%)	28,316	1,656
Different tax rate due to different tax jurisdictions	(3,055)	291
Tax effect on non-deductible expenses	9,924	2,747
Tax effect on non-taxable income	(85,873)	(5,067)
	(50,688)	(373)

Expenses not deductible for tax purposes mainly include the operating expenses incurred by the Company, Futura, CPPL and Trechance that have no taxable income and excess entertainment expenses & staff welfare for the PRC subsidiary. Income not taxable for tax purpose mainly include negative goodwill amounting to RMB22.5 million from the acquisition of DAS.

GLRE obtained a 5 year corporate tax exemption from the Myanmar Investment Commission and Inland Revenue of Myanmar from the year of tax assessment ending 31 March 2017 to 31 March 2021.

As at the reporting date, the Company reported RMB10,169,000 of tax losses to be carried forward (2015 – RMB10,169,000). The tax losses are subject to agreement by the Inland Revenue Authority of Singapore. Deferred tax assets have not been recognised in respect of the tax losses because there is no reasonable certainty that future taxable profit will be available against which the Company can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19 EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share was based on the profit attributable to ordinary shareholders of RMB63,948,000 (2015 – RMB7,497,000) and a weighted average number of ordinary shares outstanding of 454,208,000 (2015 – 318,671,000), calculated as follows:

(a) Earnings attributable to ordinary shareholders

	Total RMB'000
The Group	
2016	
Earnings attributable to ordinary shareholders	63,948
Basic and diluted earnings per share (Fen)	14.08
2015	
Earnings attributable to ordinary shareholders	7,497
Basic and diluted earnings per share (Fen)	2.35*

(b) Weighted average number of ordinary shares

	2016 '000	2015 '000
The Company		
Issued ordinary shares at beginning of year	318,671	318,671
Effect of ordinary shares issued	135,537	–
	454,208	318,671

* On 5 December 2016, the Company completed the share consolidation of 25 existing issued ordinary shares into 1 ordinary share and adjustments have been made to reflect the adjusted number of shares. Fractional entitlements are disregarded. The basic and diluted earnings per share of all periods presented shall be adjusted for the effects from share consolidation accounted for retrospectively. Upon the share consolidation becoming effective, the issued number of shares of 15,550,174,212 were consolidated into 622,006,845 Consolidated Shares. The number of ordinary shares and earnings per share for the financial year ended 31 December 2015 are restated for the effect of the share consolidation

The diluted earnings per share was computed based on the basic weighted average number of shares of 454,208,000 shares (2015: 318,671,000 shares). The warrants and share options granted were excluded from the dilutive weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20 ACQUISITION OF SUBSIDIARIES

(i) Acquisition of DAS Pte. Ltd.

On 17 October 2016, the Company entered into a conditional sale and purchase agreement with Strong Ever Limited, Asiabiz Services Limited, Sunshine Shimmer Limited, Consortium Investments Limited and D3 Capital Limited ("D3 Capital") (collectively known as the "Vendors") to acquire 100% equity interest in DAS Pte. Ltd. for an aggregate cash consideration of US\$10 million and issuance of 206,108,000 new ordinary shares by the Company at the issue price of S\$0.10 as share consideration.

The acquisition is undertaken as part of the Group's continual efforts to expand its core business and leverages on the potential of the Golden City project in Yangon, Myanmar. As at 31 December 2016, the purchase consideration has been fully paid.

D3 Capital is currently owned by the immediate family member of Mr Teo Cheng Kwee, who is a Non-Executive Director of the Company. Accordingly, the acquisition of D3 Capital's interest in DAS was considered as an interested person transaction under Chapter 9 of the Catalist Rules, which require shareholders' approval at an Extraordinary General Meeting. Accordingly, the acquisition of DAS was structured into 2 phases. Phase 1 comprised the acquisition of approximately 75% interest in DAS from the Vendors excluding D3 Capital while the acquisition of the remaining 25% interest from D3 Capital will take place after the Company has obtained shareholders' approval at the Extraordinary General Meeting.

On 20 December 2016, the Company completed Phase 1 acquisition by paying US\$8.5 million and issuing consideration shares of 140,638,400 at an issue price of S\$0.085 per share to the Vendors excluding D3 Capital.

DAS Group reported revenue of RMB570.2 million and a profit before tax of RMB94.8 million from the date of acquisition to 31 December 2016. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

The following summarised the major classes of consideration transferred, and fair value of the recognised amount of identifiable assets acquired and liabilities assumed of the DAS Group at the acquisition date:

(a) **Consideration transferred**

The Group	Note	RMB'000
Cash consideration		59,078
Share consideration	9	57,422
Total consideration		116,500

The fair value of the ordinary shares issued was based on the listed share price of the Company as at 20 December 2016 of S\$0.085 per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20 ACQUISITION OF SUBSIDIARIES (CONTINUED)

(i) Acquisition of DAS Pte. Ltd. (Continued)

(b) Fair value of identifiable assets acquired and liabilities assumed at acquisition date

	Note	RMB'000
Plant and equipment	3	32,634
Investment properties	5	26,209
Development properties held for sale	6	1,562,195
Trade and other receivables		28,010
Cash and cash equivalents		24,982
Deferred tax liabilities	11	(181,005)
Financial liabilities		(261,978)
Accrued annual land lease premium	13	(130,439)
Trade and other payables		(198,918)
Unearned revenue		(716,324)
Total identifiable net assets acquired at fair value		185,366
Less: Non-controlling interests (25%)		(46,341)
Less: Gain on bargain recognised in profit or loss	16	(22,525)
Total consideration		116,500

The bargain purchase gain is recognised in the statement of comprehensive income. The acquirer is required to undertake a review to ensure the identification of assets and liabilities are complete and that measurements appropriately reflect consideration of all available information.

(c) Effect on cash flows of the Group

	RMB'000
Net cash at bank of subsidiaries acquired, net	24,982
Cash consideration	(59,078)
Cash outflow on acquisition	(34,096)

(d) Acquisition-related costs

The Group incurred acquisition-related costs of RMB2.14 million on legal fees, audit fees, valuation, purchase price allocation and due diligence costs. These expenses have been included in administrative expenses in the Group's statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20 ACQUISITION OF SUBSIDIARIES (CONTINUED)

(i) Acquisition of DAS Pte. Ltd. (Continued)

(e) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which the asset could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction. The property, plant and equipment acquired comprised the fair values of the portion of the leasehold land and leasehold building of the Blk 11 (Old CMA Building) designated for own office use and other assets (mainly office equipment and motor vehicles) acquired.

The fair values of other assets were determined based on the cost approach using depreciated replacement cost which reflects adjustments for physical deterioration as well as functional and economic obsolescence of the assets while the fair values of leasehold land and building were determined using the residual cost method on an as-if basis.

(ii) Investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of investment property being valued, values the Group's investment property portfolio at the acquisition reporting date. The valuation is prepared by considering the future net rental income of the office space derived from rental income achievable in the existing market.

(iii) Development properties held for sale

The fair value of development properties acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the development properties held for sale.

(iv) Non-controlling interest

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of DAS Group's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20 ACQUISITION OF SUBSIDIARIES (CONTINUED)

(ii) Acquisition of Daya Bay

On 28 September 2015, CPPL, a wholly owned subsidiary of the Company entered into a conditional sale and purchase agreement with Shenzhen Tong Ze to acquire 60% equity interest in Daya Bay for an aggregate consideration of RMB48 million, which shall be satisfied in cash. On 4 November 2015, CPPL and Shenzhen Tong Ze irrevocably and unconditionally agreed that the completion shall take place on 4 November 2015. The acquisition is undertaken as part of the Group's efforts to expand its core business and leverages on Daya Bay's potential in the real estate sector in Guangdong province. As at the balance sheet date, the purchase consideration has not been paid as there were a number of conditions precedent as set out in the Sales and Purchase Agreement that need to be met by 31 March 2016.

Daya Bay reported revenue of RMB26.3 million and a loss before tax of RMB1.3 million from the date of acquisition to 31 December 2015. If the acquisition had occurred on 1 January 2015, management estimates that the Group's revenue and profit before tax would have been RMB163.6 million and RMB37.0 million respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

The following summarised the major classes of consideration transferred, and fair value of the recognised amount of identifiable assets acquired and liabilities assumed of Daya Bay at the acquisition date:

(a) **Consideration transferred**

The Group	RMB'000
Accrued consideration payables – cash ⁽¹⁾	<u>46,252</u>

(1) The present value of deferred consideration of RMB48.0 million is recognised and measured at fair value at the acquisition date and discounted using a market rate at 16%. The unwinding of the interest element of the deferred consideration will be recognised in the consolidated statement of comprehensive income in FY2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20 ACQUISITION OF SUBSIDIARIES (CONTINUED)

(ii) Acquisition of Daya Bay (Continued)

(b) Fair value of identifiable assets acquired and liabilities assumed at acquisition date

	Note	RMB'000
Plant and equipment	3	5,872
Investment properties	5	265,100
Development properties held for sale	6	189,715
Prepayments to suppliers		9,964
Other receivables		651
Cash and cash equivalents		17,262
Deferred tax liabilities	11	(46,593)
Amounts due to related parties of Shenzhen Tong Ze (Non-trade)		(92,742)
Trade and other payables		(223,860)
Contingent liabilities		(3,096)
Current tax payable		(9,850)
Total identifiable net assets acquired at fair value		112,423
Less: Non-controlling interests (40%)		(44,969)
Less: Gain on bargain recognised in profit or loss	16	(21,202)
Total consideration		46,252

The contingent liability of RMB3,096,000 was determined on a provisional basis and it represented a present obligation in respect of a claim arising from the ex-management agent who sued Daya Bay for terminating its management contract. The recognised total fair value of RMB3,000,000 was based on the expected outcome of the claim, including legal costs.

The bargain purchase gain is recognised in the statement of comprehensive income. The acquirer is required to undertake a review to ensure the identification of assets and liabilities are complete and that measurements appropriately reflect consideration of all available information.

(c) Effect on cash flows of the Group

	RMB'000
Net cash at bank of subsidiaries acquired, net	17,262
Cash consideration	-
Cash inflow on acquisition	17,262

(d) Acquisition-related costs

The Group incurred acquisition-related costs of RMB1.02 million related to external legal fees, audit fees, valuation, purchase price allocation and due diligence costs. These expenses have been included in administrative expenses in the Group's statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20 ACQUISITION OF SUBSIDIARIES (CONTINUED)

(ii) Acquisition of Daya Bay (Continued)

(e) **Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Plant and equipment

The fair value of plant and equipment recognised as a result of a business combination is the estimated amount for which the asset could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction. The fair value of items of plant and equipment is based on cost approach using depreciated replacement cost which reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(ii) Investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio at each reporting date. The valuation is prepared by considering the net rental income of the 399 holiday apartments derived from existing leases entered and/or rental income achievable in the existing market and where appropriate, reference is also made to comparable sale transactions as available in the relevant market.

(iii) Development properties held for sale

The fair value of development properties acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the development properties held for sale.

(iv) Amounts due to related parties of Shenzhen Tong Ze (Non-trade)

The non-trade amounts due to six related parties of Shenzhen Tong Ze acquired are interest-free and repayable on demand and the carrying amounts approximate the fair value.

(v) Non-controlling interest

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Daya Bay's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21 SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, in addition to the related party information disclosed elsewhere in the financial statements, the Company entered into the following transactions with related parties:

The Group	2016 RMB'000	2015 RMB'000
Rental Income earned from a company owned by directors	343	98

22 COMMITMENTS

Operating lease commitments (non-cancellable)

At the end of the reporting period, the Group and the Company were committed to making the following payments in respect of non-cancellable operating leases of office premises with an original term of more than one year:

The Group and The Company	2016 RMB'000	2015 RMB'000
Not later than one year	1,807	1,055
Later than one year and not later than five years	1,258	1,805
	3,065	2,860

The leases on the Company's office premises on which rentals are payable will expire on 10 September 2018, with the option to renew another two years.

23 EQUITY COMPENSATION BENEFITS

The Company has the following employee share option scheme for granting share options and performance share plan for granting share awards to employees and directors of the Company and its subsidiaries:

- (a) the Emerging Towns & Cities Singapore Ltd. (formerly known as Cedar Strategic Holdings Ltd.) Employee Share Option Scheme 2016 (the "2016 Scheme") which was approved at an Extraordinary General Meeting of the Company held on 21 November 2016; and
- (b) the Emerging Towns & Cities Singapore Ltd. (formerly known as Cedar Strategic Holdings Ltd.) Performance Share Plan 2016 (the "Plan") which was approved at an Extraordinary General Meeting of the Company held on 21 November 2016.

At the Extraordinary General Meeting of the Company held on 21 November 2016, shareholders approved the Emerging Towns & Cities Singapore Ltd. (formerly known as Cedar Strategic Holdings Ltd.) Employee Share Option Scheme (previously known as Cedar Strategic Holdings Ltd. Employee Share Option Scheme 2016) (the "Scheme"). The Scheme is administered by the Company's Remuneration Committee whose members are all independent directors of the Company. Under the Scheme, the Company may grant options to Group employees, Group Executive Directors and Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group. The purpose of the Scheme is to provide an opportunity for the Directors (including Non-Executive Directors) and Group employees to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Company and/or the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23 EQUITY COMPENSATION BENEFITS (CONTINUED)

The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable under such other share-based incentive plans of the Company, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant.

Options granted to both employees and Directors (including Non-Executive Directors) may be exercised one year after the date of grant. Options granted to both employees and Directors (including Non-Executive Directors) expire after ten years from the date of grant. However, the Scheme may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution at a general meeting of the Company, and any relevant authorities which may then be required.

If a variation in the issued share capital of the Company occurs (whether by way of a capitalisation or profits or reserves or a rights issue or the conversion of convertible loan stock or other debt securities or a reduction, subdivision or consolidation of shares), the subscription price in respect of shares comprised in an option to the extent unexercised, the class and/or number of shares comprised in an option to the extent unexercised or in respect of which additional options may be granted under the Scheme and the maximum entitlement in any financial period shall be adjusted in a such a manner as the Remuneration Committee may determine to be appropriate.

Details of the share options are as follows:

Weighted average exercise price	Balance at 1.1.2016	Options granted	Options forfeited/lapsed	Balance at 31.12.2016	Period exercisable	Options exercisable
						on 31.12.2016
					17.5.2018 to	
S\$0.003	–	400,000,000	–	400,000,000	16.5.2026	–
	–	400,000,000	–	400,000,000		–

Fair value of share options and assumptions

The fair value of services received in return for share options granted in FY2016 are measured by reference to the fair value of share options granted. The fair value of share options is determined using the Black-Scholes valuation model with the assumptions as set out below:

The Company	2016
Weighted average fair value at measurable date	S\$0.00194542
Exercise price at date of grant	S\$0.003
Expected volatility	75.86%
Expected option life	10 years
Risk-free interest rate	1.945%
Expected dividend yield	0%

The exercise price at the grant date is based on the market price of the Company's shares on the valuation date of the options as at grant date.

The expected volatility is measured by the standard deviation of 36 months' average intra-day high and low share prices prior to the grant date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23 EQUITY COMPENSATION BENEFITS (CONTINUED)

Fair value of share options and assumptions (Continued)

The risk-free interest rate is based on the yield of the corresponding Singapore Sovereign Curve as at the Valuation Date.

Expected dividend yield is based on expected dividend payout over the one year volume-weighted average share price prior to the grant date.

There is no market condition associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

24 OPERATING SEGMENTS

For management purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units as follows:

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

- (i) Property development – relates to the development of properties for sale in the People's Republic of China and Myanmar
- (ii) Property investment – relates to the business of investing in properties to earn rentals and for capital appreciation in the People's Republic of China and Myanmar
- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24 OPERATING SEGMENTS (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24 OPERATING SEGMENTS (CONTINUED)

	Property development		Property investment		Corporate		Eliminations		Total	
	Group 2016	Group 2015	Group 2016	Group 2015	Group 2016	Group 2015	Group 2016	Group 2015	Group 2016	Group 2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	708,836	25,500	9,576	798	343	98	-	-	718,755	26,396
Results										
Segment profit/(loss)	94,098	(2,841)	7,892	798	(14,398)	(13,109)	-	-	87,592	(15,152)
Other income	88	15	3,000	400	22,585	21,359	-	-	25,673	21,774
Profit/(loss) before taxation	94,186	(2,826)	10,892	1,198	8,187	8,250	-	-	113,265	6,622
Taxation	51,438	473	(750)	(100)	-	-	-	-	50,688	373
Profit/(loss) for the period	145,624	(2,353)	10,142	1,098	8,187	8,250	-	-	163,953	6,995
Attributable to:										
Owners of the Company	49,676	(1,412)	6,085	659	8,187	8,250	-	-	63,948	7,497
Non-controlling interests	95,948	(941)	4,057	439	-	-	-	-	100,005	(502)
	145,624	(2,353)	10,142	1,098	8,187	8,250	-	-	163,953	6,995
Assets and liabilities										
Segment assets	1,391,930	202,405	294,705	265,500	28,833	6,784	-	-	1,715,468	474,689
Segment liabilities	1,188,485	313,964	33,905	32,320	40,948	62,847	-	-	1,263,338	409,131
Capital expenditure and significant non-cash items										
Capital expenditure on property, plant and equipment	-	-	-	-	130	607	-	-	130	607
Depreciation of property, plant and equipment	785	116	-	-	213	177	-	-	998	293
Impairment losses on other receivables	-	-	-	-	-	2,261	-	-	-	2,261
Gain on disposal of property, plant and equipment	-	-	-	-	-	141	-	-	-	141
Operating lease expenses	-	-	-	-	1,380	509	-	-	1,380	509

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24 OPERATING SEGMENTS (CONTINUED)

Geographical Segments	China	Myanmar	Singapore	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2016				
Revenue	148,258	570,154	343	718,755
Non-current assets	273,627	58,739	396	332,762
Year ended 31 December 2015				
Revenue	26,298	–	98	26,396
Non-current assets	271,256	–	549	271,805

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

There is no revenue from transactions with a single external customer that amounts to 10 per cent or more of the Group's revenues.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and the Group have documented financial risk management policies. These policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance.

There has been no change to the Group's exposure to financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

It is, and has been throughout the years under review, the Company's and the Group's policy that no trading in derivative financial instruments shall be undertaken.

The Company's and the Group's principal financial instruments comprise proceeds from subscription of the Company's shares and cash and short term deposits. The main purpose of these financial instruments is to provide funds for the Company's and Group's operations. The Company and Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Company's and Group's financial instruments are interest rate risks (both fair value and cash flow), liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.1 Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Company and Group. The Company's and Group's exposure to credit risk arises primarily from trade and other receivables.

The Company's and Group's objective is to seek continual growth while minimising losses arising from credit risk exposure.

The Company's and Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Company and Group adopts the policy of dealing only with high credit quality counterparties.

The Company and Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Company and Group are satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date there has been no significant concentration of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

25.2 Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Company's and Group's financial liabilities comprising trade and other payables. Nevertheless, the Company and Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group maintains sufficient level of cash and bank balances and has available adequate amount of committed credit facilities from financial institutions to meet its working capital requirements. The Group also relies on short-term funding from a major shareholder and related parties.

The government of the PRC imposes control over foreign currencies. Renminbi, the official currency in PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

Exchanges of Renminbi for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of Renminbi into foreign currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.2 Liquidity risk (Continued)

The Group's liquidity risk management policy is to maintain sufficient liquid financial assets. In particular, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000
The Group					
2016					
Financial liabilities:					
Financial liabilities (Note 12)	(422,175)	(453,062)	(145,956)	(307,106)	-
Accrued land lease premium (Note 13)	(130,439)	(97,840)	(19,568)	(19,568)	(58,704)
Trade and other payables (Note 14)	(298,269)	(298,269)	(298,269)	-	-
Total undiscounted financial liabilities	(850,883)	(849,171)	(463,793)	(326,674)	(58,704)
2015					
Financial liabilities:					
Financial liabilities (Note 12)	(101,980)	(112,568)	-	(112,568)	-
Trade and other payables* (Note 14)	(161,327)	(161,327)	(161,327)	-	-
Total undiscounted financial liabilities	(263,307)	(273,895)	(161,327)	(112,568)	-
	Carrying amount RMB'000	Contractual cash flows RMB'000	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000
The Company					
2016					
Financial liabilities:					
Financial liabilities (Note 12)	(34,719)	(37,322)	(2,083)	(35,239)	-
Trade and other payables (Note 14)	(6,265)	(6,265)	(6,265)	-	-
Total undiscounted financial liabilities	(40,984)	(43,587)	(8,348)	(35,239)	-
2015					
Financial liabilities:					
Trade and other payables* (Note 14)	(5,032)	(5,032)	(5,032)	-	-
Total undiscounted financial liabilities	(5,032)	(5,032)	(5,032)	-	-

* Exclude investment amounts received from directors

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and Group's financial instruments will fluctuate because of changes in market interest rates.

25.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company and Group have transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, namely Renminbi, United State dollar and Singapore dollar. The foreign currencies in which these transactions are denominated are primarily Singapore dollar and United States dollar. The Company's and Group's receivable and payable balances at the end of the reporting period have similar exposures.

The Company and Group also hold cash and cash equivalents denominated in Singapore dollar and United States dollar for working capital purposes.

Consequently, the Company and Group are exposed to movements in foreign currency exchange rates. However, the Company and Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The Company's and Group's exposures in financial instruments to the various foreign currencies are mainly as follows:

	Hong Kong dollar RMB'000	Singapore dollar RMB'000	United States dollar RMB'000
The Group			
2016			
Trade and other receivables (Note 7)	–	7,096	1,195,200
Cash and cash equivalents (Note 8)	17	17,584	30,311
Financial liabilities (Note 12)	–	–	(310,334)
Trade and other payables (Note 14)	–	(6,026)	(840,897)
Net exposure	17	18,654	74,280
2015			
Trade and other receivables (Note 7)	–	5,314	–
Cash and cash equivalents (Note 8)	–	900	22
Trade and other payables (Note 14)	(20)	(14,443)	–
Net exposure	(20)	(8,229)	22
The Company			
2016			
Trade and other receivables (Note 7)	–	7,096	4,052
Cash and cash equivalents (Note 8)	–	17,382	–
Financial liabilities (Note 12)	–	–	(34,719)
Trade and other payables (Note 14)	–	(6,198)	(34,787)
Net exposure	–	18,280	(65,454)
2015			
Trade and other receivables (Note 7)	–	5,711	–
Cash and cash equivalents (Note 8)	–	544	–
Trade and other payables (Note 14)	–	(14,621)	–
Net exposure	–	(8,366)	–

NOTES TO THE FINANCIAL STATEMENTS

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25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.4 Foreign currency risk (Continued)

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in China, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

Exchanges of RMB for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of RMB into foreign currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar (SGD) and United States dollar (USD) exchange rates (against Renminbi), with all other variables held constant, of the Group's and the Company's profit net of tax and equity.

		2016	2015
		RMB'000	RMB'000
The Group			
SGD	– strengthened 5% (2015 – 5%)	933	(411)
	– weakened 5% (2015 – 5%)	(933)	411
USD	– strengthened 5% (2015 – 5%)	3,714	1
	– weakened 5% (2015 – 5%)	(3,714)	(1)
HKD	– strengthened 5% (2015 – 5%)	1	(1)
	– weakened 5% (2015 – 5%)	(1)	1
The Company			
SGD	– strengthened 5% (2015 – 5%)	914	(418)
	– weakened 5% (2015 – 5%)	(914)	418
USD	– strengthened 5% (2015 – 5%)	(3,273)	–
	– weakened 5% (2015 – 5%)	3,273	–

25.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.6 Financial instruments by category

	The Group		The Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Financial assets				
Financial assets measured at amortised costs:				
Trade and other receivables (Note 7)	113,756	6,207	11,149	5,444
Cash and cash equivalents (Note 8)	79,341	18,356	17,382	544
	193,097	24,563	28,531	5,988
Financial liabilities				
Financial liabilities measured at amortised costs:				
Financial liabilities (Note 12)	422,175	101,980	34,719	–
Accrued land lease premium (Note 13)	130,439	–	–	–
Trade and other payables* (Note 14)	298,269	161,327	6,265	5,032
	850,883	263,307	40,984	5,032

* Exclude investment amounts received from directors

The Group and the Company ensures that there are adequate funds to meet all its obligations in a timely and cost effective manner.

26 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

- To safeguard the Group's and the Company's ability to continue as a going concern;
- To support the Group's and the Company's stability and growth;
- To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26 CAPITAL MANAGEMENT (CONTINUED)

The Group and the Company monitor capital using capital net debt ratio, which is net debt divided by total capital plus debt. The Group and the Company include within net debt, provision for restoration cost, financial liabilities and trade and other payables, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

	The Group		The Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities (Note 12)	422,175	101,980	34,719	–
Trade and other payables* (Note 14)	298,269	161,327	6,265	5,032
Cash and cash equivalents (Note 8)	(79,341)	(18,356)	(17,382)	(544)
Net Debt	641,103	244,951	23,602	4,488
Equity attributable to the owners of the Company				
<i>Total capital</i>	452,130	65,558	153,005	(7,485)
Capital and net debt	1,093,233	310,509	176,607	(2,997)
Capital net debt ratio	58.6%	78.9%	13.4%	(149.7%)

* Exclusive investment amounts received from directors

There were no changes in the Group's approach to capital management during the financial year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

27 FAIR VALUE MEASUREMENT

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting classifications and fair values

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: those derived from valuation technique that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

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27 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value measurement of financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings) or those which reprice regularly approximate their fair values because of the short period to maturity or repricing.

The following table shows the Levels within the hierarchy of non-financial assets and non-current financial liabilities measured at fair value on a recurring basis at 31 December 2016.

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
31 December 2016				
<u>Non-financial assets</u>				
Investment properties (Note 5)	–	–	294,705	294,705
31 December 2015				
<u>Non-financial assets</u>				
Investment properties (Note 5)	–	–	265,500	265,500

The following table shows the Group's valuation technique used in measuring the fair value of the investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<u>Daya Bay</u> The valuation is based on income approach in arriving at the fair value of the properties. The income method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question.	<ul style="list-style-type: none"> • Weighted average price per square meter: RMB12,959 (2015 – 13,239) • Expected average rental growth: not more than 5% (2015 – 5%) • Discount rate: 6.6% (2015 – 6.6%) • Capitalisation rate: 6.9% (2015 – 6.6%) 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • Expected average rental growth was higher/(lower); • Discount rate was lower/(higher); • Capitalisation rate was lower/(higher)
<u>Golden Land</u> The valuation is based on a combination of the income and residual method to arrive at the fair value of the properties. The income method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question.	<ul style="list-style-type: none"> • Weighted average price per square meter: US\$3,500 • Estimated rent per square meter: US\$40 • Estimated sale price/rental growth per year: 5% • Occupancy rate: 60% • Construction cost per square meter: US\$780 • Discount rate: 15% • Terminal value rate: 12% 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> • Expected average price per square meter was higher/(lower) • Estimated rent per square meter was higher/(lower) • Estimated sale price/rental growth per year was higher/(lower) • Estimated occupancy rate was higher/(lower) • Construction cost per square meter was lower/(higher) • Discount rate was lower/(higher); • Terminal value rate was lower/(higher)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28 MODIFICATION IN AUDIT REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2015

The audit report dated 30 March 2016 on the financial statements for the previous financial year ended 31 December 2015 contained a modified opinion on the non-compliance with disclosure requirements under the respective FRSs in respect of comparative information as disclosed in the FY 2015 financial statements. This qualification does not have an effect to the audit opinion rendered for the financial statements for the current financial year as the disclosure requirements under the respective FRSs for the comparative information had been made.

29 SUBSEQUENT EVENTS

Capital reduction

On 3 January 2017, the Company announced that it had complied with all the requirements under Section 78C(1) (c) of the Singapore Companies Act, Cap. 50 and completed the capital reduction exercise to partially write-off accumulated losses of the Company amounting to S\$112 million against the share capital of the Company.

Allotment of shares

On 17 January 2017, the Company announced that it had allotted 780,000 ordinary shares in the Company to certain key management personnel at S\$0.081 per share.

Convertible loan from controlling shareholder

On 27 February 2017, the shareholders of the Company approved the proposed allotment and issuance of up to approximately 468,102,000 conversion shares at a conversion price of S\$0.09 per share pursuant to a convertible loan agreement entered with Mr Luo Shandong whereby he has the right at any time within 15 months from 25 January 2017 to convert up to the full amount of the shareholder loans and all interest accrued into fully paid new ordinary shares in the Company. Upon maturity of the loan, the Company has the right to convert the full amounts of the loan, including accrued interest into fully paid new ordinary shares in the Company.

Completion of the acquisition of the remaining 25% interest in DAS

On 27 February 2017, the shareholders of the Company approved the interested person transaction in connection with the proposed acquisition of 6,225,000 ordinary shares, representing 25.025% of the total issued and paid-up shares in DAS from D3 Capital and the proposed allotment and issuance of 65,469,600 consideration shares at an issue price of S\$0.10 per share.

Exercise of warrants

Between 10 February and 21 March 2017, Jadeite Capital exercised an aggregate of 8.6 million warrants held at an exercise price of S\$0.09 per share, resulting in the allotment and issuance of 8.6 million new ordinary shares of the Company. On 29 March 2017, Jadeite Capital exercised another 2 million warrants held at an exercise price of S\$0.09 per share and they are expected to be allotted and issued on 3 April 2017.

On 9 March 2017, the Company announced that Sinowealth Capital Limited transferred 20 million warrants to Dr In Nany Sing Charlie. Between 7 March and 23 March 2017, Dr In had exercised an aggregate of 2 million warrants held by him at an exercise price of S\$0.09 per share, resulting in the allotment and issuance of 2 million new ordinary shares of the Company.

ADDITIONAL INFORMATION

Interested person transactions carried out during the financial year pursuant to Chapter 9 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Limited (“SGX-ST”) by the Group as follows:

Name of Interested Persons and Transactions	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 interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	2016	2015	2016	2015
	RMB’000	RMB’000	RMB’000	RMB’000
Luo Shandong	3,029	–	–	–
Loan from controlling shareholder ¹				
D3 Capital Limited	41,920	–	–	–
Acquisition of DAS Pte. Ltd. ²				

Note 1: On 17 October 2016, the Company have entered into a loan agreement with a controlling shareholder, Mr Luo Shandong, pursuant to which the controlling shareholder has agreed to grant the Company a loan of an aggregate principle amount of up to US\$5,000,000 at 6% interest rate for a term of 18 months (the “Term”), for the purpose of supplementing the Company’s cash resources for the purchase of the Golden City project. The interested person transaction value in relation of the loan is US\$450,000 (approximately RMB3,028,500), assuming the maximum loan of US\$5,000,000 is drawn down with no extension of the Term and no portion of the loan is prepaid by the Company at any time during the Term.

Note 2: This relates to the acquisition from D3 Capital Limited of 6,225,000 shares representing 25.025% of the total issued and paid-up shares of DAS Pte. Ltd. which was approved by the shareholders at the Extraordinary General Meeting held on 27 February 2017. D3 Capital Limited is wholly owned by the immediate family of Mr Teo Cheng Kwee, a Non-Executive Director of the Company.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2017

Issued share capital	:	S\$21,752,620.4624
No. of issued and fully paid-up shares	:	836,694,845
Class of shares	:	Ordinary share
Voting rights attached to shares	:	One vote per share
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	320	4.40	11,231	0.00
100 – 1,000	1,253	17.22	662,483	0.08
1,001 – 10,000	3,044	41.84	13,216,542	1.58
10,001 – 1,000,000	2,619	35.99	157,674,260	18.84
1,000,001 and above	40	0.55	665,130,329	79.50
Total	7,276	100.00	836,694,845	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Luo Shandong	149,410,864	17.86
2	Phillip Securities Pte Ltd	85,810,241	10.26
3	Wong Pak Him Patrick	81,212,921	9.71
4	Teo Cheng Kwee	59,281,760	7.09
5	Maybank Kim Eng Securities Pte Ltd	39,603,750	4.73
6	Citibank Nominees Singapore Pte Ltd	36,061,238	4.31
7	Sun Yanping	35,469,600	4.24
8	Sun Yanli	30,000,000	3.59
9	Zhu Xiaolin	20,000,000	2.39
10	Tao Xucheng	18,000,000	2.15
11	ABN Amro Clearing Bank N.V.	14,258,228	1.70
12	Christopher Chong Meng Tak	11,111,111	1.33
13	Lai Xuejun	9,699,200	1.16
14	Ni Weiqun	7,560,000	0.90
15	Xie Jing	5,887,000	0.70
16	DBS Nominees Pte Ltd	5,562,878	0.66
17	UOB Kay Hian Pte Ltd	4,765,144	0.57
18	OCBC Securities Private Ltd	4,432,512	0.53
19	United Overseas Bank Nominees Pte Ltd	4,387,497	0.52
20	ABN Amro Nominees Singapore Pte Ltd	4,002,760	0.48
	Total:	626,516,704	74.88

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2017

Substantial Shareholders

(as shown in the Company's register of Substantial Shareholders)

Name	Number of Shares Held as Direct	%	Number of Shares Held as Deemed	%
Luo Shandong	149,410,864	17.86	22,878,532	2.73
Zhu Xiaolin	20,000,000	2.39	65,469,600	7.83
Wong Pak Him Patrick	81,212,921	9.71	–	–
Teo Cheng Kwee	59,281,760	7.09	–	–

1. Mr Luo Shandong is deemed interested in 22,878,532 shares held by Citibank Nominees Singapore Pte Ltd as his nominee.
2. Mr Zhu Xiaolin is deemed interested in 65,469,600 shares held by Phillip Securities Pte Ltd as his nominee.
3. Mr Wong Pak Him Patrick has been granted 2,000,000 options under the CSH Employee Share Option Scheme 2009.
4. Mr Teo Cheng Kwee has been granted 2,000,000 options under the CSH Employee Share Option Scheme 2009.

Public Shareholdings

Based on the information available to the Company as at 16 March 2017, approximately 51.03% of the Company's issued ordinary shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Incorporated in the Republic of Singapore)

(Co Registration No: 198003839Z)

To All Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders (“Shareholders”) of **EMERGING TOWNS & CITIES SINGAPORE LTD.** (the “Company”) will be held at 55 Market Street, #03-01, Singapore 048941 on Wednesday, 26 April 2017 at 9.30 a.m. to transact the following businesses:

Ordinary Business

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the year ended 31 December 2016 and the Auditors’ Report thereon. **Resolution 1**
2. To re-elect Mr Peter Tan as Director, who shall retire pursuant to Regulation 87 of the Company’s Constitution. **Resolution 2**

{See Explanatory Note (1)}

3. To re-elect Mr Teo Cheng Kwee as Director, who shall retire pursuant to Regulation 87 of the Company’s Constitution. **Resolution 3**

{See Explanatory Note (1)}

4. To re-elect Mr Zhu Xiaolin as Director, who shall retire pursuant to Regulation 94 of the Company’s Constitution. **Resolution 4**

{See Explanatory Note (2)}

5. To re-elect Mr Yu Jinzhi as Director, who shall retire pursuant to Regulation 94 of the Company’s Constitution. **Resolution 5**

{See Explanatory Note (2)}

6. To approve the payment of the proposed additional directors’ fees of up to S\$30,000 to be paid quarterly in arrears for the financial year ending 31 December 2017. **Resolution 6**
7. To approve the payment of the proposed directors’ fees of up to S\$285,000 to be paid quarterly in arrears for the financial year ending 31 December 2018. **Resolution 7**
8. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix its remuneration. **Resolution 8**
9. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Special Business

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

10. **Authority to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”)**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (the “Catalist Rules”), authority be and is hereby given to the Directors to:

- (a) (i) issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and,

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with subparagraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to Shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) 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 Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of 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.

NOTICE OF ANNUAL GENERAL MEETING

11. Mandate to Directors to issue Shares under the ETC Employee Share Option Scheme

That approval be and is hereby given to the Directors to offer and grant options over ordinary shares in the Company in accordance with the rules of the ETC Employee Share Option Scheme (the “**Scheme**”); and pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, to allot and issue from time to time such number of shares in the capital of the Company (the “**Scheme Shares**”) as may be required to be issued pursuant to the exercise of the options that may be granted under the Scheme provided always that the aggregate number of the Scheme Shares (excluding treasury shares) available under the Scheme shall not exceed 15% of the total issued share capital of the Company from time to time, as determined in accordance with the rules of the Scheme.

{See Explanatory Note (4)}

Resolution 10

12. Mandate to Directors to issue Shares under the ETC Performance Share Plan

That approval be and is hereby given to the Directors to offer and grant awards of ordinary shares in the Company in accordance with the rules of the ETC Performance Share Plan (the “**Plan**”); and pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, to allot and issue from time to time such number of shares in the capital of the Company (the “**Plan Shares**”) as may be required to be issued comprised in the awards that may be granted under the Plan provided always that the aggregate number of the Plan Shares (excluding treasury shares) available under the Plan shall not exceed 15% of the total issued share capital of the Company from time to time, as determined in accordance with the rules of the Plan.

{See Explanatory Note (5)}

Resolution 11

13. Proposed renewal of the Share Purchase Mandate

*All capitalised terms in the Resolution 12 below and defined in the Letter to Shareholders dated 11 April 2017 (the “**Letter**”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Letter.*

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market purchases (“**Market Purchase**”), transacted on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
- (ii) off-market purchases (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules,

(the “**Share Purchase Mandate**”);

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

NOTICE OF ANNUAL GENERAL MEETING

- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and the expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
 - (ii) the date on which the share purchases are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;

- (d) in this Ordinary Resolution:

“Prescribed Limit” means 10% of the total number of Shares as at the date of passing of this Resolution (excluding any treasury shares that may be held by the Company from time to time), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered;

“Relevant Period” means the period commencing from the date of passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 115% of the Average Closing Price;

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the Market Purchase or, as the case may be, the day of the making of an offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period;

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“Market Day” means a day on which the SGX-ST is open for trading in securities; and

NOTICE OF ANNUAL GENERAL MEETING

- (e) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to the Share Purchase Mandate as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

{See Explanatory Note (6)}

Resolution 12

By Order of the Board

Ong Beng Hong
Tan Swee Gek
Joint Secretaries
Singapore
11 April 2017

Explanatory Notes

(1) Ordinary Resolutions 2 and 3 – To re-elect Mr Peter Tan and Mr Teo Cheng Kwee as Directors, who shall retire pursuant to Regulation 87 of the Constitution of the Company

If re-elected, Mr Peter Tan will remain as an Independent Director of the Company, Chairman of the Audit Committee and a member of the Nominating & Corporate Governance Committee and Remuneration Committee.

If re-elected, Mr Teo Cheng Kwee will remain as a Non-Executive Director of the Company.

(2) Ordinary Resolutions 4 and 5 – To re-elect Mr Zhu Xiaolin and Mr Yu Jinzhi as Directors, who shall retire pursuant to Regulation 94 of the Constitution of the Company

If re-elected, Mr Zhu Xiaolin will remain as an Executive Director and Group President of the Company, and a member of the Nominating & Corporate Governance Committee.

If re-elected, Mr Yu Jinzhi will remain as an Independent Director of the Company, and a member of the Audit Committee and Remuneration Committee.

(3) Ordinary Resolution 9 – Authority to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”)

The Ordinary Resolution 9 proposed in item 10 above, if passed, will authorise the Directors of the Company, effective until the conclusion of 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 or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of shares awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(4) Ordinary Resolution 10 – Mandate to Directors to issue Shares under the ETC Employee Share Option Scheme

Ordinary Resolution 10 proposed in item 11 above is to allow the Directors to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme provided that the aggregate number of shares to be issued under the Scheme, when aggregated with shares to be issued under the Plan and/or any other existing share options or share schemes of the Company does not exceed 15% of the total number of shares issued by the Company, excluding treasury shares, if any, from time to time. The Scheme was first approved by the Shareholders at the Extraordinary General Meeting held on 21 November 2016. Details of the Scheme may also be found in the Circular to Shareholders dated 28 October 2016.

(5) Ordinary Resolution 11 – Mandate to Directors to issue Shares under the ETC Share Performance Plan

Ordinary Resolution 11 proposed in item 12 above is to allow the Directors to issue shares in the Company pursuant to awards granted or to be granted under the Plan provided that the aggregate number of shares to be issued comprised in the awards that may be granted under the Plan, when aggregated with shares to be issued under the Scheme and/or any other existing share options or share schemes of the Company does not exceed 15% of the total number of shares issued by the Company, excluding treasury shares, if any, from time to time. The Plan was first approved by the Shareholders at the Extraordinary General Meeting held on 21 November 2016. Details of the Plan may also be found in the Circular to Shareholders dated 28 October 2016.

(6) Ordinary Resolution 12 – Proposed renewal of the Share Purchase Mandate

Ordinary Resolution 12 proposed in item 13 above is to seek the Shareholders' approval for the proposed renewal of the Share Purchase Mandate. Detailed information on the proposed renewal of the Share Purchase Mandate, including the rationale for the same, is set out in the Letter.

Notes:

- (1) Save for a member who is a relevant intermediary as defined in Note 2, a member entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member (other than a relevant intermediary) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

NOTICE OF ANNUAL GENERAL MEETING

“**Relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The instrument appointing a proxy/proxies must be deposited at the office of the Company’s Share Registrar, B.A.C.S. Private Limited at **8 Robinson Road #03-00, ASO Building, Singapore 048544** at least 72 hours before the time set for the AGM or any postponement or adjournment thereof. A Depositor’s name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the AGM in order for him to be entitled to vote at the AGM.
- (4) The instrument appointing a proxy/proxies shall be in writing under the hand of the appointor or of his attorney, or if such appointor is a corporation, under its common seal or under the hand of its officer or attorney, duly authorised in writing.
- (5) In the case of joint shareholders, all holders must sign the instrument appointing a proxy/proxies.
- (6) By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy/proxies and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy/proxies and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of proxy/proxies and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy/proxies and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

*This notice 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 notice.*

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

The details of the contact person for the Sponsor is:

Name: Mr. Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.)

Address: Six Battery Road, #10-01, Singapore 049909

Tel: 6381 6757

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PROXY FORM

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Company Registration Number: 198003839Z)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the AGM and vote (please see Note 3 for the definition of "relevant intermediary").
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal data privacy

By submitting an instrument appointing a proxy/proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2017.

I/We _____

of _____

being a member/members of Emerging Towns & Cities Singapore Ltd. (the "Company") hereby appoint Mr/Mrs/Ms

Name	Address	NRIC/Passport Number	Proportion of Shareholding (%)

and/or (delete as appropriate)

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or failing him/her, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 55 Market Street, #03-01, Singapore 048941 on **Wednesday, 26 April 2017 at 9.30 a.m.** I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions Relating To:	For	Against	Abstain*
	Ordinary Business			
1.	To adopt the Directors' Statement, Audited Financial Statements and Auditors' Report			
2.	To re-elect Mr Peter Tan as Director			
3.	To re-elect Mr Teo Cheng Kwee as Director			
4.	To re-elect Mr Zhu Xiaolin as Director			
5.	To re-elect Mr Yu Jinzhi as Director			
6.	To approve additional Directors' Fees to be paid quarterly in arrears for the year ending 31 December 2017.			
7.	To approve Directors' Fees to be paid quarterly in arrears for the year ending 31 December 2018.			
8.	To re-appoint Foo Kon Tan LLP as Auditors of the Company			
	Special Business			
9.	To authorise the Directors to issue shares pursuant to Rule 806 of the Listing Manual			
10.	To authorise the Directors to issue shares pursuant to the ETC Employee Share Option Scheme			
11.	To authorise the Directors to issue shares pursuant to the ETC Performance Share Plan			
12.	To approve the proposed renewal of the Share Purchase Mandate			

* Please indicate your vote "For" or "Against" or "Abstain" with a "X" in the appropriate box provided.

Dated this _____ day of _____ 2017.

Register	Number of Shares Held
1) CDP Register	
2) Register of Members	

Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. Please insert the total number of shares registered in your name. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289)), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Save for a member who is a relevant intermediary as defined in Note 3, a member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member (other than a relevant intermediary) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member who is a relevant intermediary entitled to attend the AGM and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Fold here

Affix
Stamp

Office of the Share Registrar
EMERGING TOWNS & CITIES SINGAPORE LTD.
B.A.C.S. Private Limited
8 Robinson Road #03-00 ASO Building
Singapore 048544

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4. The instrument appointing a proxy/proxies must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at **8 Robinson Road #03-00, ASO Building, Singapore 048544** at least 72 hours before the time set for the AGM or any postponement or adjournment thereof. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the AGM in order for him to be entitled to vote at the AGM.
5. The instrument appointing a proxy/proxies shall be in writing under the hand of the appointor or of his attorney, or if such appointor is a corporation, under its common seal or under the hand of its officer or attorney, duly authorised in writing.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly 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 AGM, in accordance with Section 179 of the Companies Act (Cap. 50).
8. The submission of an instrument appointing a proxy/proxies by a member of the Company does not preclude him from attending and voting in person at the AGM if he is able to do so. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

General

The Company shall be entitled to reject the instrument appointing a proxy/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/proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy/proxies if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Christopher Chong Meng Tak
Non-Executive Group Chairman
Tan Thiam Hee
Executive Director
Zhu Xiaolin
Executive Director
Patrick Wong Pak Him
Executive Director
Peter Tan
Independent Director
Teo Cheng Kwee
Non-Executive Director
Yu Jinzhi
Independent Director

AUDIT COMMITTEE

Peter Tan
Chairman
Christopher Chong Meng Tak
Yu Jinzhi

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

Christopher Chong Meng Tak
Chairman
Peter Tan
Zhu Xiaolin

REMUNERATION COMMITTEE

Christopher Chong Meng Tak
Chairman
Peter Tan
Yu Jinzhi

COMPANY SECRETARIES

Ong Beng Hong, LLB (Hons)
Tan Swee Gek, LLB (Hons)

REGISTERED OFFICE

80 Raffles Place #26-05 UOB Plaza 1
Singapore 048624
Tel: (65) 6532 0933 Fax: (65) 6733 3458
Email: info@etsingapore.com
Website: www.etsingapore.com

COMPANY REGISTRATION

No. 198003839Z

REGISTRAR & SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road #03-00 ASO Building
Singapore 048544

CATALIST SPONSOR

RHT Capital Pte. Ltd.
Six Battery Road #10-01
Singapore 049909

INDEPENDENT AUDITOR

Foo Kon Tan LLP
Chartered Accountants
24 Raffles Place #07-03
Clifford Centre
Singapore 048621

Partner-in-charge: Kong Chih Hsiang Raymond
(w.e.f financial year ended 31 December 2013)

PRINCIPAL BANKERS

Citibank N.A.
8 Marina View #16-01
Asia Square Tower 1
Singapore 018960

UOB Bank
80 Raffles Place
UOB Plaza 1
Singapore 048624

DBS Bank
6 Shenton Way #02-02
DBS Building Tower 1
Singapore 068809



EMERGING TOWNS & CITIES SINGAPORE LTD.

80 Raffles Place

#26-05 UOB Plaza 1

Singapore 048624

Company Registration No: 198003839Z

Tel: (65) 6532 0933

Fax: (65) 6733 3458

Email: info@etcsingapore.com

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