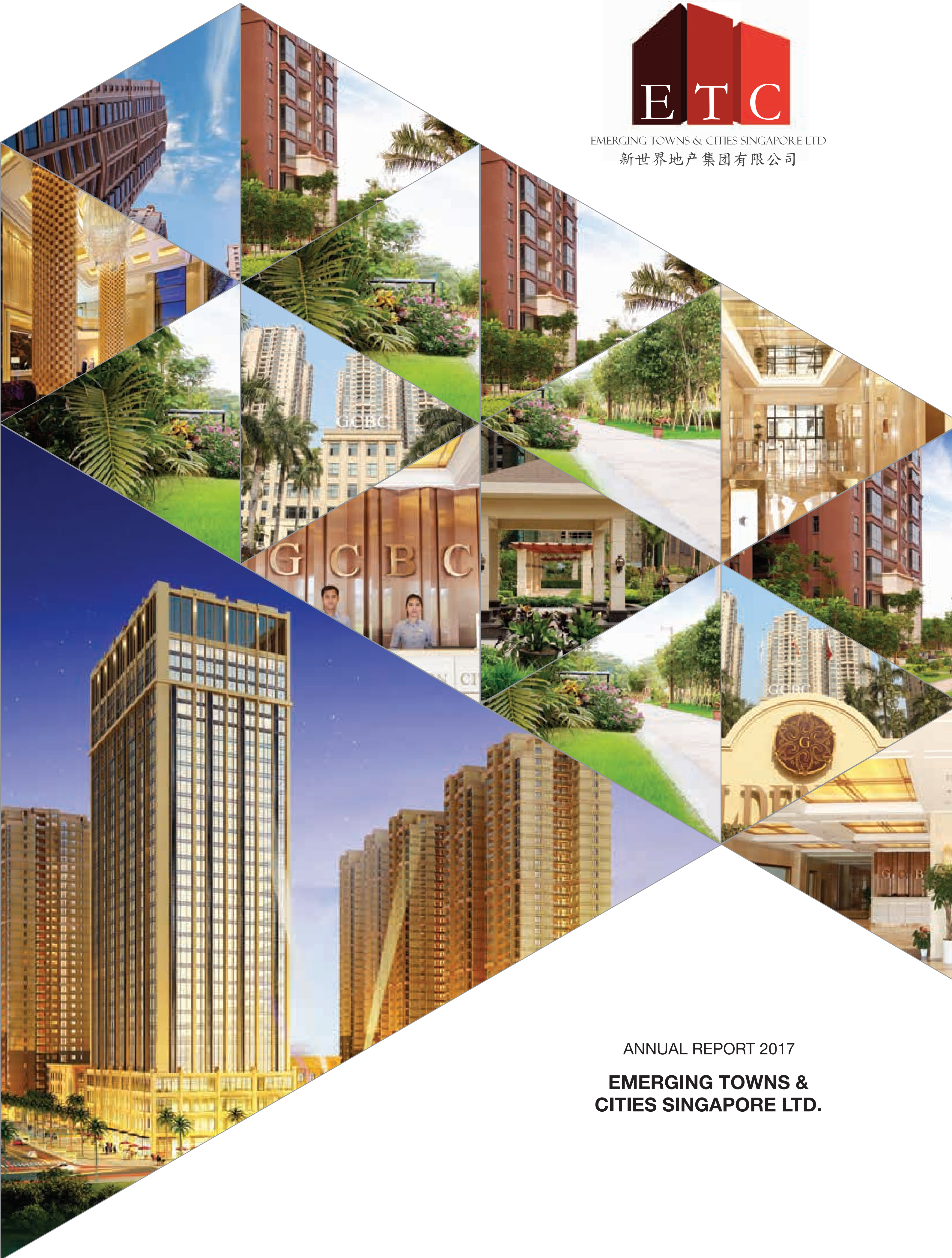
EMERGING TOWNS & CITIES SINGAPORE LTD
新世界地产集团有限公司



ANNUAL REPORT 2017

EMERGING TOWNS & CITIES SINGAPORE LTD.

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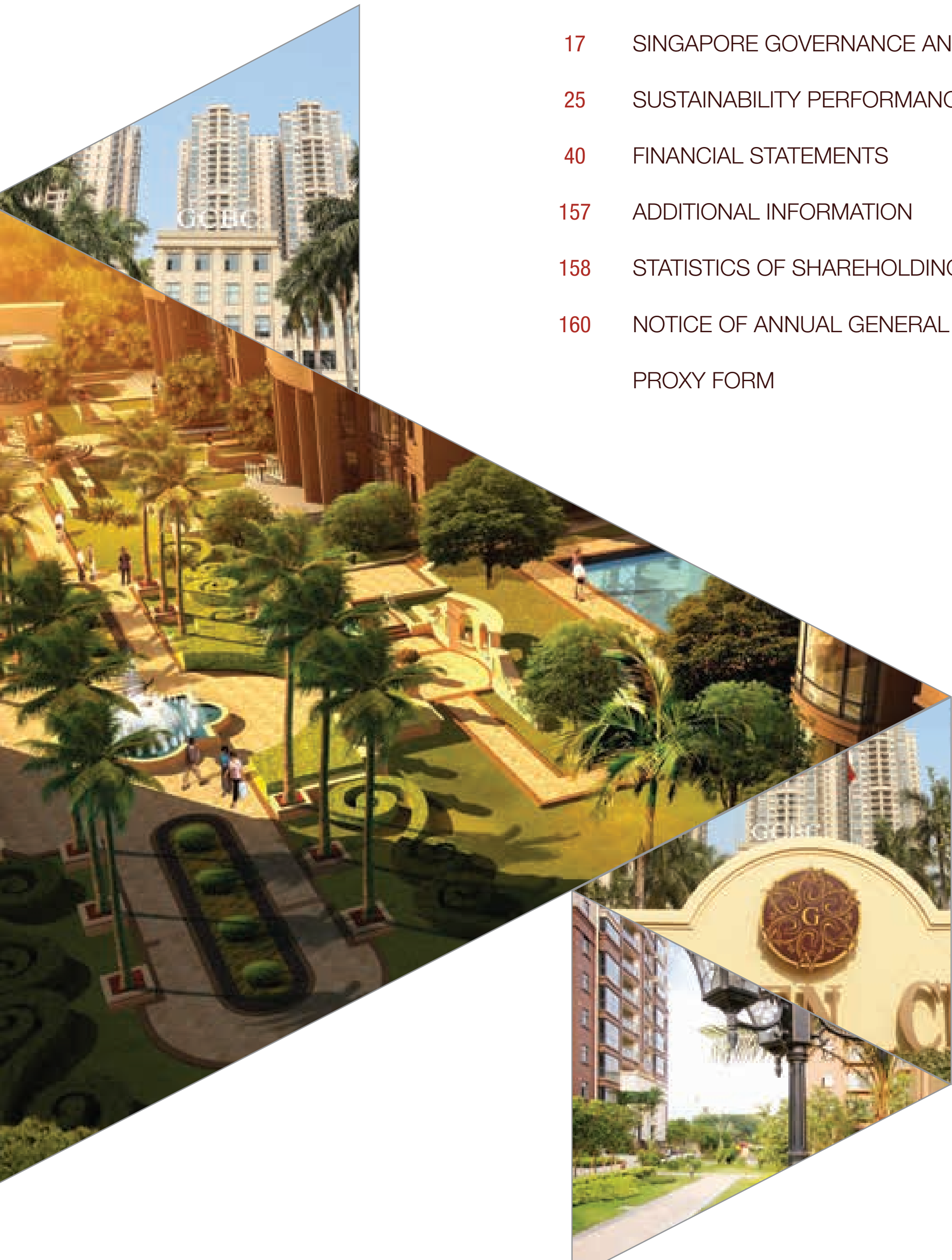

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The details of the contact person for the Sponsor is:
Name: Mr Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.)
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619
Tel: 6381 6757

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. Ready to embark on its next phase of growth, the Company later rebranded itself as ETC Singapore as it embarked on a business strategy focusing on quality real estate assets in emerging markets.

CORPORATE DEVELOPMENTS

Following the Group's first foray into Myanmar with its second development project – Golden City in Yangon – comprised of a two-part acquisition beginning in December 2016 and ending in February 2017, the Group announced on 30 March 2017 the reconstitution of the Board of Directors and Board Committees, signaling fresh beginnings for the newly minted ETC Singapore.

Stemming from the healthy uptake of Phase I and II residential units in the Golden City project, the completion of the D3 acquisition announced on 27 February 2017 raised the Group's equity stake in DAS Pte. Ltd. ("DAS") to 100.0%. With DAS becoming a wholly-owned subsidiary, the Group secured an effective 49.0% stake in the Golden City project, showcasing the expansion of its portfolio in the fast-developing Myanmar property market. Additionally, the Group on 2 October 2017, announced a strategic collaboration with Yoma Bank to introduce 15-year home loan programmes, offering attractive instalment plans to locals looking to own high-end apartments and condominiums in the Golden City project. The collaboration intends to alleviate costs borne by potential buyers, as the Group works toward making high-end luxury living more accessible to locals, as improving standards of living in Myanmar continue to grow.

In a turn of events, the Group on 14 November 2017 requested for the voluntary suspension of trading of its shares in response to the Unauthorised Withdrawals by the then controlling shareholder, Mr Luo Shandong ("Mr Luo"). A total of RMB118.0 million was transferred from Huizhou Daya Bay through the Company's wholly-owned subsidiary Cedar Properties Pte. Ltd. ("CPPL"), to Huizhou Daya Bay Dong Gang Industrial Co., Limited ("Dong Gang") and Hunan Toener Investment Group Co., Limited ("Toener Investment Group"), both of which are controlled by Mr Luo. The Company reacted promptly thereafter by initiating legal proceedings in the People's Republic of China ("PRC") and in Singapore, while a Shareholders' Dialogue to address shareholder concerns was also called on 15 November 2017 in response to the Unauthorised Withdrawals.

Following considerable deliberation, the Company, CPPL and Mr Luo on 18 January 2018, arrived at a Settlement Deed with the following key points: (i) The Company entered into a sale and purchase agreement to sell its 100.0% stake of CPPL to Mr Luo, effectively divesting its stake in the Daya Bay project, (ii) Extension of Mr Luo's Convertible Loan ("CL") by an additional 12 months to 25 April 2019, (iii) Transfer of Mr Luo's full legal and beneficial title of his shares in the Company to Mr Zhu Xiaolin, (iv) Procure Mr Yang Cha's resignation from his position as a director of Huizhou Daya Bay, (v) Ensure the handover of all bank tokens of Huizhou Daya Bay to the Company, (vi) Discontinuance (by the Company) of the Singapore Lawsuit and PRC Proceedings, (vii) Withdrawal by Mr Luo and the Requisitioning Members of the First and Second Requisition Notices respectively.

Promising results soon culminated as the Company, CPPL and Mr Luo complied with the terms as set out in the Settlement Deed. With this episode behind them, the Group has pledged to commit its fullest efforts to put in place all measures necessary to mitigate any potential complications that may arise in the future, while nurturing the prospect of steering the Group back on its growth trajectory.

STRATEGY AND OUTLOOK

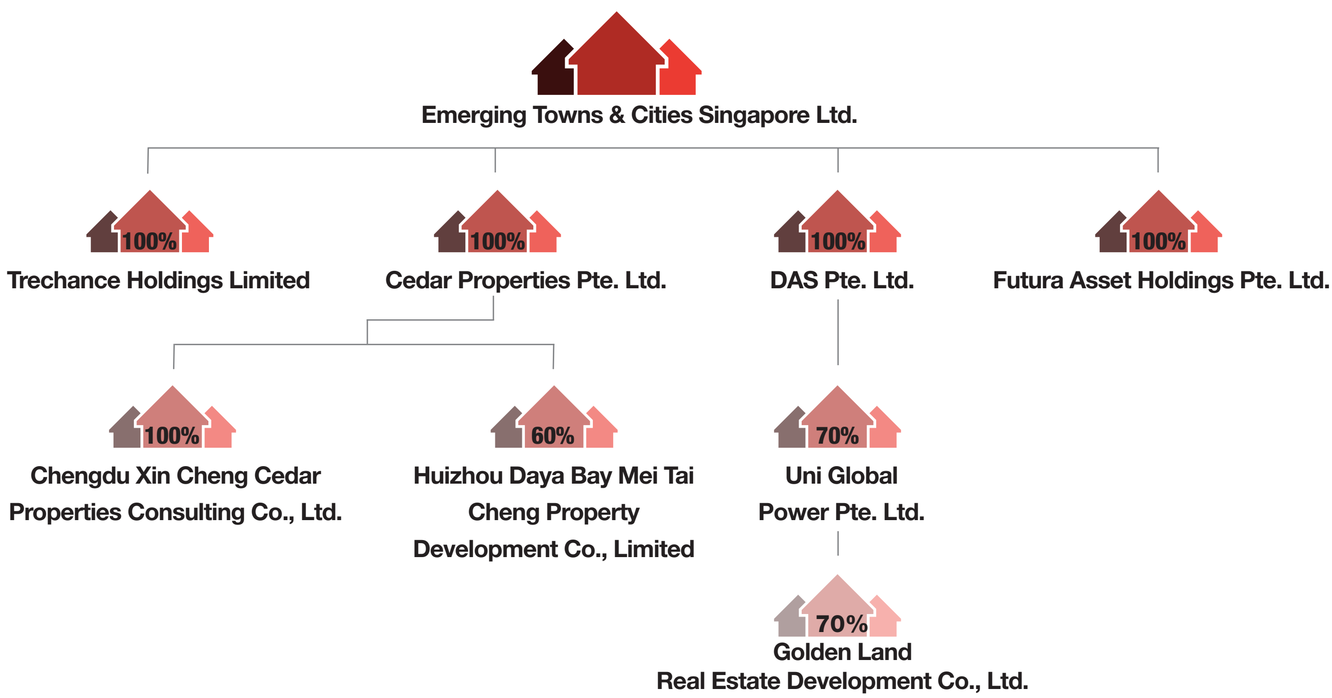
Going forward, the Group intends to continue its focus on property investment and development, executed through a strategy in the following three respects:

a. The Group continues to adopt a two-pronged approach of balancing between long term recurrent rental income and short term development profit to achieve sustainable growth;

b. Given its modest financial ability, the Group intends to maximise profit by prospecting for value accretive investment opportunities within emerging towns and cities;

c. The Group strives toward diversifying and rejuvenating its shareholder structure through attracting investment interests of strategic shareholders with whom it is anticipated will yield potential operational synergies.

GROUP STRUCTURE AS AT 31 DECEMBER 2017



GROUP CHAIRMAN'S STATEMENT

MY FELLOW SHAREHOLDERS

This is my 8th and likely the last letter to you. I have informed the Company that I will not be accepting re-nomination to the Board at the upcoming Annual General Meeting (AGM) in April and will thus retire as the Group's Non-Executive Chairman post AGM. The decision is largely personal but it is also important that the new shareholders be allowed to set their own course without interference from 'history'.

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. I think we did well re-establishing the Company as a credible and viable entity. It was therefore terribly disappointing that we felt we had no choice but to suspend trading again on 20 November 2017.

For those who have not been following the saga closely, we signed a sale and purchase agreement to acquire 60% of Daya Bay from Mr. Luo Shandong on 28 September 2015. It was agreed that an amount of RMB112.0 million owed by Daya Bay to Mr. Luo would be paid at the end of 2017. In early 2017, Mr Luo started having urgent needs for funds and looked towards Daya Bay. For a period of about four months, we tried to resolve the problems. We even agreed, at the beginning, to approve small withdrawals by Mr. Luo as early repayment. However, as the withdrawals became larger, we tried to exercise our rights as the legal representative, without success. As Mr. Luo's demands became more significant, we were faced with the risk of breaching China law, falling foul of preferring one creditor over another and not being able to off-set Mr. Luo's withdrawals against amounts we owed him, which in turn could lead to false accounting, breaches of the Listing Manual and Singapore law. The Board strove to seek a solution until the very last moment, being 14 November 2017, when a lack of disclosure could have rendered our 3rd quarter financial results not 'true and fair' and withdrawals by Mr. Luo threatened to exceed the RMB112.0 million owed to him. Advice from our legal counsel was that the Board could not release the results without making full and frank disclosure and taking action against Mr. Luo. The Board followed this advice. Mr. Luo and others countered by submitting requisitions to remove the Audit Committee Chairman and myself.

Despite the simplified description above, it was clear that the situation without a settlement would have become more, not less complex. This in turn meant that the risk of a false market developing became very significant. Rather than have a trading suspension imposed on us, the Board decided to request a voluntary suspension in trading. We did so reluctantly.

GROUP CHAIRMAN'S STATEMENT

I am pleased that Mr. Luo has since agreed to a settlement. The settlement will see him buy back Daya Bay at an open market value and allow us to offset that consideration against a convertible note he holds. Whilst it means that we will lose an asset, we will also reduce a liability of equal value. The settlement will also see Mr. Luo sell the majority of his shares to several parties. The Board and its advisers believe the settlement is fair.

Hopefully and by the time you read this letter, the danger of a false market will no longer hang over the shares and we will have resumed trading, following our efforts with the relevant authorities. Thus another storm will have been weathered and another challenge met. But it is only right that the new shareholders who have taken on the risk and bought Mr. Luo's shares should decide how to meet the new challenges ahead.

These challenges they face will include a single asset company focused on Myanmar. Regardless of which side of the Rohingya issue you may fall, one must accept that it has caused investment and public perception of Myanmar to change. I believe there are several possible responses, but the choice of response should lie in the hands of those with the most to lose.

I had hoped that when it came time for me to hand over the reins we would have been a company with a market capitalisation of over S$200 million. But I guess in three years, and with a starting base of negative equity, that may have been overly ambitious. It therefore only leaves me to thank you all for your kind words, gestures and support. At the point of writing, the Board is in the midst of prospecting capable individuals that would fill my shoes as your new Chairman and will announce this in due course. I sincerely wish you, management, the new Board and new investors the very best for the future.

Yours Sincerely,

CHRISTOPHER CHONG MENG TAK
Non-Executive Group Chairman &
Independent Director

AUDIT COMMITTEE'S REPORT

DEAR SHAREHOLDERS,

Christopher Chong Meng Tak, Teo Cheng Kwee and I form the Audit Committee, and are pleased to present our Audit Committee Report for the year ended 31 December 2017.

AUDIT COMMITTEE MEMBERSHIPS

Christopher Chong Meng Tak, Teo Cheng Kwee and myself were the only members of and comprise the whole of the Audit Committee as at 31 December 2017. Teo Cheng Kwee was a member of the Audit Committee since 19 September 2016 until Yu Jinzhi took over the role on 30 March 2017. Teo Cheng Kwee was then reappointed as member of the Audit Committee on 1 November 2017 after Yu Jinzhi resigned as a director of the Company on 31 August 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 roles.

KEY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

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

In FY2017, the Audit Committee met formally five 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 released via the SGXNET Corporate Announcement System of 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 2017.
- Review report of audit issues, audit report and management letter points by 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 report of control issues and internal audit report by the internal auditor, Baker Tilly Consultancy (Singapore) Pte Ltd ("Baker Tilly").
- Review of the Enterprise Risk Management ("ERM") report by Baker Tilly and the risk register that was established under the ERM framework.
- 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

AUDIT COMMITTEE'S REPORT

Governance 2012, Rules of Catalist 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.

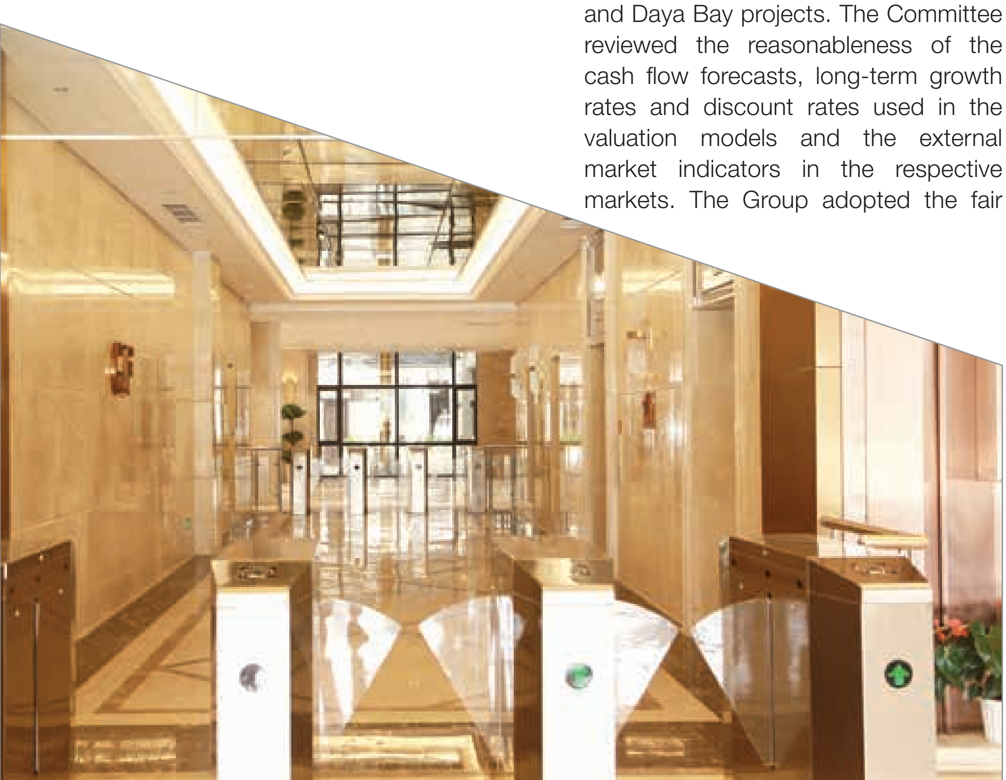
The Chairman and/or the Committee regularly meets with the external and internal auditors without management being present to ensure honest and challenging conversations take place.

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 76 to 82 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. FY2017 is the current audit partner's fifth 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 the objectivity and independence of the auditor.

SIGNIFICANT ACCOUNTING MATTERS OF THE GROUP

During the year, the Committee reviewed the key areas of the management's estimates and judgement applied for key financial issues. This included the valuation of investment properties, the classification of investment properties and the development properties measured at lower of cost and net realisable value, all of which are Key Audit Matters.

With respect to the valuation of the 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, at the Golden City and Daya Bay projects. 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.

Regarding the classification of the investment properties, the Committee considered the approach and methodology in determining whether a property should be classified as investment property, including the various transfers from development properties to investment properties, based on specific facts and circumstances. The Committee also reviewed the adequacy and appropriateness of the disclosure for the investment properties made in the financial statements. The Group's disclosures about the accounting for investment properties is included in Notes 2(a) and 2(d) to the financial statements.

As for the development properties measured at lower of cost and net realisable value, the Committee considered the approach and methodology in determining the estimated net realisable value of the development properties, which is dependent upon the Group's expectations of future selling prices. In making its estimates of future selling prices, the Group takes into account the available recently transacted prices, prices of comparable properties located in the same vicinity as the development project, macroeconomic and real estate price trend. Senior management has applied its knowledge of the business in its regular review of the estimates. The Committee also reviewed the development properties to ensure that they are correctly classified as development property, various transfers from development properties to investment properties for appropriateness and the adequateness of the disclosures made in the financial statements and as set out under Note 2 (d) to the financial statements.

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 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 and Forise International 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 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 Poly metallic 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 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 interest 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 and a Graduate member of the Australian Institute of Company Directors.

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. He is an independent director of PCI Limited listed on the SGX-ST.

Mr Tan was the Group CFO or Financial Controller of various SGX-ST listed companies and unlisted corporations including Golden Orange Materials Pte Ltd from June 2015 to March 2017, 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 member of CPA (Australia), a member of the Australian Institute of Management, a fellow Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

MR TEO CHENG KWEE

Non-Executive Director and a member of the Audit Committee and the Remuneration Committee.
Appointed to the Board on 21 July 2015

Mr Teo is the founder, a former 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 project in Myanmar. Mr Teo's vast experience and acute business acumen has contributed to the Company.

KEY MANAGEMENT

MR JOSEPH LIM
Group Chief Financial Officer
Appointed on 1 October 2015

Mr Lim 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.

Mr Lim 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 member of the Singapore Institute of Directors, a Certified Internal Auditor and a Chartered Financial Consultant.

MR LAI XUE JUN
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 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 TIN IT SAN
Vice President, Group Human Resources & Administration
Appointed on 17 April 2017

Mr Tin oversees the Human Resources, Administration and Information Technology functions of the Group.

Mr Tin has more than 20 years of experience in management, with extensive people development background in public companies listed on SGX-ST. Mr Tin also has wide-ranging experience in operations management, contingency planning and crisis management.

Mr Tin holds a Master of Science in Human Resources Management from Edinburgh Napier University, a Graduate Diploma in Human Resource from the Singapore Institute of Management and a Bachelor of Engineering (Merit) in Mechanical and Production Engineering from Nanyang Technological University. He also has an Advanced Certificate in Training and Assessment (ACTA) awarded by the Workforce Development Agency. Mr Tin is a certified Senior Professional (IHRP-SP) with the Institute for Human Resource Professionals and a certified Strategic Human Resource Business Partner (sHRBP) with the Human Capital Institute.

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. He also led the financing for Golden City and is responsible for maintaining the relationships with the banks.

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 IRWIN ANG CHEE LIONG
Vice President (Quality Assurance)
Appointed on 6 March 2017

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 2017 ("FY2017"), reported a revenue of S$59.3 million to record a net profit of S$4.8 million and net profit attributable to shareholders of S$36,000.

FINANCIAL RESULTS

Revenue for FY2017 was mainly contributed by the sale of property units in the Golden City project of S$33.0 million (55.6% of total revenue), the Daya Bay project of S$23.4 million (39.4% of total revenue) and the rental of Daya Bay holiday apartments and Golden City residential units of S$2.0 million and S$0.9 million respectively. Revenue for FY2016 was contributed by the sale of property units in the Golden City project of S$118.7 million, the Daya Bay project of S$28.8 million and rental of holiday apartments of S$2.0 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. 50 and 135 units (net) were recognised or booked as revenue in FY2017 for the Golden City project and the Daya Bay project respectively. The 399 units of holiday apartments held as investment properties in the Daya Bay project have given us a fixed monthly rental income of RMB2,000 (approximately S$410) per room since December 2015, amounting to S$2.0 million for FY2017 while the investment properties in the Golden City project contributed rental income of S$0.9 million for FY2017.

Gross profit of approximately S$17.0 million was recorded for FY2017, after deducting direct costs (consisting mainly of cost of the property units sold) of approximately S$42.3 million. The gross profit margins for sale of properties for Golden City and Daya Bay projects were approximately 21% and 32% respectively.

Other income increased from S$5.5 million in FY2016 to S$12.2 million in FY2017 mainly due to the fair value gain for the investment properties in the Golden City project. Other income for FY2016 was mainly contributed by recognition of negative goodwill of S$4.9 million arising from the acquisition of 75% equity interests in DAS and fair value gain of S$0.6 million for investment properties in Daya Bay.

Distribution costs of S$8.2 million in FY2017 arose from the sale of property units in the Golden City and the Daya Bay projects, especially the latter with the ramp-up in sales and marketing activities following the new sales launch of the balance units in the project, whilst the distribution costs of S$1.7 million in FY2016 was mainly contributed by the Daya Bay project. These expenses comprise primarily of salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

Administration expenses increased from S$3.4 million in FY2016 to S$10.5 million in FY2017, mainly due to the inclusion of one full year of administrative expenses incurred by the Golden City project in FY2017 following the maiden consolidation of Golden City project's financial performance in 4Q2016 and unrealized exchange losses mainly arising from the Golden City project.

Other operating expenses of S$2.4 million in FY2017 were contributed by the Daya Bay and Golden City projects.

Finance costs of S$1.9 million in FY2017 pertained mainly to interest expenses arising from loans due to a substantial shareholder, interest expenses incurred from bank loans and shareholders' loan and imputed interest expenses (which have no cash flow impact) arising from the interest-free loans from certain related parties of Daya Bay.

OPERATION AND FINANCIAL REVIEW

Taxation increased from tax credit of S$10.6 million in FY2016 to tax expense of $1.3 million in FY2017 mainly due to the lower unwinding of deferred tax liabilities (deferred tax liabilities were recognised 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.

FINANCIAL POSITION

Property, plant and equipment ("PPE") decreased mainly due to depreciation incurred on the PPE. Investment properties increased due to transfer of development properties to investment properties from the Golden City project following the commencement of an operating lease to a 3rd party and fair value gain for these investment properties.

Development properties decreased mainly due to the transfer of development properties to investment properties from the Golden City project following the commencement of an operating lease to a 3rd party as well as the property units sold that were progressively recognised as income upon handover for both the Golden City project and Daya Bay project. The development properties are being recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer. Trade and other receivables increased as property units sold were progressively recognised as income upon handover.

Deferred tax liabilities decreased as the development property units were progressively sold, thereby reducing the deferred tax liabilities recognised for the development properties, partially offset by the recognition of deferred tax liabilities from the fair value gain of the investment properties. Deferred tax liabilities were recognised when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer.

Financial liabilities decreased mainly due to the classification of the convertible loan ("CL") under equity as well as the diminishment of the interest-free loans from certain related parties of Daya Bay in FY2017. As the lender of the CL does not have the right to demand repayment in cash and the Company, in its absolute and sole discretion, can convert the total outstanding amount (principal and interest) at the maturity date into new shares of the Company, into a fixed number of shares at a pre-determined exchange rate and accordingly, the entire CL is considered to be equity. A bank loan of approximately US$14.5 million (approximately S$19.4 million) will mature and be due for repayment on 28 March 2018.

Trade and other payables decreased mainly due to lower trade payables for both projects following payments made to contractors and suppliers. Deposits from customers on purchase of development properties increased due to the sales of development properties from both projects where revenue have yet to be recognised as the units sold have yet to meet the revenue recognition criteria.

The accumulated loss of the Group has been written off following completion of the capital reduction of S$112.0 million on 3 January 2017. This resulted in a corresponding reduction in the share capital, partially offset by the issue of new shares arising from the exercise of warrants, conversion of the CL and acquisition of the remaining shares in DAS. The increase in capital reserve

OPERATION AND FINANCIAL REVIEW

and equity component of CL arose from the classification of the CL under equity. As the lender of the CL does not have the right to demand repayment in cash and the Company, in its absolute and sole discretion, can convert the total outstanding amount (principal and interest) at the maturity date into new shares of the Company, into a fixed number of shares at a pre-determined exchange rate and accordingly, the entire CL is considered to be equity.

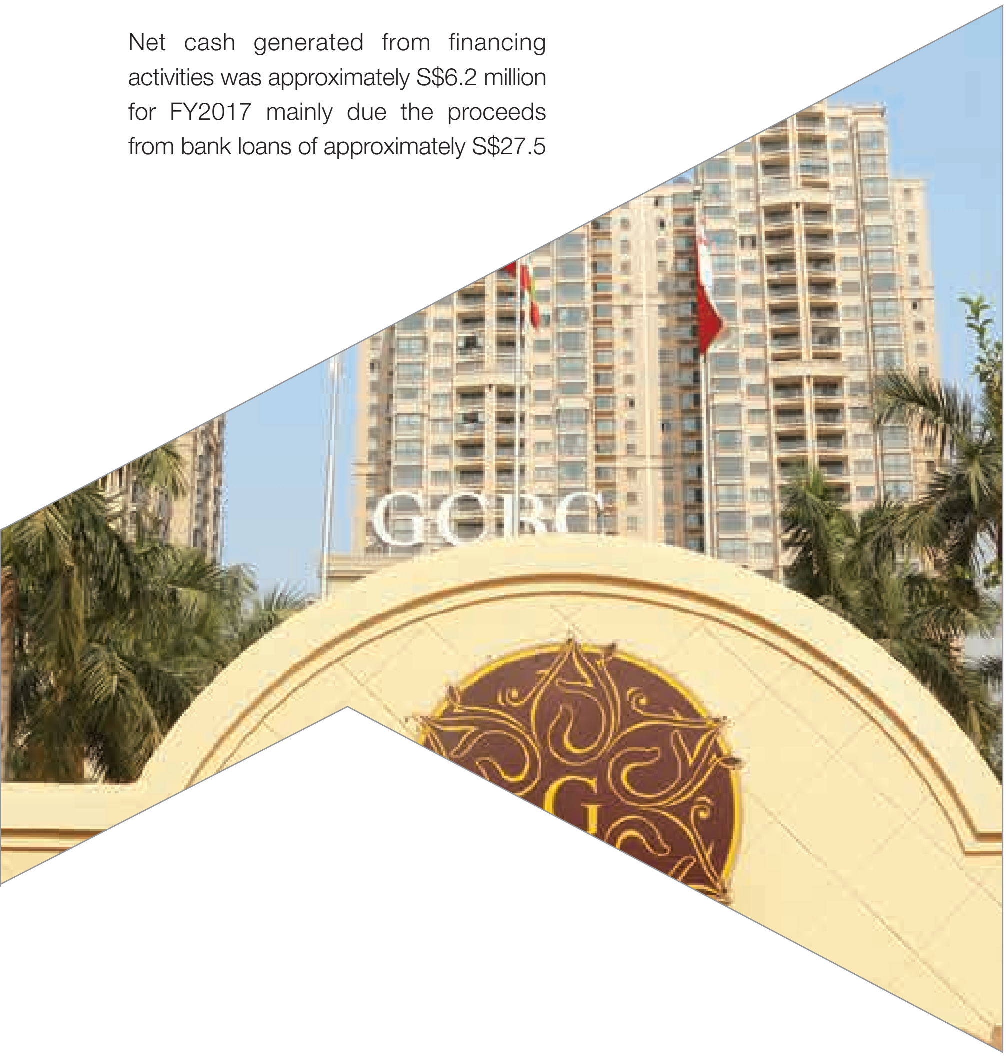
CASH FLOW

Net cash generated from operating activities was approximately S$4.0 million for FY2017 due mainly to the changes in working capital.

Net cash used in investing activities was approximately S$6.3 million for FY2017 mainly due to interest paid and purchase of property, plant and equipment.

Net cash generated from financing activities was approximately S$6.2 million for FY2017 mainly due the proceeds from bank loans of approximately S$27.5 million and issue of shares arising from warrant conversion of S$3.8 million partially offset by reduction in loans and repayment of bank loans amounting to approximately S$23.9 million and S$0.8 million respectively.

	Sales value (USD million)	No. of units	Total floor area ('000 sq ft)
Sold (SPA signed & stated at gross)	191.9	535	729.4
Unsold (incl. deposit received but contract not signed)	209.7	535	758.4
Total	401.6	1,070	1,487.8
Notified and handed over	95.0	230	383.5
Notified, but not handed over	11.1	25	43.6
Total sold and recognised in P&L, net of discount	106.1	255	427.1



GOLDEN CITY

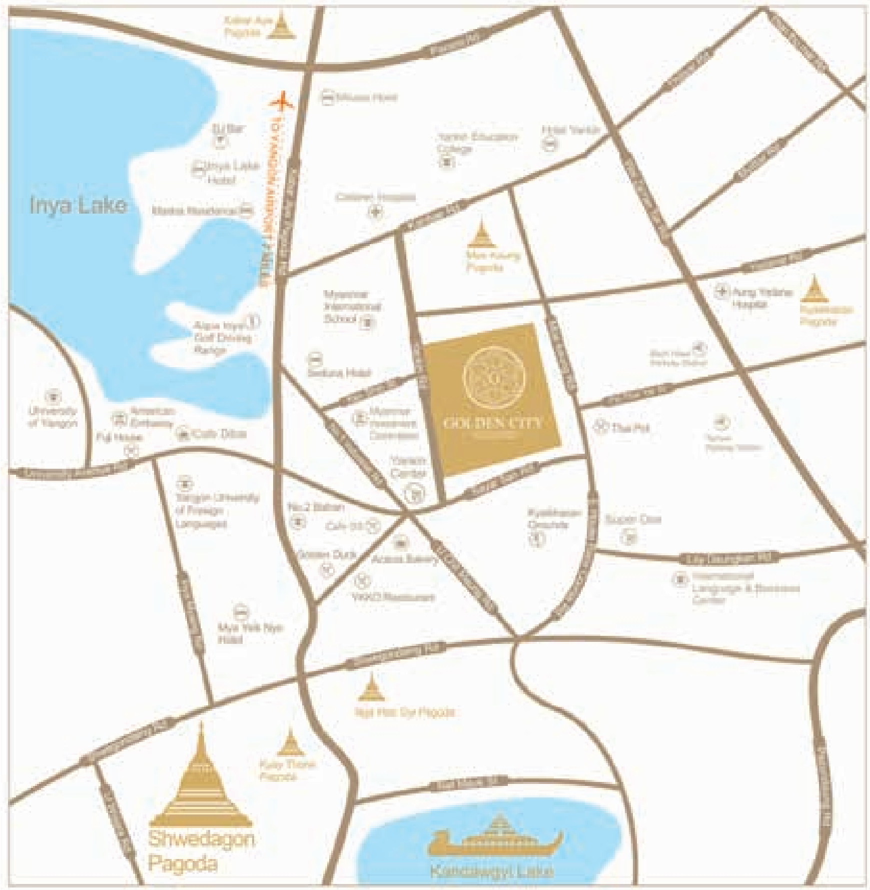
Through two acquisition phases completed on 20 December 2016 and 27 February 2017 respectively, ETC Singapore has, through its wholly-owned subsidiary, DAS, acquired an effective 49.0% equity stake in Golden Land Real Estate Development Company Limited ("Golden Land") for an aggregate consideration of 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. Located in its vicinity are prestigious real estate and lifestyle amenities, including five-star hotels, fine dining restaurants, international schools, hospitals, embassies, and office headquarters of prominent international corporations (e.g. Telenor, Unilever, MIC, LG, Petronas, Bangkok Bank, Keppel).

The development of this brownfield project consists of four distinct phases, with the initial two phases comprising residential blocks, while the final two

OPERATION AND FINANCIAL REVIEW

	Sales value (RMB million)	No. of units	Total floor area ('000 sq ft)
Notified and handed over	398.6	608	296.8
Notified, but not handed over	40.8	76	35.7
Total sold and recognized in P&L	439.4	684	332.5



phases being set aside for other uses including commercial space. As at 31 December 2017, the construction of the first phase has been completed, while the sales for the first two phases, having commenced in March 2014 and 1H2015 respectively, are ongoing. Average selling price of the residential units amounts to US$260 per square feet, with the majority of buyers being affluent locals.

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

DAYA BAY

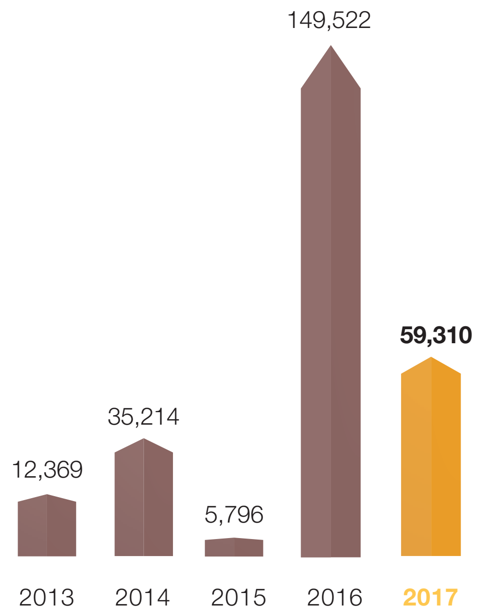
On 4 November 2015, ETC Singapore had, through its wholly-owned subsidiary Cedar Properties Private Limited ("CPPL"), acquired 60.0% of the registered capital of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("Daya Bay"), for an aggregate consideration of RMB48.0 million.

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 had been completed and the handover of the apartments for sale to purchasers commenced in 3Q2015.

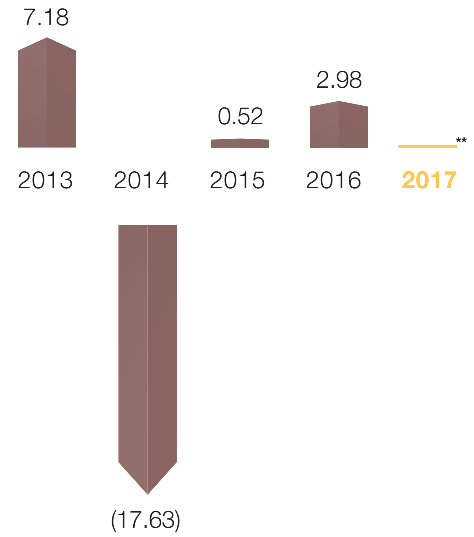
With reference to the Settlement Deed in relation to the Unauthorised Withdrawals, the Group entered into a sale and purchase agreement on 18 January 2018 with the then controlling shareholder Mr Luo Shandong ("Mr Luo") to sell CPPL, effectively divesting its stake in the Daya Bay project for a total consideration of RMB81.0 million. On 15 March 2018, the shareholders of the Company approved the interested person transaction in connection with the proposed disposal of CPPL. The consideration was satisfied by ETC Singapore setting off an equivalent sum from the amount (both principal and interest) outstanding under the CL from Mr Luo on completion.

FINANCIAL SUMMARY

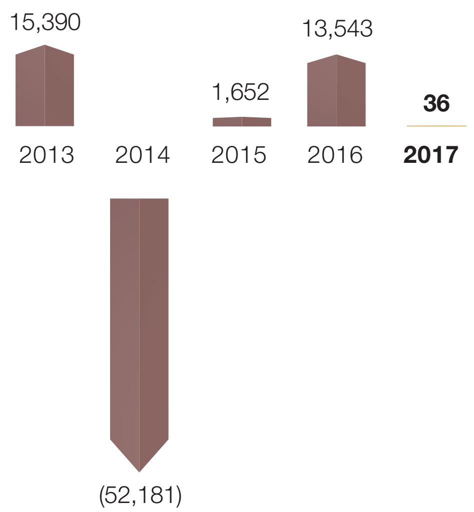
REVENUE
(S$'000)



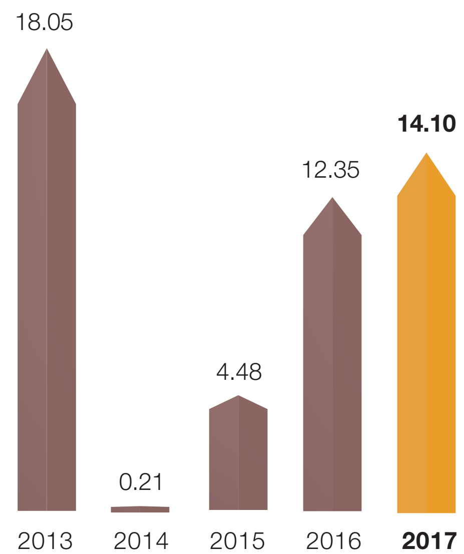
BASIC EARNINGS/(LOSS) PER SHARE*
(cents)



PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS (S$'000)



NET TANGIBLE ASSETS PER SHARE*
(cents)



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

** Less than 0.01

FINANCIAL YEAR REVIEW

Decrease in Revenue
FY2017 contributed by Golden City project S$33.9 million (57.2%) and Daya Bay project S$25.3 million (42.7%) whilst FY2016 contributed by Golden City project S$118.7 million (79.3%) and Daya Bay project S$30.8 million (20.6%)

Decrease in Gross Profit
The gross profit margins for Golden City and Daya Bay projects were approximately 21% and 32% respectively

Increase in Other Income
1. FY2017 – Fair value gain in investment properties (Golden City project)
2. FY2016 – negative goodwill of approximately S$4.9 million (Golden City project)

Increase in Distribution Costs
Arose from the sale of property units in the Golden City and the Daya Bay projects, especially the latter with the ramp-up in sales and marketing activities following the new sales launch of the balance units in the project

Increase in Administrative Expenses
Mainly due to inclusion of one full year of administrative expenses incurred by the Golden City project in FY2017 following the maiden consolidation of Golden City project's financial performance in 4Q2016

Increase in Other Operating Expenses
Mainly due to other operating expenses contributed by Daya Bay project

Increase in Finance Costs
Mainly due to interest expenses arising from loans due to a substantial shareholder and interest expenses incurred from bank loans obtained during the year

Increase in Taxation
Mainly due to lower unwinding of deferred tax liabilities

Net cash generated from operating activities was approximately S$4.0 million for FY2017 due mainly to the changes in working capital.

Net cash used in investing activities was approximately S$6.3 million for FY2017 mainly due to interest paid and purchase of property, plant and equipment.

Net cash generated from financing activities was S$6.2 million for FY2017 mainly due the proceeds from bank loans of approximately S$27.5 million and issue of shares arising from warrant conversion of S$3.8 million partially offset by reduction in loans and repayment of bank loans amounting to approximately S$23.9 million and S$0.8 million respectively.

Financial Performance (S$'000)

	Group	
	FY2017	FY2016
Revenue	**59,310**	149,522
Cost of sales	**(42,275)**	(124,397)
Gross profit	**17,035**	25,125
Other income	**12,237**	5,537
Distribution costs	**(8,244)**	(1,656)
Administrative expenses	**(10,528)**	(3,447)
Other operating expenses	**(2,444)**	(159)
Finance costs	**(1,942)**	(1,597)
Profit before taxation	**6,114**	23,803
Taxation	**(1,295)**	10,555
Profit for the year	**4,819**	34,358

Cashflow (S$'000)	Group	
	FY2017	FY2016
Net Cash generated from Operating Activities	**4,023**	14,723
Net Cash used in Investing Activities	**(6,284)**	(33,918)
Net Cash generated from Financing Activities	**6,168**	31,684
Net increase in Cash and Cash Equivalents	**3,907**	12,489
Deposits pledged to financial institutions	**(3,977)**	(2,469)
Cash and Cash equivalents at 1 January	**10,308**	254
Exchange differences on translation of Cash and Cash equivalents at 1 January	**641**	34
Cash and Cash Equivalents at 31 December	**10,879**	10,308

FINANCIAL YEAR REVIEW

Mainly due to transfer of development properties to investment properties from the Golden City project following the commencement of an operating lease to a 3rd party and fair value gain for these investment properties

Mainly due to the transfer of development properties to investment properties from Golden City project following the commencement of an operating lease to a 3rd party as well as the property units sold were progressively recognised as income upon handover for both Golden City and Daya Bay projects

Increased as property units sold were progressively recognised as income upon handover

Mainly due to completion of the capital reduction of S$112.0 million on 3 January 2017

Arose from the classification of the convertible loan under equity

Outstanding warrants have expired on 9 June 2017

Mainly due to foreign currency translation differences in overseas operations

Mainly due to the classification of the convertible loan under equity as well as the diminishment of the interest-free loans from certain related parties of Daya Bay in FY2017.

Mainly due to lower trade payables for both projects following payments made to contractors and suppliers

Mainly due to the sales of development properties from both projects which revenue have yet to be recognised as the units sold have yet to meet the revenue recognition criteria

Financial Position (S$'000)

	Group			Company		
	FY 2017	FY 2016	FY 2015	**FY 2017**	FY 2016	FY 2015
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	**5,509**	7,929	1,376	**42**	87	121
Investment Properties	**95,594**	61,350	57,868	**-**	–	–
Subsidiaries	**-**	–	–	**45,269**	34,228	100
Total Non-Current Assets	**101,103**	69,279	59,244	**45,311**	34,315	221
Current Assets						
Development Properties	**208,521**	246,225	36,854	**-**	–	–
Trade and Other Receivables	**26,340**	25,170	3,359	**35,822**	2,372	1,239
Cash and Cash Equivalents	**21,072**	16,524	4,001	**3,395**	3,624	119
	255,933	287,919	44,214	**39,217**	5,996	1,358
Total Assets	**357,036**	357,198	103,458	**84,528**	40,311	1,579
EQUITY						
Capital and Reserves:						
Share Capital	**43,126**	131,618	95,459	**43,126**	131,618	95,459
Capital Reduction Reserve	**15,998**	15,998	15,998	**15,998**	15,998	15,998
Equity Component of Convertible Loan Reserve	**29,886**	–	–	**29,886**	–	–
Capital Reserve	**24,249**	2,278	2,278	**4,057**	–	–
Revaluation Reserve	**299**	–	–	**-**	–	–
Share Option Reserve	**632**	243	–	**632**	243	–
Warrant Reserve	**-**	2,879	2,879	**-**	2,879	2,879
Exchange Fluctuation Reserve	**(3,998)**	(44)	2	**-**	–	–
Accumulated Profit/(Loss)	**14,150**	(98,400)	(111,943)	**(10,887)**	(118,993)	(115,975)
Equity attributable to equity holders of the Company	**124,342**	54,572	4,673	**82,812**	31,745	(1,639)
Non-Controlling Interests	**11,364**	39,626	9,613	**-**	–	–
Total Equity	**135,706**	94,198	14,286	**82,812**	31,745	(1,639)
LIABILITIES						
Non-Current Liabilities						
Provision for Site Restoration	**30**	30	30	**30**	30	30
Deferred Tax Liabilities	**31,447**	34,177	9,836	**-**	–	–
Financial Liabilities	**20,700**	61,021	22,227	**-**	7,229	–
Accrued Land Lease Premium	**17,573**	23,087	–	**-**	–	–
Total Non-Current Liabilities	**69,750**	118,315	32,093	**30**	7,259	30
Current Liabilities						
Financial Liabilities	**24,397**	26,831	–	**-**	–	–
Accrued Land Lease Premium	**8,024**	4,074	–	**-**	–	–
Trade and Other Payables	**43,584**	62,129	37,251	**1,686**	1,307	3,188
Deposits from Customers for Sale of Development Properties	**71,388**	48,542	17,444	**-**	–	–
Current Tax Payable	**4,187**	3,109	2,384	**-**	–	–
Total Current Liabilities	**151,580**	144,685	57,079	**1,686**	1,307	3,188
Total Liabilities	**221,330**	263,000	89,172	**1,716**	8,566	3,218
Total Equity and Liabilities	**357,036**	357,198	103,458	**84,528**	40,311	1,579

CORPORATE MILESTONES

- 4 NOV '15 — Acquisition of Daya Bay project
- 24 NOV '15 — Release of Special Audit
- 31 MAR '16 — Resumption of Trading
- 19 SEP '16 — Completion of Rights Issue
- 21 NOV '16 — Closure of Special Audit
- 5 DEC '16 — Completion of Share Consolidation
- 20 DEC '16 — Completion of Phase I Acquisition of Golden City project
- 3 JAN '17 — Completion of Capital Reduction

- 25 JAN '17 — Convertible Loan from Controlling Shareholder
- 27 FEB '17 — Change of Company Name to "Emerging Towns & Cities Singapore Ltd"
- 27 FEB '17 — Completion of Phase II Acquisition of Golden City project
- 5 JUN '17 — Grant of awards under the Performance Share Plan to Group Employees
- 2 OCT '17 — Strategic Collaboration with Yoma Bank
- 14 NOV '17 — Voluntary Suspension of Trading in relation to Legal Action in respect of Unauthorised Withdrawals from Daya Bay (the "Unauthorised Withdrawals")
- 18 JAN '18 — Settlement Deed in relation to the Unauthorised Withdrawals
- 15 MAR '18 — Completion of the Proposed Disposal of Cedar Properties

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? 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?	3	3	
	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**
A.	**Nominating Committee**			
	Number of members in the committee			
	Number of independent members in the committee	1	1	
	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			
	Number of independent members in the committee	1	1	
	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**
A.	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 FY2017.
	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? 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**
B.	**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:			

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK				
Sections	**Questions**	**Self Assessment**	**Maximum Points Possible (Maximum)**	**Reasons For Not Achieving Maximum Points**
C.	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	
	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?	0	1	Shares issued under the Company's PSP in 2017 were vested immediately.
	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	9	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?	1	2	The audit committee comprised of 2 independent directors and a non-executive director.
	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**
D.	**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?	1	1	
	Is there an assurance from the CEO and the CFO regarding the effectiveness of the company's risk management and internal control systems?			
	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	9	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**
E.	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 discloses 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	2	3	As the Board requires that the results be checked by the Auditors prior to announcement, it is highly unlikely that the Group's results will be announced within 30 days.
	Results release date			
	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 checked 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**
E.	**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	91	100	

SUSTAINABILITY PERFORMANCE STATEMENT

BOARD MESSAGE

Dear Stakeholders,
2017 marked a year of huge change for the company. On 27 February 2017, the Company made the decision to rebrand 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.

Through the years of our business operations, we have learnt that businesses do not operate in silos and that true success is determined by the value that is created for all stakeholders. As such, we are committed to work closely with our stakeholders to understand their concerns and ensure that their interests are protected.

In 2015, countries around the world adopted a set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agency. These goals, known as The United Nations Sustainability Development Goals, are specific targets that the UN hopes to achieve over the next 15 years. In order for these goals to be reached, it requires the effort of everyone to do their part.

As a Group, we are committed to contribute to the achievement of The United Nations Sustainability Development Goals. Starting in 2017, our board focused on 3 of the sustainable development goals and introduced initiatives to address them.

This year, we reviewed our compensation and welfare policies and introduced an anti-harassment policy to ensure a safe work environment for everyone. Internally at our offices, we also moved from using hard copy pay slips to issuing e-pay slips to employees in an effort to reduce waste. In terms of business partnerships, we also collaborated with Yoma Bank in order to provide more affordable housing financing options to the locals in Myanmar.

Our new corporate identity highlights our commitment to ensuring sustainable business practices within our organisation. Moving forward, we hope to introduce more initiatives and create greater value for our stakeholders and for us to progress towards being a better global citizen.

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

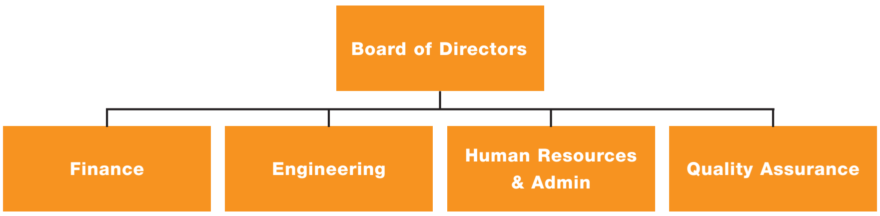
ABOUT THIS REPORT

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Emerging Towns & Cities Singapore Ltd. ("ETC Singapore"), previously Cedar Strategic Holdings Ltd, is a Singapore-based investment holding company that invests in the real estate industry. ETC Singapore's activities mainly include property development and/or property development related investments, with its notable development being its flagship Golden City project in Yangon, Myanmar.

In line with the annual report, the scope of this sustainability report covers the financial year from January 2017 to December 2017. It has been prepared in accordance to the Core option of the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), the widely adopted global standard for sustainability reporting. Unless otherwise stated, the report covers the Economic, Social and Governmental (ESG) performance of ETC Singapore's activities across its properties and investments in Myanmar and China. This report forms part of ETC Singapore's Annual Report for FY2017 and can be viewed or downloaded from http://investor.etcsingapore.com/home.html/. As part of our continued efforts to improve ourselves, we welcome stakeholders to submit any feedback or suggestions to etc@financialpr.com.sg.

OUR SUSTAINABILITY TEAM

The Corporate Sustainability Agenda is headed by the Board of Directors and driven by the Department Heads and middle management team from Finance, Engineering, Human Resources & Admin and Quality Assurance.



Our Vision
Building 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 stakeholders' value through sustainable business practices.
- Offer employees competitive benefits, a safe work environment and honouring their rights as our employees.
- Empowering our communities to advance and prosper.
- Protect limited resources and actively seek ways to reduce our environmental footprint.

SUSTAINABILITY PERFORMANCE STATEMENT

HIGHLIGHTS OF 2017

Timeline of 2017

27 February 2017
We change our name to Emerging Towns & Cities Singapore Ltd ("ETC Singapore")

5 June 2017
Granted awards consisting of 2,261,000 shares to employees under the Employee Performance Share Plan.

2 October 2017
Partnered with Yoma Bank to provide more affordable housing financing.

15 November 2017
Organised our first Shareholders Dialogue Session

STAKEHOLDER ENGAGEMENT

As our business grows and crosses boundaries, our impact on society increases and we are increasingly accountable to a widening stakeholder base to conduct our business operations in a responsible manner.

We understand the importance of communication and continuously seek to engage in frequent and open two-way communication with all our stakeholders. Through our efforts, we aim to gain a better understanding of the different concerns regarding our business operations, and in doing so assist us in ensuring that all decision-making is in line with our goal of progressing towards being a better global citizen.

Official Visits

GOVERNMENTS AND REGULATORY AUTHORITIES

Means of engagement:

Yearly – Annual reports and sustainability reports

Ad-Hoc – Official visits and engagements, industry networking functions

Key areas of concern: Compliance with relevant regulatory standards, sustainable development and investment plans, sustainable economic growth.

Employee Training

EMPLOYEES

Means of engagement:

Yearly – Performance appraisal

Perpetual – Platforms for submission of feedback

Ad-Hoc – Dialogue sessions with senior management

Key areas of concern: Compensation and welfare benefits, opportunities for professional development and fair employment practices.

SUSTAINABILITY PERFORMANCE STATEMENT

Golden City Strategic Co-operation Conference 2017

SHAREHOLDERS, CREDITORS, AND ANALYSTS

Means of engagement:

Yearly – Annual reports and annual general meetings

Quarterly – Quarterly performance announcements

Ad-Hoc – Shareholders' dialogue sessions and extraordinary general meetings

Key areas of concern: Return on investment and potential growth, timely and accurate financial reporting, proper risk management and corporate governance.

Visit to Aung Chan Thar Monastic Education School

LOCAL AND GLOBAL COMMUNITY

Means of engagement:

Perpetual – On-line and off-line feedback forms and community outreach initiatives.

Key areas of concern: Sustainable business practices and contributing back to the local community.

MATERIALITY ASSESSMENTS

Materiality assessments are a crucial component that contributes to our progress in achieving business sustainability.

We follow a three-step approach in the execution of our materiality assessment. It is designed and executed based on the AA1000 Accountability Principles of Inclusivity and Materiality, as well as the Global Reporting Initiative (GRI) Principles for Defining Report Content – stakeholder inclusiveness, sustainability context, materiality and completeness.

Step 1: Identification of key stakeholders and their key areas of interest.

Step 2: Evaluation of interests in terms of the influence on stakeholders and the significance of its economic, social and environmental impact.

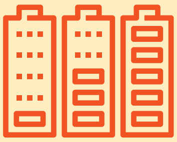
Step 3: Concurrence by all members of Key Management and Board of Directors.

Through these assessments, we were able to prioritize and determine the key areas of stakeholders' concern that require our immediate attention and action. The graph illustrates the results of the materiality assessment conducted for financial year 2017.

SUSTAINABILITY PERFORMANCE STATEMENT

MATERIALITY

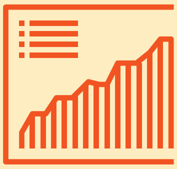
Through working group sessions involving the management and executives, we considered and assessed the topics that the stakeholders and the Group are concerned with and which could potentially impact the long-term sustainability of our business.

Material Aspect	Why is it material to us?	How does it relate to stakeholder concerns?	What are we doing to address this?
Economic Dimensions			
Direct and Indirect Economic Impact 	As a company that engages in property investment and property development, we belong to an industry that is inherently risky. In addition to the immense capital commitment required for each project that we take on, there is also a time delay prior to us reaping the returns of our investment. As such, the risk for each project has the potential to transcend into other aspects of our business operations and affect the viability of our business. We acknowledge that our business and operations have a vast effect on society as a whole. The property development business involves many different parties, from our creditors, investors, contractors and governments. Any risk that we take presents a risk to all these stakeholders who rely on us to ensure that our business is properly managed and economically viable.	As a business, we are held accountable to those who transact directly with us. This includes, our creditors, investors, employee, suppliers and regulatory institutions. It is in the interest of these stakeholders to ensure that our business is economically viable and growing so that we are able to discharge our duties and obligations.	We adopt a balanced and dynamic approach to risk management and have implemented policies and procedures group wide to ensure that the risk is properly managed throughout the entire business. Additionally, our Board and Management, who are very experienced in their relevant fields, are highly involved in the operations of the company. This helps to ensure that every aspect of operations is adequately monitored and managed.
Environmental Dimensions			
Resource Usage 	The property development process lies at the heart of the production of the built environment. We rely on finite resources such water, land, energy, concrete and wood which are critically important to our operations. As a business that relies so critically on these resources in order to operate and grow, we have a moral obligation to monitor and reduce our consumption. Additionally, monitoring and managing our resource usage can also help us to better manage our costs in the long term.	Globally, the real estate industry consumes over 40% of energy and other natural resources. The rate and extent of this consumption has put a strain on the supply of these resources. It is in the best interests of citizens of planet Earth that we properly manage our usage of resources so as not to deplete the Earth of these resources and deprive future generations of their right and access to these resources.	We have implemented policies that require our contractors to reduce their usage of finite resources and instead rely on environmentally friendly materials. We also acknowledge that managing resource usage starts from the design to the furnishing stages and have chosen to fit our buildings with environmentally friendly fittings.

SUSTAINABILITY PERFORMANCE STATEMENT

Material Aspect	Why is it material to us?	How does it relate to stakeholder concerns?	What are we doing to address this?
Social Dimensions			
Employee Attraction and Retention 	Our staff and employees are the heart of our business. The success that we have achieved today could not have been accomplished without a workforce of dedicated, passionate and talented individuals. In order to sustain and ensure the continued success of our business, it is important that we are able to retain these talented individuals while also attracting more of such individuals to join our company.	Happy and motivated employees translate to improved performance at work which in turn benefits the overall performance of the company.	We acknowledge that employees' compensation package plays a great deal in influencing an employee's decision to work in a company. As such, we continuously review and update our compensation and welfare package to ensure that it is competitive and on par with industry standards. Additionally, we seek to create a safe and respectful workplace through various policies that are implemented in the company. Our goal is to become a preferred employer and a place where our employees enjoy working.
Community Involvement and Partnerships 	We believe that businesses do not operate in silos. Throughout the years, we have been blessed with the continued support of the people in Myanmar and China and it is their support that has enabled us to achieve the success that we have now. Our company is fully aware of the social consequences of our operations and seek to express our gratitude by contributing back to the community.	Giving back to the community is very important to all of our stakeholders. It is a reflection of the values and beliefs of our company and senior management.	We are on the continuous lookout for opportunities to partner with local businesses to benefit the local community.

SUSTAINABILITY PERFORMANCE STATEMENT

Material Aspect	Why is it material to us?	How does it relate to stakeholder concerns?	What are we doing to address this?
Governance Dimensions			
Ethics and Business Conduct 	We are committed to conducting our business activities with integrity and respect for the society. Being a good corporate citizen requires a strong foundation in business ethics and a commitment to maintain a balance of our financial and non-financial performance dimensions. As such, we understand the importance of having strong corporate governance and are committed to continuously working towards achieving even higher standards of governance than what's mandatorily required.	An organisation without a system of corporate governance is akin to a body without a soul or conscience. Our investors have invested financial resources in us and with that, have placed their trust in us to properly manage the business. Besides investors, other stakeholders, such as our competitors, regulators and the community in general, trust that we will conduct our business ethically. Lastly, employees are also concerned and desire to work for a company with values that align with their own.	We are continuously seeking to improve corporate governance within our organisation. Our management has implemented a Code of Conduct that employees of all levels are expected to abide by. Aside from that, we also hold zero tolerance for corruption and have a whistle blowing policy to complement our anti-corruption policy. Additionally, our company also complies with the Code of Corporate Governance.
Regulatory Compliance 	As a business with operations in Singapore, Myanmar and China, we are required to comply with the regulations set in these countries. The regulatory landscape is extremely dynamic and it is extremely important to us to ensure that our operations are compliant with regulations. Any failure to do so could result in financial and legal consequences and in the worst-case scenario, could threaten the continuity of our business.	It is important to our stakeholders that we comply with all regulations so that our operations can continue smoothly and that we are able to fulfil all our obligations.	We conduct extensive due diligence on all our investments prior to investment to ensure that we are kept abreast of regulatory requirements. We also engage a dedicated legal counsel with the required experience and specialisation in the various jurisdictions that we operate in.

SUSTAINABILITY PERFORMANCE STATEMENT

ELEMENTS FOR SUSTAINABILITY

Based on the materiality aspects that have been identified, we have categorised them into the 4 pillars that contribute to our sustainability strategy.

SUSTAINABILITY PERFORMANCE STATEMENT

ECONOMIC SUSTAINABILITY

What are we doing?

Our commitment to economic sustainability can be exemplified by 2 main beliefs – "Prudence and Purposeful" and "Less is More". These beliefs, set by our highly involved and experienced management, are what helps us to achieve our goals.

Prudent and Purposeful

We pride ourselves on being prudent and purposeful in everything that we do. Our stakeholders rely on us to ensure that our business activities are conducted with due care and consideration for the interest of everyone involved.

We adopt a balanced approach to risk management based on the following principles:

a. All risks should be carefully evaluated, balanced with an equal proportion of rewards while being in line with the company's strengths and strategic goals.

b. No risk should be so significant as to endanger other projects or the operations of the business as a whole.

c. Safety and compliance are of utmost importance and should never be compromised.

Our risk management policies and procedures have been formulated with these principles in mind. We take on a systematic approach whenever we consider new investment or development plans. All our projects are supported by in-depth due diligence studies.

As our business activities are mainly in emerging economies, we are exposed to a high level of legal and regulatory risk. As such, our due diligence process consists of both legal and financial aspects. We also conduct feasibility studies to ensure that all business plans are viable. By collaborating with local partners and engaging a dedicated legal counsel, we are also able to ensure that all projects can be smoothly executed in line with the regulatory requirements of the jurisdictions that we operate in. Additionally, we also actively manage our risk by only investing in countries where our Board are familiar with.

Less is More – Setting realistic targets

In our organisation, we place a huge emphasis on setting realistic targets. We are always seeking to stretch ourselves and to challenge our business to reach new heights while remaining committed to ensure that this growth is stable and sustainable. Besides our rigorous risk management processes, it is also of upmost importance to us that targets set are realistic and achievable.

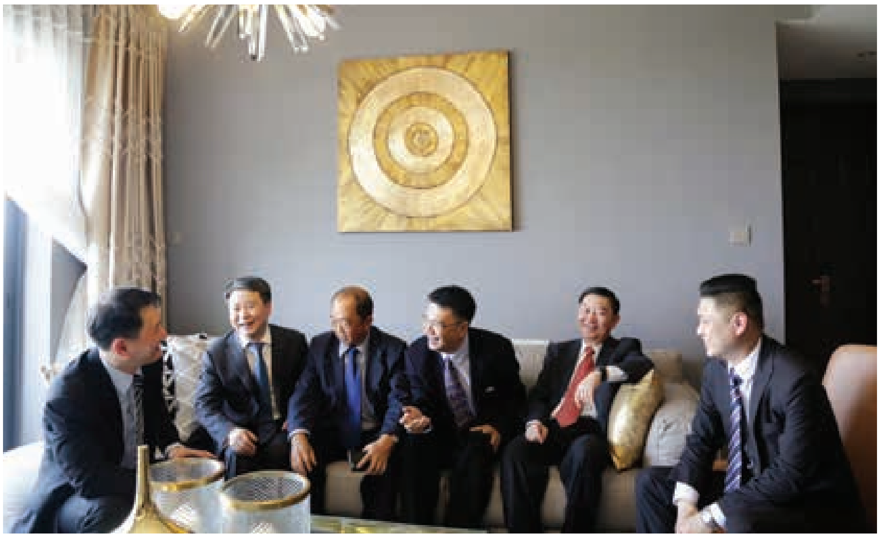
Budgets, forecasts, project plans (including timelines and milestones) are set on a yearly basis. They are made with consideration of the current business climate and that of the predictable future. Hence, we adopt a dynamic approach to our target setting. Our financial targets are reviewed on a periodic basis to ensure that all targets set are relevant and achievable.

Management and Board

Our ability to set realistic targets and lead the company towards success can be accredited to our highly involved and experienced management team.

With years of experience combined in their respective fields, our management team is well equipped with the necessary skills and knowledge to perform their roles effectively. Our management team works closely with our Board of Directors, who are equally experienced and hail from diverse backgrounds, to make strategic and operational decisions for the Group.

Periodic meetings are held at least 4 times a year to update the Board on both operational, investment and development plans. Additional meetings will be scheduled as and when important decisions need to be made. All decisions are made after careful consideration and approval from all parties of the management or Board.



Informal Board Meeting

SUSTAINABILITY PERFORMANCE STATEMENT

ENVIRONMENTAL STEWARDSHIP

What are we doing?

In line with the United Nations Sustainability Development Goals, the main aim of our environmental initiatives is to exercise responsible production and consumption. Our commitment to this goal will apply to all activities conducted at our development sites and administrative offices.

Environmental Impact Assessment

100% of our projects are supported by an Environmental Impact Assessment

Environmental Impact Assessments are an assessment of all environmental consequences, both positive and negative, of a plan or project. It is used as a tool to assist decision makers on whether or not to move forward with a proposed action. Conducting a full scale environmental impact assessment is a compulsory requirement prior to the execution of any of our projects.

Monitoring contractors

While the company is not directly involved in the construction of the properties, we work closely with our contractors and sub-contractors in order to introduce environmentally friendly initiatives in the construction process.

At present, we have managed to implement the following policies that are enforced on our contractors and sub-contractors:

1. All key contractors and suppliers are required to adhere to environmental related regulations and best practices.

External View of Golden City, Yangon, Myanmar

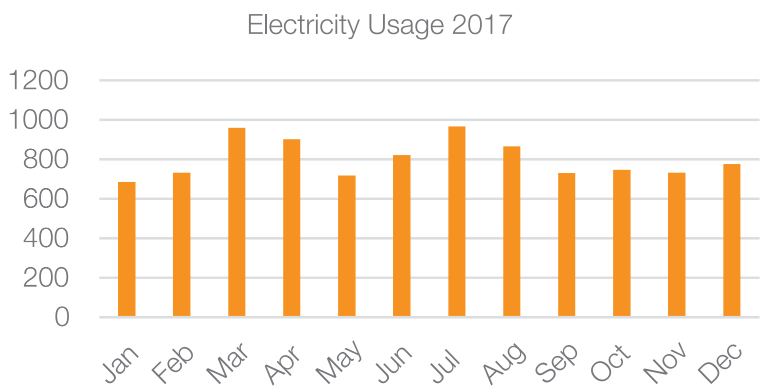
2. Renovation sub-contractors must utilize environmentally friendly materials that are supported with a quality and environmental certification.

Our project management team also makes it a point to visit the construction sites to enforce and remind our contractors of these policies.

Environmentally friendly furnishings

The key to ensuring environmental sustainability relies on good design and also environmentally friendly furniture and fittings. For our Golden City project, the entire buildings were fitted with energy efficient LED bulbs instead of the regular florescent bulbs. Furthermore, LED bulbs do not cause heat build-up, thus it has also helped us to reduce electricity expended on air conditioning.

We also commenced electricity usage tracking for our Singapore office in 2017.



SUSTAINABILITY PERFORMANCE STATEMENT

Waste Management

Reduce
At our office, we are moving towards being "paperless" and conducting as many activities that we can online. Instead of printing out hard copy pay slips, we now rely on e-pay slips that are sent directly to the employee's email with effect from December 2017.

Reuse
Our employees are highly encouraged to reuse pieces of paper whenever possible.

Recycle
We highly encourage recycling in the office. We have installed a recycling corner next to all our printing facilities to encourage our staff to recycle any waste paper from daily business activities.

WHAT'S NEXT?
Moving forward, we hope to achieve the following:

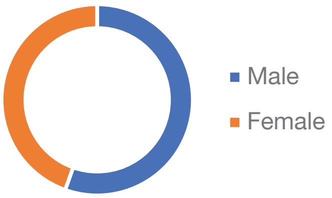
- Introduce at least 1 environmentally friendly initiative at our development sites that will help to reduce the environmental impact of the construction process
- Install LED lights in all future development projects
- Move more paper-generating activities online to reduce paper usage

PEOPLE AND COMMUNITY CENTRIC

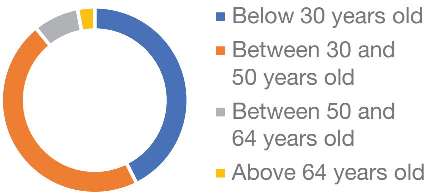
What are we doing for our employees?
Fair employment practices
We believe that talent can be harnessed in any individual regardless of age, gender or ethnicity. As such, we take a meritocratic approach to our employment policy and are highly committed to only hiring personnel based on their qualifications and experience.

We have a staff strength of 101 employees, with an almost equal proportion of both genders. We are also proud of our diverse talent who are primarily from Singapore, China and Myanmar.

Distribution of workforce by gender



Distribution of workforce by age



Competitive Compensation and welfare packages
According to a report published by the Society of Human Resource Management, the second most important factor that contributes to employees' satisfaction is compensation and benefits.

Compensation
Employees' remuneration are set in line with their qualifications and experience. In jurisdictions where minimum wages are applicable, we always ensure that compensation meets or exceeds the minimum wage requirement.

Our goal is to provide compensation packages that are in line with industry standards. We review our compensation packages on a yearly basis to ensure that they stay relevant.

Welfare Benefits
Staff welfare is of utmost importance to us. We always ensure that the benefits provided to staff are aligned with current employment regulations.

Social Security Schemes
We actively contribute to our employees' Social Security Schemes which can be used to help finance their housing, medical bills and retirement expenses.

Leave Benefits
In addition to annual leave, we also provide for parental leave for our employees.

Country	Parental Leave Entitlement
Singapore	12 weeks (Mothers) 2 weeks (Fathers)
Myanmar	14 weeks (Mothers)
China	98 days (Mothers)

Safe and Respectful workplace
We are committed to cultivating a safe and respectful work environment for all our employees. We have a zero-tolerance policy towards workplace harassment. Our anti workplace harassment policy, implemented in 2017, aims to protect both genders against any form of workplace harassment.

Adequate training
It is important to us that our employees receive adequate training for professional development. We seek to ensure that sufficient training is given to all our employees.

Collaboration with Local Partners
In 2017, the company forged a strategic collaboration with Yoma Bank in order to provide more affordable financing options to locals in Myanmar. This collaboration has thus opened up opportunities for the locals to acquire high-end residential units. Additionally, with rental yields in

SUSTAINABILITY PERFORMANCE STATEMENT

excess of 10%, our Golden City project is an attractive investment that generates above average returns compared to the other high-end residential projects in the area. 20 of our buyers are currently under this program.

Community work/Donations

Giving back to the community is a huge part of how we express our gratitude to the community. In 2017, we organised a visit to the orphanage and made donations to several non-profit organisations.

Donation Date	Donation title	Amount (MMK)
Jun-17	Donation to Aung Chan Thar Monastic Education School	3,206,358
Jul-17	Donation for Global Chinese Chamber of Commerce	20,000,000
Nov-17	Donation for ASEAN Dragon Boat Tournament	10,000,000
Dec-17	Donation for YCDC Art Performance	5,000,000
	Total	**38,206,358**

What's next?

Moving forward, we hope to be able to

- Increase average training hours per employee by 25%
- Organise at least 1 community involvement event in 2018

SUSTAINABILITY PERFORMANCE STATEMENT

STRONG CORPORATE GOVERNANCE

What are we doing?

Code of Corporate Governance
Our company complies with the Code of Corporate Governance.

* This section will only cover key statistics. For a detailed description of our compliance with the Code of Corporate Governance, please refer to page 41 to 68 of the 2017 Annual Report.

33% of our Board, including the Chairman, are independent

Annual review and evaluation of Board's independence and overall performance

Annual evaluation of overall business risks based on COSO ERM – Integrated Framework

3 Board Committees, all chaired by Independent Directors

Annual review of all operating controls based on COSO Framework

SUSTAINABILITY PERFORMANCE STATEMENT

Internal Policies

Code of Ethics
Our company strives to achieve ethical balance in our business dealings. As such, in 2015, we developed a Code of Ethics that sets out the guidelines and practices that all directors, officers and employees are expected to understand, internalise and abide by.

These guidelines aim to advocate the following:

1. Management and staff understand that they are responsible and accountable for their own actions.
2. Dealing honestly towards our investors, customers, sub-contractors, suppliers and other stakeholders, and not engaging in misleading or deceptive conduct.
3. Treating all persons with dignity and in a manner that provides equal access and/or opportunity to all and which prevents harassment or discrimination.
4. Respecting and complying with all applicable laws, regulations and local customs relating to behavioural and ethical practices, including consumer protection, trade practices, local social norms and operational health & safety matters.
5. Where possible avoiding conflict of interest and resolve them in a transparent manner and in the best interests of the Group.

The underlying principle of the Code of Ethics is that we expect our management and our staff to act with integrity towards all. We constantly review and update our Code of Ethics to ensure our business is conducted in an ethical manner and in compliance with best practices.

Anti-corruption policy
Our company strategy is to focus on the real estate markets in emerging countries. Our current developments are located in Huizhou, China and Yangon, Myanmar. These two countries have CPI Scores of 40 and 24 respectively, implying greater vulnerability to corruption.

We do not tolerate corruption and have anti-corruption policies that are implemented group wide. We also strictly monitor activities and remind employees of our zero tolerance towards corruption.

Whistle Blower Policy
On top of a whistle blower policy, there are also guidelines on conflict of interest declarations, share trading and anti-corruption and bribery.

Our policy encourages an employee to report suspicious activities through our anonymous feedback platform, without fear of reprisals.

Open and Transparent Communication with Investors

We are accountable to our shareholders and as such are committed to disclosing and distributing all information to our investors in a comprehensive, user friendly, timely and accurate manner.

We value our shareholders opinions and have introduced platforms, such as the feedback portal on our website, to obtain their feedback and inquiries. In 2017, we received 9 inquiries from the platform and responded to all of them within 1 working day.

Our Shareholders' Dialogue session on 15 November 2017 marked our first foray into a more interactive and engaging approach to updating shareholders on ongoing developments in the Company. The session also included a Q&A session with Board members.

Update on unauthorised withdrawals at Daya Bay.

In 2017, instances of unauthorised transfers were uncovered from our subsidiary Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited.

We have since arrived at a settlement with Mr Luo. Pursuant to the settlement deed, the following steps have been completed as at 15 March 2018:

1. Disposal of Cedar Properties Pte. Ltd.
2. 12-month Extension of Convertible Loan Agreement with Mr Luo
3. Mr Luo's transfer of majority of his shares in the Company to Mr Zhu Xiaolin
4. Resignation of Mr Yang Cha as Director of Huizhou Daya Bay
5. All bank tokens of Huizhou Daya Bay have been handed over to the Company
6. Cessation of legal proceedings

For more details on the settlement deed, please refer to http://investor.etcsingapore.com/newsroom.html

SUSTAINABILITY PERFORMANCE STATEMENT

GRI CONTENT INDEX

GRI Standards	Disclosure No.	Disclosure Title	Cross-Referenced Sections	Page
1. Organizational profile	Disclosure 102-1	Name of the organization	Corporate Profile	Cover Page
	Disclosure 102-2	Activities, brands, products, and services	Corporate Profile	01
	Disclosure 102-3	Location of headquarters	Corporate Profile	01
	Disclosure 102-4	Location of operations	Corporate Profile	01
	Disclosure 102-5	Ownership and legal form	Corporate Profile	01
	Disclosure 102-6	Markets served	Corporate Profile Operation and Financial Review	01 09 – 12
	Disclosure 102-7	Scale of the organization	Operation and Financial Review	09 – 12
	Disclosure 102-8	Information on employees and other workers	Sustainability Performance Statement – People and Community Centric	34
	Disclosure 102-9	Supply chain	Group's Chairman Statement	02 – 03
	Disclosure 102-10	Significant changes to the organization and its supply chain	Group's Chairman Statement	02 – 03
2. Strategy	Disclosure 102-14	Statement from senior decision-maker	Group's Chairman Statement	02 – 03
3. Ethics and integrity	Disclosure 102-16	Values, principles, standards, and norms of behaviour	Sustainability Performance Statement – Our Vision and Mission	25
4. Governance	Disclosure 102-18	Governance structure	Sustainability Performance Statement – Our Sustainability Team	25
5. Stakeholder engagement	Disclosure 102-40	List of stakeholder groups	Sustainability Performance Statement – Stakeholder Engagement	26 – 27
	Disclosure 102-42	Identifying and selecting stakeholders	Sustainability Performance Statement – Stakeholder Engagement	26
	Disclosure 102-43	Approach to stakeholder engagement	Sustainability Performance Statement – Stakeholder Engagement	26 – 27
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	Disclosure 102-47	List of material topics	Materiality Assessments	27
	Disclosure 102-48	Restatements of information	None during the reporting period.	–
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	Disclosure 102-50	Reporting period	Sustainability Performance Statement – About this report	25
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	Disclosure 205-2	Communication and training about anti-corruption policies and procedures	Sustainability Performance Statement – Internal Policies	37
	Disclosure 205-3	Confirmed incidents of corruption and actions taken	Sustainability Performance Statement – Internal Policies	37
GRI 205: Anti-Corruption	Disclosure 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None during the reporting period.	–
GRI 302: Energy	Disclosure 302-1	Energy consumption within the organization	Sustainability Performance Statement – Environmental Stewardship	33
	Disclosure 304-2	Significant impacts of activities, products, and services on biodiversity	Sustainability Performance Statement – Environmental Stewardship	33
GRI 307: Environmental Compliance	Disclosure 307-1	Non-compliance with environmental laws and regulations	None during the reporting period	–
GRI 405: Diversity and Equal Opportunity	Disclosure 405-1	Diversity of governance bodies and employees	Sustainability Performance Statement – People and Community Centric	34
GRI 406: Non-discrimination	Disclosure 406-1	Incidents of discrimination and corrective actions taken	Sustainability Performance Statement – People and Community Centric	35
GRI 407: Freedom of Association and Collective Bargaining	Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No indication of occurrence during the reporting period	–
GRI 408: Child Labour	Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labour	No indication of occurrence during the reporting period	–
GRI 409: Forced or Compulsory Labour	Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No indication of occurrence during the reporting period	–
GRI 413: Local Communities	Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Performance Statement – Environmental Stewardship	33
	Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability Performance Statement – Environmental Stewardship	33
GRI 415: Public Policy	Disclosure 415-1	Political contributions	Sustainability Performance Statement – People and Community Centric	35
GRI 416: Customer Health and Safety	Disclosure 416-1	Assessment of the health and safety impacts of product and service categories	No indication of occurrence during the reporting period	–
	Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		–
GRI 417: Marketing and Labelling	Disclosure 417-1	Requirements for product and service information and labelling	No indication of occurrence during the reporting period	–
	Disclosure 417-2	Incidents of non-compliance concerning product and service information and labelling		–
	Disclosure 417-3	Incidents of non-compliance concerning marketing communications		–
GRI 418: Customer Privacy	Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No indication of occurrence during the reporting period	–
GRI 419: Socioeconomic Compliance	Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	No indication of occurrence during the reporting period	–

FINANCIAL CONTENTS

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 23 March 2018 (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;

CORPORATE GOVERNANCE REPORT

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 2017 ("**FY2017**") is tabulated below:

Directors' Attendance at Board, Board Committee Meetings and other Additional Meetings held during the financial year ended 31 December 2017

	Board of Directors	**Audit Committee**	**Nominating & Corporate Governance Committee**	**Remuneration Committee**
Number of Meetings per Charter	4	4	2	2
Number of Meetings Held	7	5	1	2

CORPORATE GOVERNANCE **REPORT**

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]	5[A]	1	2
Tan Thiam Hee	7[B]	5 (attended as invitee)	1 (attended as invitee)	2 (attended as invitee)
Zhu Xiaolin[1]	6[C]	4[C] (attended as invitee)	–[C]	1[C] (attended as invitee)
Wong Pak Him Patrick	7[D]	5 (attended as invitee)	1 (attended as invitee)	2 (attended as invitee)
Peter Tan	7[E]	5	1	2
Yu Jinzhi[2]	3[F]	2[F]	–[F]	1[F]
Teo Cheng Kwee[3]	6[G]	5 (attended as invitee)[G]	1	2 (attended as invitee)[G]

A Attended 2 Board of Directors' Meetings and 1 AC Meeting via teleconference.

B Attended 1 Board of Directors' Meeting via teleconference.

C Attended 2 Board of Directors' Meetings and 1 AC Meeting via teleconference. As Mr Zhu Xiaolin was only appointed as a Director on 30 March 2017, he did not attend any Board, Board Committee Meetings or other Additional Meetings held prior to his appointment.

D Attended 1 Board of Directors' Meeting via teleconference.

E Attended 1 Board of Directors' Meeting via teleconference.

F Attended 2 Board of Directors' Meetings, 2 AC Meetings and 1 RC Meeting via teleconference. As Mr Yu Jinzhi was only appointed as a Director on 30 March 2017 and resigned on 31 August 2017, he did not attend any Board, Board Committee Meetings or other Additional Meetings held prior to his appointment or after his resignation.

G Attended 2 Board of Directors' Meetings, 1 AC Meeting and 1 RC Meeting via teleconference. As Mr Teo Cheng Kwee stepped down as a Member of AC, RC and NCGC on 30 March 2017 and was only re-designated as a Member of AC and RC on 1 November 2017, he attended 2 AC Meetings and 1 RC Meeting as an invitee between 30 March 2017 and 1 November 2017.

Notes:

1. 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.
2. Appointed as an Independent Director of the Company and a Member of AC and RC on 30 March 2017. Resigned as an Independent Director of the Company, stepped down as a Member of AC and RC on 31 August 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. Announcement in relation to cessation of appointment as an Independent Director was released via SGXNET on 31 August 2017.
3. Stepped down as a Member of AC, RC and NCGC on 30 March 2017 and re-designated as a Member of AC and RC on 1 November 2017. Announcements in relation to the reconstitutions of the Board and Board Committees were released via SGXNET on 30 March 2017 and 1 November 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.

CORPORATE GOVERNANCE REPORT

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 a Director with no prior experience as a director of listed companies in Singapore and who was appointed on 30 March 2017, has attended 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
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.

CORPORATE GOVERNANCE REPORT

Pursuant to its review of the Board's size for FY2017, the NCGC is of the view that the Board's size of six 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 ("**Group CEO**"), an immediate family member of the Group CEO 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.

CORPORATE GOVERNANCE REPORT

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 CEO, Group President ("**Group President**") and Group Chief Financial Officer ("**Group CFO**") 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 Group 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, an Independent Director, a Non-Executive Director, an Executive Director/Group CEO, an Executive Director/Group President and an Executive Director. In addition, the Company also has a Group CFO 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.

CORPORATE GOVERNANCE REPORT

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 Group CEO is engaged in the overall management of the Group. The Group 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 Group 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 Group 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 Group CFO also assists the Group CEO in the day-to-day management of the Group.

The Board is of the view that the roles of the Non-Executive Group Chairman, other Independent Director, Executive Director/Group CEO, Executive Director/Group President, Executive Director and Group CFO 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.

CORPORATE GOVERNANCE REPORT

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	26 April 2017
Wong Pak Him Patrick	Executive Director	21 July 2015	15 December 2015
Peter Tan	Independent Director	24 June 2015	26 April 2017
Teo Cheng Kwee	Non-Executive Director	21 July 2015	26 April 2017

Note:

1. On 30 March 2017, Mr Zhu Xiaolin was appointed as an Executive Director and Group President.

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 and Mr Peter Tan do not have any relationships, including immediate family relationships, with the other Directors, the Company, its related corporations or its 10% shareholders and are deemed to be independent of the Group and its management.

CORPORATE GOVERNANCE REPORT

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	GLG Corp Ltd. ASL Marine Holdings Ltd. Forise International Limited	Singapore O&G Ltd. Ying Li International Real Estate Limited Koon Holdings Limited Lorenzo International Ltd. Koda Ltd.	Director of ACH Investments Pte Ltd	11,082,200 ordinary shares[1]	N.A.
Tan Thiam Hee	Nil	GPS Alliance Holdings Limited Koon Holdings Limited	Executive Director and Group Chief Executive Officer of ETC	360,000 ordinary shares[2]	N.A.
Zhu Xiaolin	Nil	Nil	Executive Director and Group President of ETC	169,410,864 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	Nil	N.A.[5]	N.A.
Teo Cheng Kwee	Nil	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 interests in 2,000,000 options granted under the CSH Employee Share Option Scheme 2009.
2. Mr Tan Thiam Hee has interests in 5,000,000 options granted 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 interests in 2,000,000 options granted under the CSH Employee Share Option Scheme 2009.
5. Mr Peter Tan has interests in 2,000,000 options granted under the CSH Employee Share Option Scheme 2009.
6. Mr Teo Cheng Kwee has interests in 2,000,000 options granted under the CSH Employee Share Option Scheme 2009.

CORPORATE GOVERNANCE **REPORT**

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 ("**AGM**") 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.

Based on the above, Mr Christopher Chong Meng Tak and Mr Wong Pak Him Patrick are required to retire pursuant to Regulation 87 of the Company's Constitution at the forthcoming AGM.

It be noted that Mr Wong Pak Him Patrick has given his consent to stand for re-election as a Director of the Company at the forthcoming AGM. The NCGC and the Board has recommended Mr Wong Pak Him Patrick, who shall be retiring pursuant to Regulation 87 of the Company's Constitution at the forthcoming AGM to be re-elected. Mr Christopher Chong Meng Tak has indicated that he will not be seeking re-election at the forthcoming AGM. Mr Peter Tan has also indicated that he will be retiring and will not be seeking re-election at the forthcoming AGM.

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 NCGC was last re-constituted on 30 March 2017. The AC and the RC were last re-constituted on 1 November 2017.

CORPORATE GOVERNANCE REPORT

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 objectives and targets 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.

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
Teo Cheng Kwee	Non-Executive 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, Group CEO, Group President and Group CFO;

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 AGM. 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 74 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$260,000 for the financial year ending 31 December 2019, which are to be paid quarterly in arrears, will be recommended to the shareholders for approval at the forthcoming AGM. 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$285,000 for the financial year ended 31 December 2018 and Directors' fees of an additional S$30,000 for the financial year ending 31 December 2017 have been approved by the shareholders during the last AGM held on 26 April 2017. It was also noted that Directors' fees of approximately S$206,000 for the financial year ended 31 December 2017 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 exceeds S$50,000 during the year is an immediate family member 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 FY2017 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$600,000 – S$699,999				
Tan Thiam Hee[1]	–	72.12	27.88	100
Between S$300,000 – S$399,999				
Zhu Xiaolin[2]	–	96.13	3.87	100
Between S$200,000 – S$299,999				
Wong Pak Him Patrick[3]	–	76.52	23.48	100
Between S$100,000 – S$199,999				
Christopher Chong Meng Tak[4]	64.92	–	35.08	100
Peter Tan[5]	55.23	–	44.77	100
Between S$0 – S$99,999				
Teo Cheng Kwee[6]	43.39	–	56.61	100
Yu Jinzhi[7] (Appointed on 30 March 2017 and resigned on 31 August 2017)	100	–	–	100

Notes:

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

1. Directors' remuneration for FY2017 was S$648,929.
2. Directors' remuneration for FY2017 was S$309,960.
3. Directors' remuneration for FY2017 was S$215,636.
4. Directors' fees paid for FY2017 were S$138,636.
5. Directors' fees paid for FY2017 were S$108,636.
6. Directors' fees paid for FY2017 were S$85,910.
7. Directors' fees paid for FY2017 were S$18,946.

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)	–	75.83	24.17	100
Lai Xuejun (SVP & Regional GM – Myanmar)	–	77.58	22.42	100
Between S$100,000 – S$199,999				
Yang Cha (Group CDO) (Appointed on 8 December 2015 and resigned on 1 March 2018)	–	77.55	22.45	100
Li Bo (VP (Sales & Marketing) & Regional Sales & Marketing Director – Myanmar)		76.98	23.02	100
William Lau (VP (Investment) & Regional CFO – Myanmar)	–	80.66	19.34	100
Between S$0 – S$99,999				
Zhou Lin (COO) (Appointed on 1 September 2016 and resigned on 1 March 2017)	–	90.74	9.26	100

Note:

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

The total remuneration paid to the top key management personnel (who are not Directors or the Group CEO) in FY2017 is S$977,420.

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 CEO or Substantial Shareholders of the Group.

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
Teo Cheng Kwee	Non-Executive 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 2017. In accordance with Rule 1204(6) of the Catalist Rules, the audit fees paid to Foo Kon Tan LLP for their audit services in FY2017 are S$170,000 (excluding disbursements and GST).

Foo Kon Tan LLP was also appointed in FY2017 to audit the accounts of the Company, its subsidiaries and its significant associated companies, if any. 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 AGM.

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 FY2017. 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.

The significant matters considered by the AC during the financial year ended 31 December 2017 are detailed below, alongside the actions taken by the AC to address these matters.

Significant Matters	Action
Valuation of investment properties	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 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. 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 2017, as referred to on page 77 of this Annual Report.
Classification of investment properties	The AC considered the approach and methodology in determining whether a property should be classified as investment property, including the various transfers from development properties to investment properties, based on specific facts and circumstances. The AC reviewed the adequacy and appropriateness of the disclosure for the investment properties made in the financial statements. The Group's disclosures about the accounting for investment properties is included in Notes 2(a) and 2(d) to the financial statements. The classification 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 2017, as referred to on pages 78 and 79 of this Annual Report.
Development properties measured at lower of cost and net realisable value	The AC considered the approach and methodology in determining the estimated net realisable value of the development properties, which is dependent upon the Group's expectations of future selling prices. In making its estimates of future selling prices, the Group takes into account the available recently transacted prices, prices of comparable properties located in the same vicinity as the development project, macroeconomic and real estate price trend. Senior management has applied its knowledge of the business in its regular review of the estimates. The AC reviewed the development properties to ensure that they are correctly classified as development property, various transfers from development properties to investment properties for appropriateness and the adequateness of the disclosures made in the financial statements and as set out under Note 2(d) to the financial statements. The development properties measured at lower of cost and net realisable value 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 2017, as referred to on page 79 of this Annual Report.

CORPORATE GOVERNANCE REPORT

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.

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 Consultancy (Singapore) Pte Ltd ("**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 conducts its 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.

CORPORATE GOVERNANCE REPORT

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.

In 2017, instances of unauthorised withdrawals were uncovered from the Group's subsidiary, Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("**Daya Bay**"). The unauthorised withdrawals were made by certain of Daya Bay's staff members without authorisation and were caused by such staff members' refusal to comply with internal controls put in place by the Group. Accordingly, the unauthorised withdrawals constitute human override of internal controls and were not due to the fact that the Group did not have in place adequate and effective internal controls.

The Board has received assurance from each of the Executive Directors (including the Group CEO and Group President) and Group CFO that the financial records of the Group for the financial year ended 31 December 2017 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 each of the Executive Directors (including the Group CEO and Group President) and Group CFO that the Group's risk management and internal controls system are effective for the financial year ended 31 December 2017.

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 2017.

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.

CORPORATE GOVERNANCE REPORT

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.

In any event, the resolution of commercial and investment disputes by domestic tribunals, either through the courts or arbitration proceedings, is, at present, limited. Myanmar enacted the Arbitration Law 2016 (Law 5/2016 – the Arbitration Law) to replace the Arbitration Act 1944, thus implementing the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. Amongst other provisions, the Arbitration Law 2016 provides for enforcement of foreign arbitration awards in Myanmar, which may be refused by a court in the following circumstances:

(1) a party to the arbitration agreement was under some incapacity;

(2) the said agreement is not valid under the law to which the parties have subjected to it or, failing any indication thereon, under the law of the country where the award was made;

(3) the party against whom the award is invoked was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise unable to present his case;

(4) the award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration;

(5) the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or

(6) the award has not yet become binding on the parties or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.

CORPORATE GOVERNANCE **REPORT**

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 funds in and out of Myanmar is governed by the Foreign Exchange Management Law, 2012 and the implementing regulations being Notification No. 7/2014 and *Criteria for Offshore Loan*, published on the CBM website (collectively, "**FEML**"). Under FEML as it is applied in practice, the remittance of funds into Myanmar in the form of equity, working capital, or payments for trade or services are generally considered to be current account transfers and do not require approval of the Central Bank of Myanmar ("**CBM**").

However, capital account transfers into Myanmar require CBM approval, which includes offshore loans disbursed to Myanmar residents/companies. In order to apply for CBM approval for an offshore loan, the borrower must submit an application to CBM, which must include, amongst other things:

(1) cover page, addressed to CBM including a summary of the main points (lender, borrower, amount, interest rate – interest rate for intercompany loans generally cannot exceed 6-7% p.a., and third-party loans generally cannot exceed 13% p.a. as a matter of practice);

(2) repayment schedule;

(3) draft loan agreement;

(4) proof that the borrower has paid at least US$500,000 in equity into the company and that after the loan is disbursed, it will maintain a prescribed debt-to-equity ratio (in the Criteria for Offshore Loan, published on the CBM website, this is stated to be between 3:1 – 4:1, and we are aware that in practice, CBM will sometimes allow 5:1);

(5) if the borrower has a Myanmar Investment Commission ("**MIC**") permit, then it must establish that, of the equity proposed in the MIC proposal, that 80% of that equity has been paid-in; and

(6) other miscellaneous documents, such as corporate documents and audited accounts.

CORPORATE GOVERNANCE REPORT

In remitting funds outside of Myanmar, if the payment is current account, including payments for trade and services, CBM approval is not required, although the local bank has discretion to refer the matter to the CBM, and in practice, local banks often require a number of documents and information, sometimes making these transfers difficult.

If an offshore loan into Myanmar has been approved by CBM, then the repayment of that loan offshore should not require further CBM approval. However, if the actual repayment deviates from the repayment schedule approved by CBM in the first instance, then the local bank may refer to the matter to CBM, although this can usually be managed with the local bank.

Repatriation of dividends should not require CBM approval provided that the equity brought into Myanmar in the first instance was reported to CBM. In practice, local banks may require CBM approval before repatriating dividends, and will in any case require proof that dividends come from profits and that the company has paid all income tax on profits in that year, which would usually come in the form of the audited accounts of the company (for the year in which that profit is made) and tax clearance. If the company has a MIC permit or endorsement order, MIC approval will be required before the bank will repatriate dividends.

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, an Executive Director and Group President of the Company, 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 and Mr Lai Xuejun hold interests in the Company and 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.

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;

CORPORATE GOVERNANCE REPORT

- 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 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.

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.

CORPORATE GOVERNANCE REPORT

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.

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 FY2017 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 S$100,000)
Mr Luo Shandong	US$29,302,144 (approximately S$41,609,044[1])[2]	–
D3 Capital Limited	US$6.3 million (approximately S$8.54 million[3])[4]	–
Asiabiz Services Ltd	US$5.6 million (approximately S$7.59 million[3])[5]	–

Notes:

1. Based on the exchange rate of US$1.00: S$1.42 as at 25 January 2017.
2. The proposed allotment and issue of conversion shares to Mr Luo Shandong as an interested person transaction pursuant to the convertible loan agreement dated 25 January 2017 entered into between the Company and Mr Luo Shandong was approved by the shareholders at the Extraordinary General Meeting held on 27 February 2017.
3. Based on the exchange rate of US$1.00: S$1.355 as at 5 September 2017.
4. The proposed acquisition from D3 Capital Limited of 360 shares representing 9% of the total issued and paid-up shares of Uni Global Power Pte. Ltd. as an interested person transaction was not approved by the shareholders at the Extraordinary General Meeting held on 26 December 2017.
5. The proposed acquisition from Asiabiz Services Ltd of 320 shares representing 8% of the total issued and paid-up shares of Uni Global Power Pte. Ltd. as an interested person transaction was not approved by the shareholders at the Extraordinary General Meeting held on 26 December 2017.

Mr Luo Shandong was a controlling shareholder of the Company as at 25 January 2017. Accordingly, Mr Luo Shandong was an “interested person” for the purposes of Chapter 9 of the Catalist Rules. Details of the interested person transaction were announced via SGXNET on 25 January 2017.

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 6 September 2017.

Mr Zhu Xiaolin is an Executive Director and Group President of the Company. He is the sole shareholder of Asiabiz Services Ltd. Accordingly, Asiabiz Services Ltd is an associate of Mr Zhu Xiaolin and thus an “interested person” under Chapter 9 of the Catalist Rules. Details of the interested person transaction were announced via SGXNET on 6 September 2017.

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

MATERIAL CONTRACTS

(Catalist Rule 1204(8))

There were no material contracts of the Company or its subsidiary involving the interests of the Group CEO, any Director or controlling shareholders subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year, save for the following:

a) a convertible loan agreement dated 25 January 2017 with Mr Luo Shandong, a controlling shareholder of the Company as at 25 January 2017, pursuant to which Mr Luo Shandong has the right at any time within fifteen (15) months from the date thereof to convert up to the full sum of US$29,302,144 and any interest accrued thereon into ordinary shares (“**Conversion Shares**”) in the Company, amounting to an aggregate of up to approximately 468,102,000 Conversion Shares, as referred to in the “Interested Person Transactions” section above and Note 12 to the financial statements;

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 360 shares representing 9% of the total issued and paid-up shares of Uni Global Power Pte. Ltd., as referred to in the “Interested Person Transactions” section above; and

c) a sale and purchase agreement with Asiabiz Services Ltd, an associate of Mr Zhu Xiaolin, an Executive Director and Group President of the Company, pursuant to which Asiabiz Services Ltd agreed to sell and the Company agreed to purchase 320 shares representing 8% of the total issued and paid-up shares of Uni Global Power Pte. Ltd., as referred to in the “Interested Person Transactions” section above.

CORPORATE GOVERNANCE REPORT

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**"). No non-sponsor fees were paid to RHT Capital by the Company for FY2017.

USE OF PROCEEDS

(Catalist Rule 1204(22))

S/N	Intended Use of Proceeds	Amount Allocated (S$'000)	Amount Utilised as at 31 December 2017 (S$'000)	Amount Remaining as at December 2017 (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	2,460	0
TOTAL		**18,460**	**18,460**	**0**

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 2017, the net proceeds of approximately S$18.5 million (after deducting estimated expenses of approximately S$0.2 million) had been fully 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 74 of the Annual Report in the Directors' Statement and Note 23 of the financial statements.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017.

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 2017 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/Group Chief Executive Officer)
Zhu Xiaolin (Executive Director/Group President)
Wong Pak Him Patrick (Executive Director)
Peter Tan (Independent Director)
Teo Cheng Kwee (Non-Executive Director)

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 2017

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 1.1.2017*	**As at 31.12.2017***	As at 21.1.2018*	As at 1.1.2017	**As at 31.12.2017**
The Company - Emerging Towns & Cities Singapore Ltd.					
Ordinary shares					
Christopher Chong Meng Tak	11,111,111	**11,082,200**	11,082,200	–	**–**
Tan Thiam Hee	–	**360,000**	360,000	–	**–**
Zhu Xiaolin	85,469,600	**20,000,000**	20,000,000	–	**30,469,600**
Wong Pak Him Patrick	81,032,921	**81,212,921**	81,212,921	–	**–**
Teo Cheng Kwee	20,000,000	**59,281,760**	59,281,760	–	**–**
Warrants					
Christopher Chong Meng Tak	11,111,111	**–**	–	–	**–**
Options					
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	–	**–**

Save as disclosed above, the directors' interests of the ordinary shares, warrants and options of the Company as at 21 January 2018 were the same as at 31 December 2017.

* 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.

EQUITY COMPENSATION BENEFITS

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:

(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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

EQUITY COMPENSATION BENEFITS (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:

Christopher Chong Meng Tak (Chairman)
Peter Tan
Teo Cheng Kwee

Under the 2016 Scheme 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 2016 Scheme 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 2016 Scheme 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 2017

EQUITY COMPENSATION BENEFITS (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 capitalization 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 options granted under the 2016 Scheme during the financial year under review. 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.

Details of outstanding options granted under the 2009 Scheme as at the end of the financial year are as follows:

Date of grant	Balance* as at 1.1.2017	Options cancelled or lapsed	Options exercised	Balance* as at 31.12.2017	Exercise Price* per share option	Exercisable period
17.5.2016	16,000,000	–	–	16,000,000	S$0.075	17.5.2018 to 16.5.2026
	16,000,000	–	–	16,000,000		

* 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 shares, warrants and options. Fractional entitlements are disregarded.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

EQUITY COMPENSATION BENEFITS (CONTINUED)

There were no options granted to the directors, controlling shareholders of the Company or their associates (as defined in the Listing Manual – Section B: Rules of Catalist ("Catalist Rules") of Singapore Exchange Securities Trading Limited) as at the end of the financial year under the Schemes, 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
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

* 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.

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

Save for Mr Tan Thiam Hee, no director or employee the Company or any of its subsidiaries has received 5% or more of the total number of options available under the Schemes. No options have been granted to the directors and employees of the Company's subsidiaries since the commencement of the Schemes to the end of the financial year under review.

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.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

EQUITY COMPENSATION BENEFITS (CONTINUED)

There were no awards granted to the directors, controlling shareholders of the Company or their associates (as defined in the Catalist Rules) as at the end of the financial year under the Plan, except as follows:

Name of participant	Total number of shares comprised in awards granted during the financial year under review (including terms)	Aggregate number of shares comprised in awards granted since commencement of the Plan to the end of the financial year under review	Aggregate number of shares comprised in awards released since the commencement of the Plan to the end of the financial year under review	Aggregate number of shares comprised in awards which have not been released as at the end of the financial year under review
Plan				
Tan Thiam Hee	360,000	360,000	360,000	–
Wong Pak Him Patrick	180,000	180,000	180,000	–

No director or employee of the Company or any of its subsidiaries has received 5% or more of the total number of shares available under the Plan.

The aggregate number of shares comprised in awards granted to the directors and employees of the Company's subsidiaries for the financial year under review is 2,261,000, and the aggregate number of shares comprised in awards granted to the directors and employees of the Company's subsidiaries since the commencement of the Plan to the end of the financial year under review is 2,261,000.

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.

42,011,089* shares have been issued during the financial year by virtue of the exercise of warrants to take up unissued shares of the Company and the remaining warrants not exercised had expired on 9 June 2017.

* 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.

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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

AUDIT COMMITTEE

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

Peter Tan (Chairman)
Christopher Chong Meng Tak
Teo Cheng Kwee

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act Cap. 50, the Catalist Rules 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 2017.

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 the Catalist Rules.

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: 23 March 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

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 2017, 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 2017 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 MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

Key Audit Matters (Continued)

Valuation of investment properties (Refer to Note 5 to the financial statements)

Risk:

The Group owns a portfolio of investment properties comprising residential and commercial units, which are primarily located in the People's Republic of China and Myanmar. Investment properties represent a significant proportion of the assets in the Group's statement of financial position.

The investment properties are stated at their fair values determined by independent real estate valuers (the "Valuers"). In determining the fair values of investment properties, two valuation techniques are used by the Valuers, depending on the nature of each investment property. These valuation techniques used include (i) direct comparison approach; and (ii) income capitalisation approach.

The valuation of the investment properties is a significant estimation area as it is affected by a number of key assumptions used in the valuation, which include (i) price per square metre; (ii) capitalisation rates; and (iii) market rent per square metre per month.

Given the degree of complexity, subjective nature and the involvement of assumptions in the valuation process, additional audit focus was placed on this area. Any input inaccuracies or unreasonable bases used in the valuation model could result in a material misstatement of the Group's consolidated financial statements.

Our response:

We assessed the Group's processes for the determination of the scope of work of the Valuers, and the review and the acceptance of the valuations reported by the Valuers. We:

(a) Evaluated the competence, capabilities and objectivity of the Valuers;

(b) Obtained an understanding of the work of the Valuers; and

(c) Evaluated the appropriateness of the Valuers' work as audit evidence for the relevant assertion.

We discussed with the Valuers to understand the assumptions and valuation techniques used in valuing the investment properties and the market evidence used by the Valuers to support their key assumptions.

With the assistance of our external valuation specialist, we evaluated the appropriateness of the valuation techniques used by the Valuers for the respective investment properties. Taking into account the nature of each investment property, we reviewed the key assumptions used in their valuation by reference to externally published industry data and comparable property transactions, where available, and we also considered whether these assumptions are consistent with the current market environment.

We also considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationship between inputs and fair values.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

Key Audit Matters (Continued)

Classification of investment properties (Refer to Note 5 to the financial statements)

Risk:

As at 31 December 2017, approximately 53% of the Group's investment properties relate to 399 suites of decorated apartments in the 海韵雅苑 project (the "Project") owned by Huizhou Daya Bay Mei Tai Cheng Property Development Co., Ltd. These apartments are currently rented out as holiday apartments to an unrelated hotel operator for recurring rental income. As at 31 December 2017, the fair value of the Project was $50.5 million (equivalent to RMB246.1 million). Similarly, the Group has another 168 suites of similar decorated apartments in the Project that are classified as "development properties for sale" at the beginning of the financial year.

Based on market developments during the year, the Company's Board of Directors has approved the sale of a number of the apartment units classified as "investment properties" as part of its normal business as a property investor holding investment properties. As at 31 December 2017, management has successfully entered into sale & purchase agreements for 260 apartment units, presently classified as "investment properties", with potential buyers and has received advance deposits totalling $19.9 million (equivalent to RMB97.1 million).

Although an entity's intent plays a key role in the initial classification of the property, the subsequent reclassification of the property should be based on an actual change in use. Development properties for sale are considered as "inventories" and are accounted for at the lower of cost and net realisable value while investment properties are initially stated at cost and subsequently measured at fair value. The subsequent reclassification of the property, if any, will impact the financial performance of the Group due to difference in accounting treatment under each classification.

As at 31 December 2017, management continues to classify the apartment units that have been contracted for sale as "investment properties" when sale and purchase agreements have been entered into with potential buyers based on the following considerations:–

(a) The apartment units continue to meet the definition of an investment property in accordance with FRS 40 – *Investment Property* as the Group continues to earn rental income until the physical handover of the apartment units to the customers;

(b) The current state of the apartment units which are currently rented out, though contracted for sale, meets the definition of "investment property without development" in accordance with FRS 40. Accordingly, management continues to account for the properties as "investment properties" until they are derecognised and do not need to reclassify the apartment units as "inventories"; and

(c) Derecognition as investment properties occurs when the apartments are physically handed over to the customers, and not when the sale and purchase agreement is signed or when deposits are placed.

Key Audit Matters (Continued)

Classification of investment properties (Refer to Note 5 to the financial statements) (Continued)

Our response:
We discussed with management to understand their basis in connection with the classification of investment properties. We reviewed management's assertion with reference to the relevant accounting standards and evaluated the appropriateness of the classification of the investment properties.

We have also assessed and validated the adequacy of the Group's disclosures in connection with the classification of investment properties in Note 2(a)-*Significant judgements made in applying accounting policies* to the consolidated financial statements.

Development properties measured at lower of cost and net realisable value (Refer to Note 6 to the financial statements)

Risk:
Properties (consisting of completed properties for sale, properties under development and land under development) represent the largest category of assets on the Group's statement of financial position. The accounting policies for development properties are set out in Note 2 to the consolidated financial statements.

Management's assessment of the recoverable amounts of the properties, i.e. lower of cost and net realisable value, is a judgemental process which requires the estimation of the net realisable value, taking into account the future selling price (net of all estimated selling expenses) and the anticipated costs to completion. The shortfall in the net realisable value over the cost is accounted for as an inventory obsolescence in the profit or loss.

Management evaluates the recoverable amounts of the properties by taking into consideration the current market prices of the properties involved or of comparable properties, the prevailing property market conditions, macroeconomic and real estate price trends. In addition, there is a risk of understatement of project costs where work has been completed but liabilities owing to contractors or suppliers have yet to be recorded.

Inappropriate management estimates made in the impairment assessment would result in a significant impact on the carrying amount of the properties.

Our response:
We assessed the reasonableness of net realisable values of the development properties by comparing the expected selling prices against actual prices achieved post year end, where available, or actual transacted prices of the properties during the financial year; and the need to adjust for any of these estimated prices considering the current property market trends.

We assessed the Group's estimated total construction costs for development properties by comparing the budgeted construction costs to contracts and agreements and through inquiries with the project teams, taking into consideration the construction costs incurred to date, status of construction and deviation in design plans or cost overrun, if any and the appropriateness of management's basis in allocating common costs which are capitalised in development properties.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

Other Information

Management is responsible for the other information. The other information obtained at the date of this 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 Corporate Profile, Group Chairman's Statement, Audit Committee's Report, Operational and Financial Review, Corporate Milestones, Sustainability Performance Statement 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.

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

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.

- 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 Group'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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

Other Matter

On 14 November 2017, the Company announced the legal action in respect of the unauthorised withdrawals from Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("Daya Bay"). The Company's Board of Directors was then of the view that the issuance of the requisition notice by Mr. Luo Shandong ("Mr. Luo") in respect of his intention to call for an extraordinary general meeting to seek the removal of two independent directors of the Company and the appointment of other directors was an attempt to circumvent the breach of corporate governance in respect of the unauthorised withdrawals involving companies controlled by Mr. Luo. The Board is of the opinion that until such time that the matters in respect of the unauthorised withdrawals and proposed removal and appointment of directors are resolved, it would be prudent for the Company to request for a voluntary suspension of trading in the Company's shares. The Company's shares were suspended for trading on 20 November 2017 and remains suspended as at the date of this report.

On 18 January 2018, the Company successfully arrived at a settlement with Mr Luo, which includes (i) the proposed disposal of Cedar Properties Pte Ltd; (ii) extension of the convertible loan agreement previously entered with Mr. Luo by an additional 12 months to 25 April 2019; (iii) transfer of 149.4 million shares, representing 15.5% of the Company's share capital, owned by Mr Luo to Mr. Zhu Xiaolin, the current executive director of the Company; (iv) resignation of Mr. Yang Cha as a director of Daya Bay; (v) handover of all bank tokens of Daya Bay to the Company; (vi) discontinuance of Singapore lawsuit and PRC proceedings by the Company against all defendants involved in the unauthorised withdrawals; and (vii) the rescindment of the first and second requisition notices and the withdrawal of demands to commence legal proceedings against a director of the Company. As at the date of this report, all the above procedures have been completed.

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, 23 March 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		The Group			The Company		
		31 December	31 December	1 January	**31 December**	31 December	1 January
	Note	**2017**	2016	2016	**2017**	2016	2016
		$'000	$'000	$'000	**$'000**	$'000	$'000
ASSETS							
Non-Current							
Property, plant and equipment	3	**5,509**	7,929	1,376	**42**	87	121
Subsidiaries	4	**–**	–	–	**45,269**	34,228	100
Investment properties	5	**95,594**	61,350	57,868	**–**	–	–
		101,103	69,279	59,244	**45,311**	34,315	221
Current							
Development properties	6	**208,521**	246,225	36,854	**–**	–	–
Trade and other receivables	7	**26,340**	25,170	3,359	**35,822**	2,372	1,239
Cash and cash equivalents	8	**21,072**	16,524	4,001	**3,395**	3,624	119
		255,933	287,919	44,214	**39,217**	5,996	1,358
Total assets		**357,036**	357,198	103,458	**84,528**	40,311	1,579
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	9	**43,126**	131,618	95,459	**43,126**	131,618	95,459
Reserves	10	**81,216**	(77,046)	(90,786)	**39,686**	(99,873)	(97,098)
Equity attributable to equity holders of the company		**124,342**	54,572	4,673	**82,812**	31,745	(1,639)
Non-controlling interests		**11,364**	39,626	9,613	**–**	–	–
Total equity		**135,706**	94,198	14,286	**82,812**	31,745	(1,639)
LIABILITIES							
Non-Current							
Provision for site restoration		**30**	30	30	**30**	30	30
Deferred tax liabilities	11	**31,447**	34,177	9,836	**–**	–	–
Financial liabilities	12	**20,700**	61,021	22,227	**–**	7,229	–
Accrued land lease premium	13	**17,573**	23,087	–	**–**	–	–
		69,750	118,315	32,093	**30**	7,259	30
Current							
Financial liabilities	12	**24,397**	26,831	–	**–**	–	–
Accrued land lease premium	13	**8,024**	4,074	–	**–**	–	–
Trade and other payables	14	**43,584**	62,129	37,251	**1,686**	1,307	3,188
Deposits from customers for sale of development properties		**71,388**	48,542	17,444	**–**	–	–
Current tax payable		**4,187**	3,109	2,384	**–**	–	–
		151,580	144,685	57,079	**1,686**	1,307	3,188
Total liabilities		**221,330**	263,000	89,172	**1,716**	8,566	3,218
Total equity and liabilities		**357,036**	357,198	103,458	**84,528**	40,311	1,579

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Group	Note	**Year ended 31 December 2017 $'000**	Year ended 31 December 2016 $'000
Revenue	15	**59,310**	149,522
Cost of sales		**(42,275)**	(124,397)
Gross profit		**17,035**	25,125
Other income	16	**12,237**	5,537
Distribution costs		**(8,244)**	(1,656)
Administrative expenses		**(10,528)**	(3,447)
Other operating expenses		**(2,444)**	(159)
Finance costs		**(1,942)**	(1,597)
Profit before taxation	17	**6,114**	23,803
Taxation	18	**(1,295)**	10,555
Profit for the year		**4,819**	34,358
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Effects on reclassification of property, plant and equipment to investment properties (Nil tax)		**299**	–
Net other comprehensive loss that will not be reclassified subsequently to profit or loss		**299**	–
Items reclassified to profit or loss in subsequent periods (net of tax)			
Currency translation difference (Nil tax)		**(7,944)**	(492)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(7,944)**	(492)
Total comprehensive income for the year		**(2,826)**	33,866
Profit attributable to:			
Owners of the Company		**36**	13,543
Non-controlling interests		**4,783**	20,815
		4,819	34,358
Total comprehensive income attributable to:			
Owners of the Company		**(3,619)**	13,497
Non-controlling interests		**793**	20,369
		(2,826)	33,866
Earnings per share (cents) attributable to owners of the Company			
– basic	19	**0.004**	2.982
– diluted	19	**0.004**	2.982

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Group	Share capital $'000	Capital reduction reserve $'000	Capital reserve $'000	Revaluation reserve $'000	Warrant reserve $'000	Share option reserve $'000	Equity component of convertible loan $'000	Exchange fluctuation reserve $'000	Accumulated (losses)/profit $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2016	95,459	15,998	2,278	–	2,879	–	–	2	(111,943)	4,673	9,613	14,286
Profit for the year	–	–	–	–	–	–	–	–	13,543	13,543	20,815	34,358
Other comprehensive loss	–	–	–	–	–	–	–	(46)	–	(46)	(446)	(492)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	–	(46)	13,543	13,497	20,369	33,866
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 (Note 9)	2,090	–	–	–	–	–	–	–	–	2,090	–	2,090
– Share subscription agreements during the current financial year (Note 9)	3,677	–	–	–	–	–	–	–	–	3,677	–	3,677
– Rights issue (Note 9)	18,438	–	–	–	–	–	–	–	–	18,438	–	18,438
– Consideration shares for the acquisition of a subsidiary (Note 9)	11,954	–	–	–	–	–	–	–	–	11,954	–	11,954
Share-based compensation (Note 17)	–	–	–	–	–	243	–	–	–	243	–	243
Acquisition of a subsidiary with non-controlling interests (Note 20)	–	–	–	–	–	–	–	–	–	–	9,644	9,644
Total contributions by and distributions to owners	36,159	–	–	–	–	243	–	–	–	36,402	9,644	46,046
Balance at 31 December 2016	131,618	15,998	2,278	–	2,879	243	–	(44)	(98,400)	54,572	39,626	94,198

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Group	Share capital $'000	Capital reduction reserve $'000	Capital reserve $'000	Revaluation reserve $'000	Warrant reserve $'000	Share option reserve $'000	Equity component of convertible loan $'000	Exchange fluctuation reserve $'000	Accumulated (losses)/profit $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 31 December 2016	131,618	15,998	2,278	–	2,879	243	–	(44)	(98,400)	54,572	39,626	94,198
Profit for the year	–	–	–	–	–	–	–	–	36	36	4,783	4,819
Other comprehensive income/(loss)	–	–	–	299	–	–	–	(3,954)	–	(3,655)	(3,990)	(7,645)
Total comprehensive income/(loss) for the year	–	–	–	299	–	–	–	(3,954)	36	(3,619)	793	(2,826)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Issue of ordinary shares arising from:												
– Exercise of warrants (Note 9)	6,183	–	–	–	(2,365)	–	–	–	–	3,818	–	3,818
– Conversion of convertible loan (Note 9)	8,010	–	–	–	–	–	(8,010)	–	–	–	–	–
– Performance share plan (Note 9)	280	–	–	–	–	–	–	–	–	280	–	280
Issue of convertible loan	–	–	4,057	–	–	–	37,896	–	–	41,953	–	41,953
Expiry of warrants	–	–	–	–	(514)	–	–	–	514	–	–	–
Capital reduction (Note 9)	(112,000)	–	–	–	–	–	–	–	112,000	–	–	–
Share-based compensation (Note 17)	–	–	–	–	–	389	–	–	–	389	–	389
Acquisition of remaining interest in a subsidiary (Note 20)	9,035	–	17,914	–	–	–	–	–	–	26,949	(29,055)	(2,106)
Total contributions by and distributions to owners	(88,492)	–	21,971	–	(2,879)	389	29,886	–	112,514	73,389	(29,055)	44,334
Balance at 31 December 2017	43,126	15,998	24,249	299	–	632	29,886	(3,998)	14,150	124,342	11,364	135,706

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Group	**Note**	**Year ended 31 December 2017 $'000**	Year ended 31 December 2016 $'000
Cash Flows from Operating Activities		**6,114**	23,803
Profit before taxation			
Adjustments for:			
Share-based compensation		**606**	243
Depreciation of property, plant and equipment	3	**404**	827
Writeback of amounts due to ex-director		**–**	(470)
Writeback impairment losses on other receivables	17	**–**	(100)
Write off of property, plant and equipment		**244**	–
Fair value gain on investment properties	16	**(11,963)**	(622)
Interest income	16	**(75)**	(30)
Interest expenses		**1,942**	1,597
Gain on bargain purchase from acquisition of a subsidiary	16	**–**	(4,884)
Operating (loss)/profit before working capital changes		**(2,728)**	20,364
Trade and other receivables		**(2,574)**	(15,880)
Trade and other payables		**(2,800)**	(101,565)
Development properties		**12,933**	113,845
Cash generated from operations		**4,831**	16,764
Income tax paid		**(808)**	(2,041)
Net cash generated from operating activities		**4,023**	14,723
Cash Flows from Investing Activities			
Interest received		**75**	30
Interest paid		**(3,699)**	–
Purchase of property, plant and equipment (Note B)		**(1,958)**	(22)
Deferred purchase consideration paid		**–**	(9,877)
Acquisition of a subsidiary (net of cash acquired)	20	**–**	(24,049)
Acquisition of non-controlling interest in a subsidiary		**(702)**	–
Net cash used in investing activities		**(6,284)**	(33,918)
Cash Flows from Financing Activities			
Issue of ordinary shares		**3,781**	22,115
(Repayment of)/Proceeds from shareholder loans (Note A)		**(412)**	8,968
(Repayment of)/Proceeds from interest-free loans from related parties of a minority shareholder of a Subsidiary (Note A)		**(23,871)**	601
Repayment of bank loans (Note A)		**(811)**	–
Proceeds from bank loans (Note A)		**27,481**	–
Net cash generated from financing activities		**6,168**	31,684
Net increase in cash and cash equivalents		**3,907**	12,489
Deposits pledged to financial institutions		**(3,977)**	(2,469)
Cash and cash equivalents at beginning of year		**10,308**	254
Effect of exchange rate fluctuations on cash held		**641**	34
Cash and cash equivalents at end of year	8	**10,879**	10,308

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Note A: Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

	As at 31 December 2016 $'000	Cash flows – Proceeds from loans $'000	Cash flows – Repayment of loans $'000	Other non-cash flows $'000	Exchange difference on re-translation $'000	As at 31 December 2017 $'000
Financial liabilities (Note 12):						
Interest-free loans	23,231	–	(23,871)	1,139	(499)	**–**
Bank loans	19,618	27,481	(811)	–	(3,766)	**42,522**
Shareholder's loan	42,111	–	–	(41,358)	(753)	**–**
Loans from related parties	2,892	–	(412)	–	95	**2,575**
Total	87,852	27,481	(25,094)	(40,219)	(4,923)	**45,097**

Note B: Additions to Property, plant and equipment (Note 3)

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $6,280,000 (2016 – $22,000) of which $1,958,000 (2016 – NIL) was paid in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1 GENERAL INFORMATION

The financial statements of Emerging Towns & Cities Singapore Ltd. (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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 Company's functional currency has been Renminbi ("RMB") since FY2010. In 2017, the Company rebranded itself to embark on its next phase of growth by focusing on quality real estate assets, not limited to only PRC, but a wider area including parts of ASEAN, Greater China as well as the sub-continent. Accordingly, management is of the view that the Company, which holds and manages subsidiaries as its main business, should change its functional currency from RMB to Singapore dollars ("SGD") with effect from 1 January 2017 since the Company will be raising new financing in its local currency to fund its expansion plans and has a significant degree of autonomy from its subsidiaries in the way its business is managed. The change in functional currency is accounted for prospectively from the date of the change in accordance with FRS 21 – *The Effects of Changes in Foreign Exchange Rates*. The comparative information was translated at the exchange rate as at 1 January 2017, reflecting the change in functional currency prospectively from that date.

With the change in functional currency of the Company, the presentation currency in the consolidated and separate financial statements is also changed from RMB to SGD. The translation of comparative information into a new presentation currency is accounted for as an accounting policy change in accordance with FRS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, and a third statement of financial position as at the beginning of the preceding period (i.e. 1 January 2016) for the Group and the Company are presented. The effects of the change in the presentation currency from RMB to SGD was applied retrospectively using the following translation procedures: -

- Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- Income and expenses, capital transactions and cash flows relating to transactions in the previous period were translated using the exchange rate prevailing at an appropriate average rate for the comparative reporting period; and
- All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(A) BASIS OF PREPARATION (CONTINUED)

All financial information have been rounded to the nearest thousand, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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. 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.

(ii) Classification of investment properties (Note 5)

As at 31 December 2017, approximately 53% of the Group's investment properties relate to 399 suites of decorated apartments in the 海韵雅苑 project (the "Project") owned by Daya Bay Mei Tai Cheng Property Development Co., Ltd. These apartments are currently rented out as holiday apartments to an unrelated hotel operator for recurring rental income. As at 31 December 2017, the fair value of the Project was $50.5 million (equivalent to RMB246.1 million). Similarly, the Group has another 168 suites of similar decorated apartments in the Project that are classified as "development properties for sale" at the beginning of the financial year.

Based on market developments during the year, the Company's Board of Directors has approved the sale of a number of the apartment units classified as "investment properties" as part of its normal business as a property investor holding investment properties. As at 31 December 2017, management has successfully entered into sale & purchase agreements for 260 apartment units, presently classified as "investment properties", with potential buyers and has received advance deposits totalling $19.9 million (equivalent to RMB97.1 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(A) BASIS OF PREPARATION (CONTINUED)

Significant judgements made in applying accounting policies (Continued)

(ii) Classification of investment properties (Note 5) (Continued)

Although an entity's intent plays a key role in the initial classification of the property, the subsequent reclassification of the property should be based on an actual change in use. Development properties for sale are considered as "inventories" and are accounted for at the lower of cost and net realisable value while investment properties are initially stated at cost and subsequently measured at fair value. The subsequent reclassification of the property, if any, will impact the financial performance of the Group due to difference in accounting treatment under each classification.

As at 31 December 2017, management continues to classify the apartment units that have been contracted for sale as "investment properties" when sale and purchase agreements have been entered into with potential buyers based on the following considerations:–

(a) The apartment units continue to meet the definition of an investment property in accordance with FRS 40 – *Investment Property* as the Group continues to earn rental income until the physical handover of the apartment units to the customers;

(b) The current state of the apartment units which are currently rented out, though contracted for sale, meets the definition of "investment property without development" in accordance with FRS 40. Accordingly, management continues to account for the properties as "investment properties" until they are derecognised and do not need to reclassify the apartment units as "inventories"; and

(c) Derecognition as investment properties occurs when the apartments are physically handed over to the customers, and not when the sale and purchase agreement is signed or when deposits are placed.

(iii) 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.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(A) BASIS OF PREPARATION (CONTINUED)

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 $64,000/$42,000 (2016 – $45,000/$34,000) respectively.

(ii) Valuation of investment properties (Note 5)

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers using various valuation methods including the direct comparison method and a combination of discounted cash flows method and capitalisation method. The estimated fair 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 fair value of these assets from management's estimates were to increase/decrease by 5% (2016 – 5%), the Group's profit will increase/decrease by $4.8 million (2016 – $3.1 million).

(iii) Allowance for impairment loss on trade and 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 $2.4 million and $3.6 million respectively (2016 – increase by $2.4 million and $0.2 million respectively).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2017

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 new or amended FRS and INT FRS issued and effective in year 2017:

Reference	Description
Amendments to FRS 7	*Statement of Cash Flows: Disclosure Initiatives*

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.

2(C) FRS NOT YET EFFECTIVE

Convergence with International Financial Reporting Standards (IFRS)

On 29 December 2017, Accounting Standards Council Singapore has issued Singapore Financial Reporting Standards (International) (SFRS(I)s), Singapore's equivalent of the International Financial Reporting Standards (IFRSs). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary assessment of the impact of SFRS(I) for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group does not expect to change its existing accounting policies on adoption of the new framework.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Group has not early applied the following new or amended standards in preparing these statements. For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group assessed the transition options and the potential impact on its financial statements, and to implement these standards.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 2	*Classification and Measurement of Share-based Payment Transactions*	1 January 2018
SFRS(I) 9	*Financial Instruments*	1 January 2018
SFRS(I) 15	*Revenue from Contracts with Customers*	1 January 2018
Clarifications to SFRS(I) 15	*Revenue from Contracts with Customers*	1 January 2018
SFRS(I) 16	*Leases*	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) FRS NOT YET EFFECTIVE (CONTINUED)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

IFRS 1 *First-time Adoption of International Financial Reporting Standards*

When the Group adopts IFRS in 2018, the Group will apply IFRS 1 with 1 January 2017 as the date of transition for the Group and the Company. IFRS 1 generally requires that the Group applies IFRS on a retrospective basis, as if such accounting policy had always been applied. If there are changes to the accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because IFRS 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. IFRS 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

During 2017, the Group completed its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9. The Group does not have any financial assets held at fair value or classified as "available for sale".

Impairment – The Group plans to apply the simplified approach and records lifetime expected impairment losses on all trade receivables. On adoption of SFRS(I) 9, the Group does not expect a significant increase in the impairment loss allowance.

Transition – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) FRS NOT YET EFFECTIVE (CONTINUED)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

SFRS(I) 15 and Clarification to SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, it also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, SFRS(I) 15 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Clarifications to SFRS(I) 15 *Revenue Contracts with Customers* clarifies 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); and
- 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, SFRS(I) 15, i.e. on 1 January 2018.

During 2017, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition for its revenue from sale of development properties and rental income from investment properties.

SFRS(I) 16 *Leases*

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months, unless the underlying asset is of a low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) FRS NOT YET EFFECTIVE (CONTINUED)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

SFRS(I) 16 *Leases* (Continued)

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied.

The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group has no significant operating leases.

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.

Subsidiary

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

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

Subsidiary (Continued)

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.

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.

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 ownership interests in subsidiaries without change of control

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 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;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Subsidiary (Continued)

Changes in ownership interests in subsidiaries without change of control (Continued)

– 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 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.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

Subsidiary (Continued)

Goodwill

Goodwill on acquisition of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisition prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

Bargain purchase

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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.

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 Singapore dollars, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Conversion of foreign currencies (Continued)

Transactions and balances (Continued)

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.

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.

If the property was previously held for own use, then it is accounted for as property, plant and equipment up to the date of change in use before its reclassification to "investment properties". Any difference at the date of the change in use between the carrying amount of the property and its fair value is recognised as a revaluation reserve, even if the property was previously measured using the cost model. On subsequent disposal of the investment property, any existing revaluation surplus that was previously recognised is transferred to accumulated profits.

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

Property, plant and equipment, and depreciation (Continued)

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 66 years
Leasehold building	Over the remaining lease period of 66 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Investment properties and investment properties under development (Continued)

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

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

– commencement of owner occupation, for a transfer from investment properties to property, plant and equipment;

– commencement of development with a view to sell, for a transfer of investment properties to development properties; or

– end of owner occupation, for a transfer from property, plant and equipment to investment properties.

For a transfer to investment property from development properties for sale, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is measured at revalued amount and accounted for in accordance with the accounting policy for Property, Plant and Equipment up to the date of change in use.

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. If the development properties are transferred to investment properties, the gain or loss on revaluation, based on the asset's carrying amount at the date of transfer, is recognised in profit or loss.

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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.

Convertible bonds

Convertible notes that can be converted into share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. The value of the conversion option, being the difference between the principal amount of the convertible bonds and its present value is taken to the capital reserve in the statement of changes in equity.

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.

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

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.

Intra-group financial guarantees

Financial guarantees contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Leases

Where the Group and the Company is the lessee,

<u>Operating leases</u>

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,

<u>Operating leases</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Income taxes (Continued)

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.

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, (i) 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, (ii) the Myanmar incorporated company contributes to the Social Security Board in Myanmar and (iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Employee benefits (Continued)

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.

Share-based Payment

Performance Share Plan

The Performance Share Plan is accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in the statement of comprehensive income on a straight-line basis over the vesting period. At each reporting date, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to the statement of comprehensive income, with a corresponding adjustment to equity over the remaining vesting period.

The fair value of the 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 recorded in equity of the vesting period.

There are group share-based payment arrangements in which employees of the Company's subsidiaries receive remuneration in the form of share-based payments and the Company settles these transaction for its subsidiary. These are regarded as capital contribution and added to cost of investment in subsidiaries in the Company's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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.

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.

The Group accounts for revenue on the sale of development properties using the completion of contract method.

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 "deposits from customers for sale of development properties" and are classified under "current liabilities".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Revenue recognition (Continued)

Rental income

Rental income (net of any incentives given to the lessees) 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.

3 PROPERTY, PLANT AND EQUIPMENT

The Group	**Leasehold land $'000**	**Leasehold building $'000**	**Car park lots $'000**	**Office equipment $'000**	**Furniture and fittings $'000**	**Renovations $'000**	**Motor vehicles $'000**	**Yacht $'000**	**Construction In-progress $'000**	**Total $'000**
Cost										
At 1 January 2016	–	–	16,730	33	124	119	183	1,109	–	18,298
Acquisitions through business combination (Note 20)	–	–	–	1,212	190	–	527	–	5,519	7,448
Additions	–	–	–	18	–	–	–	–	4	22
Written-off	–	–	(16,730)	–	–	–	–	–	–	(16,730)
Exchange differences on translation	–	–	–	(1)	3	–	(8)	(50)	(2)	(58)
At 31 December 2016	–	–	–	1,262	317	119	702	1,059	5,521	8,980
Additions	**–**	**–**	**–**	**176**	**641**	**–**	**10**	**–**	**5,453**	**6,280**
Effects on reclassification to investment properties (Note 10)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**299**	**299**
Transfer to investment properties (Note 5)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,343)**	**(1,343)**
Transfer to development properties (Note 6)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,305)**	**(6,305)**
Transfers	**968**	**2,657**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,625)**	**–**
Written-off	**–**	**–**	**–**	**(567)**	**–**	**–**	**–**	**–**	**–**	**(567)**
Exchange differences on translation	**(152)**	**(417)**	**–**	**(92)**	**(16)**	**–**	**(42)**	**(14)**	**–**	**(733)**
At 31 December 2017	**816**	**2,240**	**–**	**779**	**942**	**119**	**670**	**1,045**	**–**	**6,611**
Accumulated depreciation										
At 1 January 2016	–	–	16,730	14	94	10	47	27	–	16,922
Depreciation charge for the year (Note 17)	–	–	–	437	72	40	163	115	–	827
Written-off	–	–	(16,730)	–	–	–	–	–	–	(16,730)
Exchange differences on translation	–	–	–	3	15	–	15	(1)	–	32
At 31 December 2016	–	–	–	454	181	50	225	141	–	1,051
Depreciation charge for the year (Note 17)	**–**	**–**	**–**	**110**	**88**	**40**	**74**	**92**	**–**	**404**
Written-off	**–**	**–**	**–**	**(323)**	**–**	**–**	**–**	**–**	**–**	**(323)**
Exchange differences on translation	**–**	**–**	**–**	**(31)**	**(1)**	**–**	**3**	**(1)**	**–**	**(30)**
At 31 December 2017	**–**	**–**	**–**	**210**	**268**	**90**	**302**	**232**	**–**	**1,102**
Net carrying amount										
At 31 December 2017	**816**	**2,240**	**–**	**569**	**674**	**29**	**368**	**813**	**–**	**5,509**
At 31 December 2016	–	–	–	808	136	69	477	918	5,521	7,929
At 1 January 2016	–	–	–	19	30	109	136	1,082	–	1,376

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group (Continued)

During the previous 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"), in FY2015 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.

The Company	**Office equipment $'000**	**Renovations $'000**	**Total $'000**
Cost			
At 1 January 2016	16	119	135
Additions	13	–	13
At 31 December 2016	29	119	148
Additions	**4**	**–**	**4**
At 31 December 2017	**33**	**119**	**152**
Accumulated depreciation			
At 1 January 2016	3	11	14
Depreciation for the year	8	39	47
At 31 December 2016	11	50	61
Depreciation for the year	**9**	**40**	**49**
At 31 December 2017	**20**	**90**	**110**
Net carrying amount			
At 31 December 2017	**13**	**29**	**42**
At 31 December 2016	18	69	87
At 1 January 2016	13	108	121

Included in "renovations" was a provision made for restoration cost of $30,000 in respect of the Company's corporate office located at #26-05 UOB Plaza 1.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 SUBSIDIARIES

The Company	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
Unquoted equity investments, at cost	**39,992**	28,851	4,600
Amount due from subsidiaries (non-trade)	**9,877**	9,877	–
	49,869	38,728	4,600
Less: Impairment loss recognised	**(4,600)**	(4,500)	(4,500)
	45,269	34,228	100

Changes in impairment losses during the financial year is as follows:

The Company	$'000
As at 1 January and 31 December 2016	4,500
Impairment loss recognised in profit or loss	**100**
At 31 December 2017	**4,600**

The non-trade amount due from a subsidiary amounting to $9.9 million (equivalent 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 2017

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		
			31 Dec 2017 %	31 Dec 2016 %	1 Jan 2016 %	**31 Dec 2017 $'000**	31 Dec 2016 $'000	1 Jan 2016 $'000
Held by the Company								
Futura Asset Holdings Pte. Ltd. ("Futura") @	Singapore	Inactive	**100**	100	100	**100**	100	100
Trechance Holdings Limited ("Trechance") ^	Hong Kong	Investment holding	**100**	100	100	**4,500**	4,500	4,500
Cedar Properties Pte. Ltd. ("CPPL") @	Singapore	Investment holding	**100**	100	100	**–***	–*	–*
DAS Pte. Ltd. ("DAS") @	Singapore	Investment holding	**100**	75	–	**35,392**	24,251	–
						39,992	28,851	4,600
Held by CPPL								
Huizhou Daya Bay Mei Tai Cheng Property Development Co. Ltd. ("Daya Bay") ^	PRC	Property development and investment	**60**	60	–	**++**	++	–
Held by DAS								
Uni Global Power Pte Ltd ("UGP") @	Singapore	Investment holding	**70**	52.5	–	**++**	++	–
Held by UGP								
Golden Land Real Estate Development Co. Ltd. ("GLRE") ^	Myanmar	Property development and investment	**49**	36.75	–	**++**	++	–
Held by Trechance								
Guizhou Cedar Hua Cheng Investment Management Co., Ltd ("Cedar Hua Cheng")	PRC	Investment holding	**Note 1**	Note 1	Note 1	**++**	++	++

@ Audited by Foo Kon Tan LLP
^ Audited by Foo Kon Tan LLP for FY2017 consolidation purposes
++ Interest held through subsidiaries
* Amount less than SGD 1,000

4 SUBSIDIARIES (CONTINUED)

Acquisition of DAS Group

On 27 February 2017, the shareholders of the Company approved the interested person transaction in respect of 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 Limited ("D3") for an aggregate cash consideration of US$1.5 million and the issuance of 65,469,600 consideration shares at an issue price of $0.138 per share to D3. D3 is currently held by the immediate family members of Mr Teo Cheng Kwee, a non-executive director of the Company. The said transaction constituted an "interested party transaction" under Chapter 9 of the Catalist Rules.

On 20 December 2016, the Company completed the acquisition of approximately 75% equity interest in DAS (excluding the D3 Acquisition) from (a) Strong Ever Limited, (b) Asiabiz Services Limited, (c) Sunshine Shimmer Limited, and (d) Consortium Investments Limited, 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 $0.085 per share. DAS holds 2,800 ordinary shares (representing 70% equity interest) in 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-used luxury property development project in Yankin Township of Yangon, Myanmar.

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 (a) Guizhou Cedar Hua Cheng Investment Management Co., Ltd ("Cedar Hua Cheng"), (b) Guizhou Shengxiang Investment Management Co., Ltd ("Guizhou Shengxiang"), (c) Guiyang Shunhe Real Estate Development Co., Ltd (Guiyang Shunhe) and (d) Guizhou Huamao Assets Operation Management Co., Ltd ("Guizhou Huamao") and on this basis, these PRC entities ceased to be subsidiaries of the Company by 31 December 2014. Accordingly, management impaired the investment amount of $4.5 million (equivalent to RMB22.5 million) in full, being the cost of investment in Trechance. The amount impaired has been recognised in the Company's statement of comprehensive income for the financial year ended 31 December 2014.

As at 31 December 2017, Guizhou Shengxiang, Guiyang Shunhe and Guizhou Huamao were no longer legal subsidiaries of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 SUBSIDIARIES (CONTINUED)

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

The table below shows details of non-wholly owned 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 allocated to non-controlling interests $'000	Other comprehensive loss allocated to non-controlling interests $'000	Accumulated non-controlling interests $'000
FY 2017					
Daya Bay	**PRC**	**40%**	**538**	**(137)**	**10,678**
DAS Group	**Singapore and Myanmar**	**51%**	**4,245**	**(3,853)**	**686**
FY 2016					
Daya Bay	PRC	40%	1,096	(432)	10,277
DAS Group	Singapore and Myanmar	63.25%	19,719	(14)	29,349

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below. No dividend was declared during the financial year.

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

Daya Bay

Summarised statement of financial position

The Company	31 December 2017 $'000	31 December 2016 $'000
Non-current assets	**51,463**	56,961
Current assets	**22,764**	27,533
Non-current liabilities	**(6,353)**	(7,921)
Current liabilities	**(40,984)**	(50,684)
Non-controlling interest	**(10,678)**	(10,277)
Equity attributable to owners of the Company	**16,212**	15,612

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 SUBSIDIARIES (CONTINUED)

Daya Bay (Continued)

Summarised statement of comprehensive income

The Company	**31 December 2017 $'000**	31 December 2016 $'000
Revenue	**25,341**	30,760
Expenses	**(23,997)**	(28,022)
Profit for the year	**1,344**	2,738
Profit and other comprehensive income attributable to owners of the Company	**806**	1,642
Profit and other comprehensive income attributable to the non-controlling interests	**538**	1,096
Profit for the year	**1,344**	2,738
Total comprehensive profit attributable to owners of the Company	**600**	995
Total comprehensive profit attributable to the non-controlling interests	**401**	664
Total comprehensive profit for the year	**1,001**	1,659

Other summarised information

The Company	**31 December 2017 $'000**	31 December 2016 $'000
Net cash inflow from operating activities	**30,148**	2,320
Net cash outflow from investing activities	**–**	(9)
Net cash (outflow)/inflow from financing activities	**(24,280)**	600
Net cash inflow	**5,868**	2,911

DAS Group

Summarised consolidated statement of financial position

	31 December 2017 $'000	31 December 2016 $'000
Non-current assets	**49,598**	12,231
Current assets	**230,563**	254,459
Non-current liabilities	**(63,367)**	(103,135)
Current liabilities	**(145,262)**	(93,869)
Non-controlling interests	**(686)**	(29,349)
Equity attributable to owners of the Company	**70,846**	40,337

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 SUBSIDIARIES (CONTINUED)

DAS Group (Continued)

Summarised consolidated statement of comprehensive income

	Year ended 31 December 2017 $'000	Period from 20 December 2016 (the date of acquisition) to 31 December 2016 $'000
Revenue	**33,899**	118,691
Expenses	**(24,806)**	(87,560)
Profit for the year/period	**9,093**	31,131
Profit and other comprehensive income attributable to owners of the Company	**4,848**	11,412
Profit and other comprehensive income attributable to the non-controlling interests	**4,245**	19,719
Profit for the year/period	**9,093**	31,131
Total comprehensive profit attributable to owners of the Company	**1,153**	11,403
Total comprehensive profit attributable to the non-controlling interests	**392**	19,705
Total comprehensive profit for the year/period	**1,545**	31,108

Other summarised information

	Year ended 31 December 2017 $'000	Period from 20 December 2016 (the date of acquisition) to 31 December 2016 $'000
Net cash (outflow)/inflow from operating activities	**(22,259)**	381
Net cash inflow from financing activities	**22,521**	–
Net cash inflow	**262**	381

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 INVESTMENT PROPERTIES

The Group	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
Investment properties	**95,594**	55,893	57,868
Investment properties under development	**–**	5,457	–
	95,594	61,350	57,868

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

The Group	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
At beginning of year	**61,350**	57,868	–
Acquisition through business combination (Note 20)	**–**	5,455	57,781
Additions	**6,573**	4	–
Transfer from property, plant and equipment (Note 3)	**1,343**	–	–
Transfer from development properties (Note 6)	**16,459**	–	–
Fair value gain recognised in the profit or loss (Note 16)	**11,963**	622	–
Exchange differences on translation	**(2,094)**	(2,599)	87
At end of year	**95,594**	61,350	57,868

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

Location	**Description**	**Area (Sq. metres)**	**Tenure**
Golden City project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	40 residential units, 1 retail unit and 27 office units	12,192	70 years*
Haiyunyayuan ("海韵雅苑") project			
No. 3 Xiaguang Road West, Xia Chong Town, Daya Bay District, Huizhou City, Guangdong Province, PRC	399 holiday apartment units	18,822	70 years**

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. For all of the Group's investment properties, the current use is considered the highest and best use. Fair value measurements is disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 INVESTMENT PROPERTIES (CONTINUED)

海韵雅苑 Project

The construction of the 海韵雅苑 Project was completed in July 2015. As at 31 December 2017, management is still in the process of applying for the Registration of Construction Completion Acceptance ("RCCA" or 工程竣工验收登记) from the relevant government authorities. Following which, management will proceed to register and obtain the house ownership certificates for its 399 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 of a parcel of land with a site area approximately 15,000 sqm has been granted to Daya Bay for residential use for a term of 70 years, expiring on 10 August 2081. Pursuant to a tenancy agreement signed on 24 August 2015, the 399 holiday apartment units are leased to an unrelated hotel operator for a term, expiring on 21 July 2021.

In determining the fair value of the 399 units of holiday apartments, APA applied both the income and market approaches by first taking into account the net rental income of the properties derived from the existing leases as holiday apartments till the expiry of the lease at an appropriate capitalisation rate and subsequently assume the sale of the apartment units in its existing state with the benefit of immediate vacant possession based on comparable sale transactions as available in the relevant market.

Golden City Project

A land lease agreement under a Build, Operate and Transfer ("BOT") arrangement was entered into between Office of the Commander-in-Chief (Army) Quarter Master General Office ("QM Office") as lessor and GLRE and its minority shareholder, as lessees on 15 October 2013. GLRE received the Myanmar Investment Commission ("MIC") permit on 23 October 2013 and it grants GLRE to carry out the construction and operation of shopping mall, hotel, residences, services apartments and office tower. The project has an initial tenure of 50 years and is extendable for a further two terms of 10 years each. At the expiry of the BOT contract, GLRE is required to transfer the shopping mall, hotel, residences, service apartments and office tower along with all fixed assets back to the QM Office.

The investment properties within the Golden City Project comprised of (i) 40 3-bedroom or 4-bedroom residential units with an average size of 165.5 square metres per unit, with an aggregated total area of 6,621 square metres, located between the 6th and 30th floors of Block 1-4 of the project, and they are currently leased to two PRC corporations for a lease term of 1 year; (ii) a ground floor retail space located in Block 3 of the project and is currently leased to a lessee to operate a restaurant for a lease term of 3 years; and (iii) 27 office units within the Golden City Business Centre with an aggregated total area of 5,079 square metres, held for long-term rental yields and/or capital appreciation.

CIT used the market approach to determine the market value of the 40 residential units based on the sale of similar substitute property while the market values of the ground floor retail unit and 27 office units within Golden City Business Centre were determined using 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 50% to 70% in the initial first 3 years and stabilising at 93% from the 4th year onwards.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 INVESTMENT PROPERTIES (CONTINUED)

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

The Group	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
Rental Income (Note 15)	**2,901**	1,987	176
Direct operating expenses arising from investment properties that generated rental income	**(386)**	(350)	(10)

Direct operating expenses comprised mainly property tax of 12% and business tax of 5.6% applied on the rental income earned by the PRC subsidiary by the local tax authority and commercial tax of 5% applied on the rental income earned by the Myanmar subsidiary by the local tax authority.

6 DEVELOPMENT PROPERTIES

The Group	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
Land under development, at cost	**27,744**	30,611	–
Properties under development, at cost	**66,959**	46,053	–
Completed properties held for sale, at cost	**113,818**	169,561	36,854
	208,521	246,225	36,854
Borrowing costs capitalised	**4,221**	425	–

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

The Group	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
At beginning of year	**246,225**	36,854	–
Acquisition through business combination (Note 20)	**–**	325,294	41,350
Additions	**28,829**	291	–
Transfer to investment properties (Note 5)	**(16,459)**	–	–
Transfer from property, plant and equipment (Note 3)	**6,305**	–	–
Units sold and recognised in statement of comprehensive income	**(38,064)**	(114,140)	(4,553)
Exchange differences on translation	**(18,315)**	(2,074)	57
At end of year	**208,521**	246,225	36,854

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6 DEVELOPMENT PROPERTIES (CONTINUED)

Completed properties held for sale are as follows:

Location	Description	Net floor area (sq. meters)	Group's effective interest		
			31 Dec 2017	31 Dec 2016	1 Jan 2016
Yangon, Myanmar (Golden City Project)					
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon	214 residential & 6 office units	40,253	**49%**	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	33 units of decorated apartment units for sale	1,565	**60%**	60%	60%

As at balance sheet date, all the decorated apartment units within the 海韵雅苑 Project have been contracted for, with an advance of $4.3 million (equivalent to RMB21.1 million) received from the prospective owners.

As at 31 December 2017, 79 out of 214 units of the Golden City Phase 1 residential units and 2 out of 6 office units in the Golden City Business Centre have been contracted for, with an advance of $17.4 million (equivalent to US$13 million) received from the prospective owners.

Properties under development comprised residential units under construction in respect of Phase 2 of Golden City Project. Phase 2 has a net floor area of 55,157 square metres, comprising 561 units of which 201 units have been contracted for. Advances totalling $28.6 million (equivalent to US$21.4 million) have been received from the prospective owners as at the balance sheet date. As at 31 December 2017, Phase 2 is 70% complete and it is expected to be completed and handed over by 2nd 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 metres.

7 TRADE AND OTHER RECEIVABLES

	The Group			The Company		
	31 Dec 2017 $'000	31 Dec 2016 $'000	1 Jan 2016 $'000	**31 Dec 2017 $'000**	31 Dec 2016 $'000	1 Jan 2016 $'000
Non-current						
Amount due from a subsidiary (Note A)	**–**	–	–	**41,393**	41,393	41,393
Less: Allowance for impairment losses	**–**	–	–	**(41,393)**	(41,393)	(41,393)
	–	–	–	**–**	–	–
Consideration receivables from Talented Creation International Limited (Note A)	**41,393**	41,393	41,393	**–**	–	–
Less: Allowance for impairment losses	**(41,393)**	(41,393)	(41,393)	**–**	–	–
	–	–	–	**–**	–	–
	–	–	–	**–**	–	–
Current						
Trade receivables	**19,875**	17,614	174	**–**	–	–
Consideration receivable from New Inspiration Development Limited ("New Inspiration")/ Dr Charlie In (Note B)	**–**	–	1,500	**–**	–	1,500
Less: Allowance for impairment losses	**–**	–	(500)	**–**	–	(500)
Net consideration receivable	**–**	–	1,000	**–**	–	1,000
Amount due from subsidiaries (non-trade)	**–**	–	–	**39,027**	4,155	3,400
Less: Allowance for impairment losses (Note C)	**–**	–	–	**(3,311)**	(3,311)	(3,311)
	–	–	–	**35,716**	844	89
Amounts due from shareholders of a subsidiary (non-trade) (Note D)	**3,264**	3,765	–	**–**	–	–
Advances to staff	**381**	694	–	**–**	–	–
Other receivables	**10**	70	77	**3**	3	2
Deposits paid to a Vendor (Note E)	**–**	1,397	–	**–**	1,397	–
Other deposits	**193**	135	95	**71**	80	90
Loans and receivables	**23,723**	23,675	1,346	**35,790**	2,324	1,181
Prepayments to suppliers	**2,584**	1,354	1,955	**–**	–	–
Other prepayments	**33**	141	58	**32**	48	58
	26,340	25,170	3,359	**35,822**	2,372	1,239

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables comprised (i) outstanding receivables due from owners of the property units who are on instalment plans and (ii) rental receivables from an unrelated 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 $39.2 million (equivalent to RMB180 million) (the "Consideration"). The divestment was completed in February 2013.

Under the same Agreement, management agreed to utilise the Consideration by (i) extending a loan amounting to $21.8 million (equivalent 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 $17.5 million (equivalent to 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 $4.9 million (equivalent to RMB22.5 million). Trechance agreed to repay the Company a sum equivalent to the Land purchase price of $17.5 million (equivalent to 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 $2.2 million (equivalent to RMB9.9 million), totalling $41.4 million (equivalent to 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 $39.2 million (equivalent 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 $41.4 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 $1 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 owed by West Themes and the proceeds raised from the disposal will be used to settle the consideration receivable owing to the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Note B: (Continued)

In FY2015, management conducted an impairment assessment and recorded an impairment loss amounting to $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 $1.1 million from Dr Charlie In pursuant to a new settlement deed dated 1 November 2016. Accordingly, management reversed an impairment loss of $0.1 million to the Group's and the Company's statement of comprehensive income and utilised the impairment loss of $0.4 million previously recognised.

Note C:

The amounts due from subsidiaries are unsecured, interest free and repayable on demand. Since FY2014, management made full impairment provision on the amount due from the subsidiaries based on the reason cited in Note A.

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

The non-trade amounts relate to advances extended by the Group to the non-controlling interests of its subsidiaries and they are unsecured, interest free and repayable on demand.

Note E: Deposit paid to vendor

This is related to a deposit paid to D3 Capital for the acquisition of its 25.025% equity interest in DAS amounting to $1.4 million (equivalent to US$1 million). The acquisition was subsequently completed on 27 February 2017.

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

	The Group			The Company		
	31 Dec 2017 $'000	31 Dec 2016 $'000	1 Jan 2016 $'000	**31 Dec 2017 $'000**	31 Dec 2016 $'000	1 Jan 2016 $'000
No credit terms	**5,486**	6,055	172	**35,790**	2,324	181
Not past due	**16,310**	16,579	174	**–**	–	–
Past due but not impaired						
– Less than 12 months	**1,315**	–	–	**–**	–	–
– More than 12 months	**612**	1,041	1,000	**–**	–	1,000
	23,723	23,675	1,346	**35,790**	2,324	1,181

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	The Group			The Company		
	31 Dec 2017 $'000	31 Dec 2016 $'000	1 Jan 2016 $'000	**31 Dec 2017 $'000**	31 Dec 2016 $'000	1 Jan 2016 $'000
At beginning of year	**41,393**	41,893	41,393	**41,393**	41,893	41,393
Allowance recognised in profit or loss	**–**	–	500	**–**	–	500
Allowance reversed to profit or loss	**–**	(100)	–	**–**	(100)	–
Allowance utilised	**–**	(400)	–	**–**	(400)	–
At end of year	**41,393**	41,393	41,893	**41,393**	41,393	41,893

8 CASH AND CASH EQUIVALENTS

	The Group			The Company		
	31 Dec 2017 $'000	31 Dec 2016 $'000	1 Jan 2016 $'000	**31 Dec 2017 $'000**	31 Dec 2016 $'000	1 Jan 2016 $'000
Cash on hand	**74**	1,027	–	**–**	–	–
Cash at bank	**10,805**	9,281	254	**3,395**	3,624	119
Restricted bank balances[1]	**10,193**	6,216	3,747	**–**	–	–
Cash and bank balances	**21,072**	16,524	4,001	**3,395**	3,624	119

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

The Group	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
Cash and bank balances	**21,072**	16,524	4,001
Restricted bank balances[1]	**(10,193)**	(6,216)	(3,747)
As per consolidated statement of cash flows	**10,879**	10,308	254

At 31 December 2017, the weighted average interest rate of interest-earning bank balances is 0.37% per annum (2016 – 0.37%).

(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 2017

9 SHARE CAPITAL

The Company	**Number of ordinary shares ('000)**	**Amount $'000**
At 1 January 2016	7,966,783	95,459
Issue of ordinary shares arising from investment placement made in the previous financial year	950,000	2,090
Issue of ordinary shares arising from share subscription agreements during the current financial year	1,450,000	3,677
Rights issue	5,183,391	18,438
	15,550,174	119,664
Share consolidation	(14,928,167)	–
	622,007	119,664
Issue of consideration shares (Note 20)	140,638	11,954
At 31 December 2016	762,645	131,618
Capital reduction	**–**	**(112,000)**
Acquisition of remaining non-controlling interest in a subsidiary (Note 20)	**65,470**	**9,035**
Issue of ordinary shares under performance share plan	**3,041**	**280**
Issue of ordinary shares arising from exercise of warrants	**42,011**	**6,183**
Issue of ordinary shares arising from the conversion of convertible loan	**89,000**	**8,010**
At 31 December 2017	**962,167**	**43,126**

In 2017, cash proceeds received from the issuance of ordinary shares amounted to $3,780,998 (2016 – $22,115,097).

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.

Capital reduction exercise

On 3 January 2017, the Company completed the capital reduction exercise to partially write-off the accumulated losses of the Company amounting to $112.0 million against the share capital of the Company in accordance with Section 78C (1)(c) of the Singapore Companies Act, Cap. 50.

Acquisition of remaining non-controlling interest in a subsidiary

On 27 February 2017, the Company issued 65,469,600 consideration shares at an issue price of $0.138 per share in connection with the acquisition of 6,225,000 ordinary shares, representing 25.025% of the total issued and paid-up shares in DAS from D3 capital.

Issue of ordinary shares under performance share plan

On 17 January 2017, the Company allotted 780,000 new ordinary shares in the Company to certain key management personnel at $0.081 per share under the Company's 2016 Performance Share Plan.

On 5 June 2017, the Company granted share-based payments consisting of 2,261,000 shares to eligible Group's employees at $0.096 per share under the Company's 2016 Performance Share Plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9 SHARE CAPITAL (CONTINUED)

Issue of shares through exercise of warrants

Between 10 February and 7 June 2017, an entity and certain individuals exercised an aggregate of 42,011,089 warrants held at an exercise price of $0.09 per share, resulting in the issuance of 42,011,089 new ordinary shares of the Company. The Company raised $3.78 million from these exercises.

Issue of ordinary shares through conversion of convertible loan

On 13 July 2017, the Company's controlling shareholder converted US$5.64 million (approximately $8.01 million) of the principal amount due to him under the Convertible Loan Agreement into 89 million fully paid new ordinary shares in the Company at the conversion price of $0.09 per conversion share.

Issue of ordinary shares

In the previous financial year, 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 $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 the allotment of the new ordinary shares in FY2016. 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 $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 $2.35 million.

On 30 March 2016, the Company issued 500 million new ordinary shares in the Company at an exercise price of $0.0028 per share, pursuant to the Share Subscription Agreement entered with Mr Luo Shandong on 22 February 2016. The Company received $1.33 million.

Rights issue

On 19 September 2016, the Company issued 5,183,391,404 ordinary shares in the Company at an exercise price of $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 $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.

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

10 RESERVES

	The Group			The Company		
	31 Dec 2017 $'000	31 Dec 2016 $'000	1 Jan 2016 $'000	**31 Dec 2017 $'000**	31 Dec 2016 $'000	1 Jan 2016 $'000
Capital reduction reserve	**15,998**	15,998	15,998	**15,998**	15,998	15,998
Capital reserve	**24,249**	2,278	2,278	**4,057**	–	–
Revaluation reserve	**299**	–	–	**–**	–	–
Warrant reserve	**–**	2,879	2,879	**–**	2,879	2,879
Share option reserve	**632**	243	–	**632**	243	–
Equity component of convertible loan reserve	**29,886**	–	–	**29,886**	–	–
Exchange fluctuation reserve	**(3,998)**	(44)	2	**–**	–	–
Accumulated profit/(losses)	**14,150**	(98,400)	(111,943)	**(10,887)**	(118,993)	(115,975)
	81,216	(77,046)	(90,786)	**39,686**	(99,873)	(97,098)

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 (i) 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 and (ii) the difference between the fair value at inception and the carrying amount of the convertible loan, recorded to capital reserve as a common control transaction and (iii) the difference between the price purchase consideration paid to D3 and the carrying amount of the non-controlling interest at the date of additional acquisition of 25.025% interest in DAS Group.

Revaluation reserve

This relates to the gain arising from the re-measurement of property, plant and equipment at fair value following the change in use of the property, plant and equipment and transferred to "investment properties" in the Golden City Project.

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 $0.09 (after share consolidation). The warrants have expired on 9 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 2017

10 RESERVES (CONTINUED)

Equity component of convertible loan reserve

This relates to the equity conversion feature of the convertible loan extended by the major shareholder of the Company amounting to $37.6 million (equivalent to US$29.3 million), net of the amount that has already been converted as at the reporting date, which can only be settled through the issue of equity shares in the Company.

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	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
Deferred tax liabilities			
– To be settled after one year	**31,447**	34,177	9,836
	31,447	34,177	9,836
At beginning of year	**34,177**	9,836	–
Acquisition through business combination (Note 20)	**–**	37,662	10,155
Recognised in profit or loss (Note 18)	**(625)**	(13,321)	(319)
Exchange differences on translation	**(2,105)**	–	–
At end of year	**31,447**	34,177	9,836

The balance comprises tax on the following temporary differences:

The Group	Property, plant and equipment $'000	Investment properties $'000	Development properties $'000	Total $'000
At 1 January 2016	–	7,044	2,792	9,836
Acquisition through business combination (Note 20)	492	174	36,996	37,662
Recognised in profit or loss (Note 18)	–	(163)	(13,158)	(13,321)
At 31 December 2016	**492**	**7,055**	**26,630**	**34,177**
Recognised in profit or loss (Note 18)	**–**	**2,991**	**(3,616)**	**(625)**
Exchange differences on translation	**(37)**	**(200)**	**(1,868)**	**(2,105)**
At 31 December 2017	**455**	**9,846**	**21,146**	**31,447**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12 FINANCIAL LIABILITIES

	The Group			The Company		
	31 Dec 2017 $'000	31 Dec 2016 $'000	1 Jan 2016 $'000	**31 Dec 2017 $'000**	31 Dec 2016 $'000	1 Jan 2016 $'000
Non-current liabilities						
Interest free loans (Note (i))	**–**	–	22,227	**–**	–	–
Bank loans (Note (iii) & Note (iv))	**20,700**	18,910	–	**–**	–	–
Shareholder's loans (non-trade) (Note (v))	**–**	42,111	–	**–**	7,229	–
	20,700	61,021	22,227	**–**	7,229	–
Current liabilities						
Interest free loans (Note (i))	**–**	23,231	–	**–**	–	–
Bank loan (Note (ii))	**21,822**	708	–	**–**	–	–
Loans from related parties (non-trade) (Note (vi))	**2,575**	2,892	–	**–**	–	–
	24,397	26,831	–	**–**	–	–
Total	**45,097**	87,852	22,227	**–**	7,229	–

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

(i) Interest-free loans

The amounts related to interest-free loans extended by related parties of Shenzhen Tong Ze Industrial Co., Limited, the minority shareholder of Daya Bay. A late penalty fee of 5% will be imposed if the interest-free loans are not repaid by 31 December 2017. The interest-free loans were fully repaid during the current financial year. Management determined the fair value of the interest-free loans from these related 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. A day-one "gain" of $2.28 million, being the difference between the interest-free loans received and the fair value of the interest-free loans, 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) in the consolidated statement of changes in equity.

(ii) Bank loan 1 – ICBC

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 the ICBC Facility is used for the development of Golden City Phase 2 Project and the interest rate is based on 6 months LIBOR plus a margin equals to 300 basis point. Under the ICBC Facility, GLRE will make repayment every six months, in tranches of US$10,000, US$90,000 and US$400,000, with the final repayment of US$14.5 million by 28 March 2018. An arrangement fee of US$0.8 million was also paid by GLRE to ICBC upon the drawndown 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 to Kanbawza Bank for the issuance of such bank guarantee. The guarantee fees are accounted for as transaction costs and capitalised in "properties under development" in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12 FINANCIAL LIABILITIES (CONTINUED)

(iii) Bank loan 2 – Maybank*

On 3 July 2017, GLRE entered into a facility agreement of US$7.5 million with Malayan Banking Berhad (Yangon Branch) ("Maybank Facility"). The proceeds of Maybank Facility is used for the development of Golden City Phase 2 Project and the interest rate is fixed at 4.94%. Under the Maybank Facility, the Group will make repayment every six months, in tranches of US$100,000, US$100,000, US$1.8 million, US$2.5 million, US$1.5 million with the final repayment of US$1.5 million by 29 June 2020. An arrangement fee of US$0.23 million was also paid to Maybank upon the drawndown of the Maybank Facility. GLRE has also separately entered into an agreement with Kanbawza Bank such that the latter will give a banker's guarantee to Maybank for any default or non-payment for any amounts due to Maybank under the Maybank Facility. A further guarantee fee of US$0.23 million was paid to Kanbawza Bank for the issuance of such bank guarantee. The guarantee fees are accounted for as transaction costs and capitalised in "properties under development" in Note 6 to the financial statements.

(iv) Bank loan 3 – E.Sun Commercial Bank ("E.Sun")*

On 14 July 2017, GLRE entered into a facility agreement of US$15 million with E.Sun Commercial Bank ("E.Sun Facility"). The proceeds of E.Sun Facility is used for the development of Golden City Project Phases 2 and 3 and the interest rate is based on 3 months LIBOR plus a margin equals to 230 basis point. Under the E.Sun Facility, the Group will make annual repayments of US$0.25 million by 30 June 2018, US$0.25 million by 30 June 2019, with the final repayment of US$14.5 million by 13 July 2020. An arrangement fee of US$0.45 million was also paid to E.Sun upon the drawndown of the E.Sun Facility. GLRE has also separately entered into an agreements with Kanbawza Bank and Ayeyarwady Bank Limited respectively, such that the latter will give banker's guarantees to E.Sun for any default or non-payment for any amounts due to E.Sun under the E.Sun Facility. A further guarantee fee of US$0.23 million and US$0.3 million were paid to Kanbawza Bank and Ayeyarwady Bank respectively for the issuance of such bank guarantee. The guarantee fees are accounted for as transaction costs and capitalised in "properties under development" in Note 6 to the financial statements.

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

On 17 October 2016, the Company entered into a loan agreement with Mr Luo Shandong ("Mr Luo"), a major shareholder of the Company, pursuant to which Mr Luo has agreed to grant the Company a loan with a 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. The loan was used to finance the acquisition of UGP.

On 25 January 2017, 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. Accordingly, the entire amount was reclassified to the "equity component of convertible loan reserve" in the consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12 FINANCIAL LIABILITIES (CONTINUED)

(vi) Loans from shareholders of a subsidiary (non-trade)

On 19 October 2016, GLRE entered into a loan agreement with the non-controlling interests of UGP, pursuant to the non-controlling interests agreed to grant GLRE a loan of US$1.7 million (2016: US$2.0 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.

* The Company has provided guarantees to Maybank and E.Sun in respect of loan facilities granted to the subsidiary amounting to US$22.5 million (2016- NIL). At the reporting date, the amount of the loan drawdown under the facilities was US$22.5 million (2016 – NIL). On the basis that the current interest rates charged by the financial institutions on the loans to the subsidiary are at market rates and are consistent with the borrowing costs of the subsidiaries without corporate guarantees. Management has assessed that the fair value of the corporate guarantees to be immaterial.

13 ACCRUED LAND LEASE PREMIUM

The Group	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
At beginning of year	**27,161**	–	–
Acquisition through business combination (Note 20)	**–**	27,161	–
Unwinding of interest	**505**	–	–
Exchange differences on translation	**(2,069)**	–	–
At end of year	**25,597**	27,161	–
Represented by:			
Non-current	**17,573**	23,087	–
Current	**8,024**	4,074	–
	25,597	27,161	–

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

	Carrying amount			**Fair value**		
	31 Dec 2017 $'000	31 Dec 2016 $'000	1 Jan 2016 $'000	**31 Dec 2017 $'000**	31 Dec 2016 $'000	1 Jan 2016 $'000
Accrued land lease premium	**25,597**	27,161	–	**29,396**	22,633	–

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, Kanbe', 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 2017

14 TRADE AND OTHER PAYABLES

	The Group			The Company		
	31 Dec 2017 $'000	31 Dec 2016 $'000	1 Jan 2016 $'000	**31 Dec 2017 $'000**	31 Dec 2016 $'000	1 Jan 2016 $'000
Trade payables	**24,300**	46,989	16,671	**–**	–	–
Accrued operating expenses	**1,256**	1,467	1,065	**597**	808	756
Accrued interest on deferred consideration	**–**	83	381	**–**	–	–
Accrued interest expenses	**–**	–	–	**–**	14	–
Amounts due to an ex-director	**–**	–	490	**–**	–	55
Amount due to a subsidiary (non-trade)	**–**	–	–	**63**	73	74
Amount due to related parties (non-trade)	**–**	–	241	**–**	–	–
Accrued consideration payable	**–**	–	10,081	**–**	–	–
Salary and welfare payable	**–**	15	44	**–**	–	–
Other payables	**6,222**	6,904	297	**268**	412	213
Land appreciation tax payables	**5,516**	4,936	2,826	**–**	–	–
Business and other tax payables	**6,290**	1,735	3,065	**–**	–	–
Financial liabilities at amortised cost	**43,584**	62,129	35,161	**928**	1,307	1,098
Unearned guarantee fee from a subsidiary (Note A)	**–**	–	–	**758**	–	–
Investment amounts received from directors	**–**	–	2,090	**–**	–	2,090
Total trade and other payables	**43,584**	62,129	37,251	**1,686**	1,307	3,188

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:

On 4 April 2017, the Company, GLRE and one of its shareholders entered into a Bank Guarantee Agreement (the "Agreement") where the Company would act as a guarantor for the Myanmar banks to extend loan facilities for up to 3 years to GLRE. Article 5(a) of the Agreement states that GLRE shall pay the Company a guarantee fee of 1% per annum on the total amount due and payable to the Bank under the Guaranteed Obligation, accrued on a daily basis and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15 REVENUE

The Group	2017 $'000	2016 $'000
Sale of development properties	**56,338**	147,464
Rental income from investment properties (Note 5)	**2,901**	1,987
Other rental income	**71**	71
	59,310	149,522

16 OTHER INCOME

The Group	2017 $'000	2016 $'000
Interest income	**75**	30
Gain on bargain purchase on acquisition of a subsidiary (Note 20)	**–**	4,884
Fair value gain on investment properties (Note 5)	**11,963**	622
Others	**199**	1
	12,237	5,537

17 PROFIT BEFORE TAXATION

The Group	Note	2017 $'000	2016 $'000
Profit before taxation has been arrived at after charging:			
Depreciation of property, plant and equipment	3	**404**	827
Exchange loss/(gain)		**858**	(5)
Operating lease expenses		**354**	287
Sales return expenses		**1,685**	–
Property management fees to a related party		**758**	–
Reversal of amounts due to an ex-director		**–**	(470)
Writeback of impairment losses on other receivables	7	**–**	(100)
Staff costs:			
Directors of the Company:			
Directors' fees		**206**	221
Directors' remuneration other than fees			
– salaries and other related costs		**987**	392
– contributions to defined contribution plan		**17**	22
– equity settled share based payment transactions		**316**	197
– remuneration shares		**–**	44
		1,320	655

NOTES TO THE FINANCIAL STATEMENTS

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17 PROFIT BEFORE TAXATION (CONTINUED)

The Group	Note	2017 $'000	2016 $'000
Staff costs (Continued):			
Directors of a subsidiary:			
Directors' fees		**55**	–
Key management personnel (other than directors):			
– salaries and other related costs		**918**	280
– contributions to defined contribution plan		**38**	21
– equity settled share based payment transactions		**73**	46
– remuneration shares		**124**	19
		1,153	366
Other than directors and key management personnel:			
– salaries and other related costs		**3,028**	396
– contributions to defined contribution plan		**48**	20
– remuneration shares to employees of a subsidiary		**93**	–
		3,169	416
		5,903	1,658

18 TAXATION

The Group	2017 $'000	2016 $'000
Current taxation	**1,920**	2,766
Deferred taxation (Note 11)	**(625)**	(13,321)
Total taxation	**1,295**	(10,555)

The Company, CPPL and Futura, which are established in Singapore, are subject to Singapore income tax at 17% (2016 – 17%). Trechance, which is established in Hong Kong, is subject to Hong Kong tax rate at 16.5% (2016 – 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 subsidiary in PRC is subject to PRC income tax rate at 25% (2016 – 25%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18 TAXATION (CONTINUED)

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	2017 $'000	2016 $'000
Profit before taxation	**6,114**	23,803
Tax at applicable tax rates of 17% (2016 – 17%)	**1,039**	4,047
Different tax rate due to different tax jurisdictions	**961**	(634)
Tax effect on non-deductible expenses	**2,474**	2,059
Tax effect on non-taxable income	**(3,179)**	(16,027)
	1,295	(10,555)

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 and staff welfare for the PRC subsidiary.

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

As at the reporting date, the Company reported $2,191,000 of tax losses to be carried forward (2016 – $2,191,000). 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.

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 $36,000 (2016 – $13,543,000) and a weighted average number of ordinary shares outstanding of 897,664,000 (2016 – 454,208,000), calculated as follows:

(a) Earnings attributable to ordinary shareholders

The Group	Total $'000
2017	
Earnings attributable to ordinary shareholders	**36**
Basic and diluted earnings per share (Cents)	**0.004**
2016	
Earnings attributable to ordinary shareholders	13,543
Basic and diluted earnings per share (Cents)	2.982

NOTES TO THE FINANCIAL STATEMENTS

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19 EARNINGS PER SHARE (CONTINUED)

(b) Weighted average number of ordinary shares

The Company	2017 '000	2016 '000
Issued ordinary shares at beginning of year	**762,645**	318,671
Effect of ordinary shares issued	**135,019**	135,537
	897,664	454,208

The diluted earnings per share was computed based on the basic weighted average number of shares of 897,664,000 shares (2016 – 454,208,000 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.

20 ACQUISITION OF SUBSIDIARIES

Acquisition of additional 25% interest in DAS in FY2017

Pursuant to an extraordinary general meeting held on 27 February 2017, the shareholders of the Company approved the Phase 2 acquisition of 6,225,000 shares representing 25.025% of the total issued and paid-up shares of DAS from D3 as an interest person transaction. With the completion of the Phase 2 acquisition, the Company owns 100% equity interest in DAS.

	$'000
Consideration transferred in shares (Note 9)	9,035
Consideration transferred in cash	2,106
Total consideration	11,141
Less: Adjustment to non-controlling interests	(29,055)
Capital reserve	(17,914)

Transactions that result in changes in ownership interests while retaining control are accounted for as transactions with equity holders in the capacity as equity holders. Accordingly, no gain or loss on such changes is recognised. The difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid is recognised directly in equity and attributed to the owners of the parent.

Acquisition of 75% interest in DAS in FY2016

On 26 December 2016, the Company completed the Phase 1 acquisition by (a) paying US$8.5 million and (b) issuing consideration shares of 140,638,400 at an issue price of $0.085 per share to Strong Ever Limited, Asiabiz Services Limited, Sunshine Shimmer Limited and Consortium Investments Limited to acquire approximately 74.975% in DAS. The Company has also paid a deposit of $1.4 million (equivalent to US$1 million) to D3 for the proposed acquisition of its 25.025% equity interest in DAS on 17 October 2016.

20 ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition of 75% interest in DAS in FY2016 (Continued)

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	$'000
Cash consideration	12,095
Share consideration (Note 9)	11,954
Total consideration	24,049

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

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

	Note	$'000
Property, plant and equipment	3	7,448
Investment properties	5	5,455
Development properties held for sale	6	325,294
Trade and other receivables		5,831
Cash and cash equivalents		5,200
Deferred tax liabilities	11	(37,662)
Financial liabilities		(57,414)
Accrued annual land lease premium	13	(27,161)
Trade and other payables		(38,531)
Unearned revenue		(149,883)
Total identifiable net assets acquired at fair value		38,577
Less: Non-controlling interests (25%)		(9,644)
Less: Gain on bargain recognised in profit or loss	16	(4,884)
Total consideration		24,049

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

	$'000
Net cash at bank of subsidiaries acquired, net	5,200
Cash consideration	(12,095)
Cash outflow on acquisition	(6,895)

NOTES TO THE FINANCIAL STATEMENTS
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20 ACQUISITION OF SUBSIDIARIES (CONTINUED)

(d) Acquisition-related costs

The Group incurred acquisition-related costs of $0.4 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.

(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 Golden City Business Centre 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 was 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 was 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.

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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	**31 December 2017 $'000**	31 December 2016 $'000	1 January 2016 $'000
Related parties (companies owned by the directors of the Company)			
Rental income	**71**	71	22
Property management fees expense	**758**	–	–

22 COMMITMENTS

Operating lease commitments (non-cancellable)

Where the Group and the Company is the lessee

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	**31 December 2017 $'000**	31 December 2016 $'000
Not later than one year	**262**	376
Later than one year and not later than five years	**–**	262
	262	638

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.

Where the Group and the Company is the lessor

At the reporting date, the Group and the Company had the following rental receivable under non-cancellable operating lease related to investment properties:

	The Group		**The Company**	
The Group and the Company	**31 December 2017 $'000**	31 December 2016 $'000	**31 December 2017 $'000**	31 December 2016 $'000
Not later than one year	**3,422**	1,966	**50**	71
Later than one year and not later than five years	**5,357**	7,046	**–**	50
	8,779	9,012	**50**	121

NOTES TO THE FINANCIAL STATEMENTS

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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.

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 based on (i) the report issued by an independent valuer dated 7 September 2016 and (ii) pre-consolidation of 25 existing issued ordinary shares into 1 ordinary share, completed on 5 December 2016 are as follows:

Weighted average exercise price	**Balance at 1.1.2017**	**Options granted**	**Options forfeited/ lapsed**	**Balance at 31.12.2017**	**Date of grant**	**Period exercisable**	**Options exercisable on 31.12.2017**
$0.003	400,000,000	–	–	400,000,000	17.5.2016	17.5.2018 to 16.5.2026	–
	400,000,000	–	–	400,000,000			–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

23 EQUITY COMPENSATION BENEFITS (CONTINUED)

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#	$0.00194542
Exercise price at date of grant	$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.

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.

The details of the Plan is disclosed in Note 9 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24 OPERATING SEGMENTS (CONTINUED)

Segment revenue and expenses:

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

Segment assets and liabilities:

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

24 OPERATING SEGMENTS (CONTINUED)

The Group	Property development 31 Dec 2017 $'000	Property development 31 Dec 2016 $'000	Property investment 31 Dec 2017 $'000	Property investment 31 Dec 2016 $'000	Corporate 31 Dec 2017 $'000	Corporate 31 Dec 2016 $'000	Eliminations 31 Dec 2017 $'000	Eliminations 31 Dec 2016 $'000	Total 31 Dec 2017 $'000	Total 31 Dec 2016 $'000
Segment revenue	**56,338**	147,464	**2,901**	1,987	**71**	71	**–**	–	**59,310**	149,522
Results										
Segment profit/(loss)	**(4,189)**	19,516	**2,515**	1,637	**(4,449)**	(2,887)	**–**	–	**(6,123)**	18,266
Other income	**257**	18	**11,963**	622	**17**	4,897	**–**	–	**12,237**	5,537
Profit/(loss) before taxation	**(3,932)**	19,534	**14,478**	2,259	**(4,432)**	2,010	**–**	–	**6,114**	23,803
Taxation	**1,696**	10,711	**(2,991)**	(156)	**–**	–	**–**	–	**(1,295)**	10,555
Profit/(loss) for the year	**(2,236)**	30,245	**11,487**	2,103	**(4,432)**	2,010	**–**	–	**4,819**	34,358
Attributable to:										
Owners of the Company	**(2,670)**	10,271	**7,138**	1,262	**(4,432)**	2,010	**–**	–	**36**	13,543
Non-controlling interests	**434**	19,974	**4,349**	841	**–**	–	**–**	–	**4,783**	20,815
	(2,236)	30,245	**11,487**	2,103	**(4,432)**	2,010	**–**	–	**4,819**	34,358
Assets and liabilities										
Segment assets	**257,853**	289,833	**95,594**	61,350	**3,589**	6,015	**–**	–	**357,036**	357,198
Segment liabilities	**210,552**	247,415	**9,849**	7,055	**929**	8,530	**–**	–	**221,330**	263,000
Capital expenditure and significant non-cash items										
Capital expenditure on property, plant and equipment	**6,276**	9	**–**	–	**4**	13	**–**	–	**6,280**	22
Depreciation of property, plant and equipment	**355**	780	**–**	–	**49**	47	**–**	–	**404**	827
Operating lease expenses	**–**	–	**–**	–	**354**	287	**–**	–	**354**	287

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24 OPERATING SEGMENTS (CONTINUED)

Geographical Segments	China $'000	Myanmar $'000	Singapore $'000	Total $'000
Year ended 31 December 2017				
Revenue	**25,341**	**33,898**	**71**	**59,310**
Non-current assets	**51,463**	**49,598**	**42**	**101,103**
Year ended 31 December 2016				
Revenue	30,760	118,691	71	149,522
Non-current assets	56,961	12,231	87	69,279

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 revenue.

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.

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. Loans and receivables that were impaired and the ageing of loans and receivables that were not impaired at the reporting date are disclosed in Note 7.

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 includes financial liabilities, accrued land lease premium and 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.

NOTES TO THE FINANCIAL STATEMENTS

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25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.2 Liquidity risk (Continued)

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.

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 $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000
The Group					
31 December 2017					
Financial liabilities:					
Financial liabilities (Note 12)	**45,097**	**51,325**	**26,217**	**6,634**	**18,474**
Accrued land lease premium (Note 13)	**25,597**	**23,088**	**8,024**	**3,766**	**11,298**
Trade and other payables (Note 14)	**43,584**	**43,584**	**43,584**	**–**	**–**
Total undiscounted financial liabilities	**114,278**	**117,997**	**77,825**	**10,400**	**29,772**
31 December 2016					
Financial liabilities:					
Financial liabilities (Note 12)	87,852	96,187	27,809	68,378	–
Accrued land lease premium (Note 13)	27,161	20,370	4,074	4,074	12,222
Trade and other payables (Note 14)	62,129	62,129	62,129	–	–
Total undiscounted financial liabilities	177,142	178,686	94,012	72,452	12,222

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.2 Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000
The Company					
31 December 2017					
Financial liabilities:					
Trade and other payables (Note 14)	**1,686**	**1,686**	**1,686**	**–**	**–**
Total undiscounted financial liabilities	**1,686**	**1,686**	**1,686**	**–**	**–**
31 December 2016					
Financial liabilities:					
Financial liabilities (Note 12)	7,229	8,097	434	7,663	–
Trade and other payables (Note 14)	1,307	1,307	1,307	–	–
Total undiscounted financial liabilities	8,536	9,404	1,741	7,663	–

The Group and the Company ensures that there are adequate funds to meet all its obligations in a timely and cost effective manner.

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 (RMB), United States dollar (USD), Myanmar kyat (MMK) and Hongkong dollar (HKD). The foreign currencies in which these transactions are denominated are primarily Renminbi, United States dollar, Myanmar Kyat and Hongkong 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 Renminbi, United States dollar, Myanmar kyat and Hongkong 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.4 Foreign currency risk (Continued)

The Company's and Group's exposures in financial instruments to the various foreign currencies are mainly as follows:

	Kyat $'000	Renminbi $'000	Hong Kong dollar $'000	United States dollar $'000
The Group				
31 December 2017				
Trade and other receivables (Note 7)	**351**	**7,077**	**1**	**18,795**
Cash and cash equivalents (Note 8)	**3,221**	**12,363**	**1**	**1,742**
Financial liabilities (Note 12)	**–**	**(90)**	**–**	**(45,007)**
Trade and other payables (Note 14)	**(47)**	**(12,900)**	**(5)**	**(30,243)**
Net exposure	**3,525**	**6,450**	**(3)**	**(54,713)**
31 December 2016				
Trade and other receivables (Note 7)	976	7,880	–	15,609
Cash and cash equivalents (Note 8)	1,718	6,546	4	3,588
Financial liabilities (Note 12)	–	(23,231)	–	(64,621)
Trade and other payables (Note 14)	(14)	(17,283)	6	(43,556)
Net exposure	2,680	(26,088)	10	(88,980)
The Company				
31 December 2017				
Trade and other receivables (Note 7)	**–**	**–**	**–**	**902**
Cash and cash equivalents (Note 8)	**–**	**–**	**–**	**19**
Trade and other payables (Note 14)	**–**	**(68)**	**–**	**(758)**
Net exposure	**–**	**(68)**	**–**	**163**
31 December 2016				
Trade and other receivables (Note 7)	–	–	–	844
Financial liabilities (Note 12)	–	–	–	(7,229)
Net exposure	–	–	–	(6,385)

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.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.4 Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Renminbi (RMB), United States dollar (USD), Myanmar Kyat (MMK) and Hong Kong dollar (HKD) exchange rates (against Singapore dollar), with all other variables held constant, of the Group's and the Company's profit net of tax and equity.

		2017	2016
The Group		**$'000**	$'000
RMB	– strengthened 5% (2016 – 5%)	**323**	(1,304)
	– weakened 5% (2016 – 5%)	**(323)**	1,304
USD	– strengthened 5% (2016 – 5%)	**(2,736)**	(4,449)
	– weakened 5% (2016 – 5%)	**2,736**	4,449
MMK	– strengthened 5% (2016 – 5%)	**176**	134
	– weakened 5% (2016 – 5%)	**(176)**	(134)
HKD	– strengthened 5% (2016 – 5%)	**–**	1
	– weakened 5% (2016 – 5%)	**–**	(1)
The Company			
RMB	– strengthened 5% (2016 – 5%)	**(3)**	–
	– weakened 5% (2016 – 5%)	**3**	–
USD	– strengthened 5% (2016 – 5%)	**8**	(319)
	– weakened 5% (2016 – 5%)	**(8)**	319

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 2017

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

25.6 Financial instruments by category

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets measured at amortised cost:				
Trade and other receivables (Note 7)	**23,723**	23,675	**35,790**	2,324
Cash and cash equivalents (Note 8)	**21,072**	16,524	**3,395**	3,624
	44,795	40,199	**39,185**	5,948
Financial liabilities				
Financial liabilities measured at amortised cost:				
Financial liabilities (Note 12)	**45,097**	87,852	**–**	7,229
Accrued land lease premium (Note 13)	**25,597**	27,161	**–**	–
Trade and other payables (Note 14)	**43,584**	62,129	**1,686**	1,307
	114,278	177,142	**1,686**	8,536

26 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) 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.

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 equivalents. Capital includes equity attributable to the owners of the Company.

26 CAPITAL MANAGEMENT (CONTINUED)

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Financial liabilities (Note 12)	**45,097**	87,852	**–**	7,229
Accrued land lease premium (Note 13)	**25,597**	27,161	**–**	–
Trade and other payables (Note 14)	**43,584**	62,129	**1,686**	1,307
Cash and cash equivalents (Note 8)	**(21,072)**	(16,524)	**(3,395)**	(3,624)
Net Debt/(Capital)	**93,206**	160,618	**(1,709)**	4,912
Equity attributable to the owners of the Company				
Total capital	**124,342**	54,572	**82,812**	31,745
Capital and net debt	**217,548**	215,190	**81,103**	36,657
Capital net debt ratio	**42.8%**	74.6%	**N/A**	13.4%

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:

(a) Level 1 : those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) 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

(c) 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).

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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.

Fair value measurement of non-financial instruments

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 2017.

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2017				
Non-financial assets				
Investment properties (Note 5)	**–**	**–**	**95,594**	**95,594**
31 December 2016				
Non-financial assets				
Investment properties (Note 5)	–	–	61,350	61,350

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27 FAIR VALUE MEASUREMENT (CONTINUED)

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.

<table>
<tr><th>Valuation technique</th><th>Significant unobservable inputs</th><th>Inter-relationship between key unobservable inputs and fair value measurement</th></tr>
<tr><td><u>Daya Bay</u>
The valuation is based on both the income and market in arriving at the fair value of the properties, by first taking into account the net rental income of the properties derived from the existing leases as holiday apartments till the expiry of the lease at an appropriate capitalization rate and subsequently assume the sale of the apartment units in its existing state with the benefit of immediate vacant possession based on comparable sale transactions as available in the relevant market.</td><td>• Weighted average price per square metre: RMB16,311 (2016 – RMB13,239);
• Expected average rental growth: not more than Nil% (2016 – 5%);
• Discount rate: 6.5% (2016 – 6.6%)
• Capitalisation rate: Nil% (2016 – 6.6%)</td><td>The estimated fair value would increase (decrease) if:
• Expected average price per square metre was higher/(lower)
• Expected average rental growth was higher/(lower);
• Discount rate was lower/(higher);
• Capitalisation rate was lower/(higher)</td></tr>
<tr><td><u>Golden Land</u>
(i) <u>Residential units</u>
The valuation is based on the market approach to determine the market value of the 40 residential units based on the sales of similar substitute property and related market data and adjusting the sales prices to that reflective of the investment properties.

(ii) <u>Retail unit and Office Units</u>
The valuation of the ground floor retail unit and 27 office units within Golden City Business Centre were determined using 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 50% to 70% in the initial first 3 years and stabilizing at 93% from the 4th year onwards.</td><td>• Weighted average price per square metre: US$2,708 (2016 – US$Nil)
• Average price per square metre: US$2,742 (2016 – US$Nil)
• Estimated rent per square metre: US$13 (2016 – US$40)
• Estimated sale price/rental growth per year: 5% (2016 – 5%)
• Occupancy rate: 50% (2016 – 60%)
• Discount rate: 13% (2016 – 15%)
• Terminal value rate: 10% (2016 – 12%)</td><td>The estimated fair value would increase/(decrease) if:
• Expected average price per square metre was higher/(lower)
• Expected average price per square metre was higher/(lower)
• Estimated rent per square metre was higher/(lower)
• Estimated sale price/rental growth per year was higher/(lower)
• Estimated occupancy rate was higher/(lower)
• Construction cost per square metre was lower/(higher)
• Discount rate was lower/(higher);
• Terminal value rate was lower/(higher)</td></tr>
</table>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28 SUBSEQUENT EVENTS

Settlement Deed

On 14 November 2017, the Company announced the legal action in respect of the unauthorised withdrawals from Huizhou Daya Bay Mei Tai Cheng Property Development Co., Ltd.

On 18 January 2018, the Company and Cedar Properties Pte. Ltd. ("CPPL") entered into a settlement deed with Mr. Luo, pursuant to which the Company, CPPL and Mr. Luo have agreed on the terms and subject to the conditions of the Settlement Deed, to a full and final settlement of all disputes, claims and/or counterclaims between the Company and Mr Luo in connection with the Unauthorised Withdrawals, the Singapore lawsuit, the PRC Proceedings, the First Requisition Notice and Section 216A Notice.

The conditions of the Settlement Deed include:

(i) The proposed disposal of CPPL to Mr Luo based on the valuation of Daya Bay's property interests by an independent valuer and it will be satisfied by the Company, setting off from the consideration the equivalent sum under the outstanding amount due to Mr Luo under the convertible loan agreement entered on 25 January 2017 as disclosed in Note 12(vi) to the financial statements;

(ii) The extension of the convertible loan agreement by an additional 12 months from 25 April 2018 to 25 April 2019 and to vary the convertible loan agreement to provide that the conversion right may only be exercised with the Company's prior written approval,

(iii) To source and identify third parties to acquire Mr. Luo's rights, title, interest, benefits, obligations and liabilities under the convertible loan agreement

(iv) The transfer of 149.4 million shares, representing 15.5% of the Company's share capital, owned by Mr Luo to Mr. Zhu Xiaolin and/or any other third party as may be agreed in writing between Mr Luo and the Company,

(v) To procure the resignation of Mr. Yang Cha as a director of Daya Bay;

(vi) To seek Mr Luo's assistance to facilitate the handover of all bank tokens of Daya Bay to the Company,

(vii) To discontinue Singapore lawsuit and PRC proceedings by the Company against all defendants;

(viii) To rescind the first and second requisition notices and the withdrawal of demands to commence legal proceedings against a director of the Company.

(ix) The Company agreed not to undertake any new acquisition except with the approval of Mr. Zhu Xiaolin and/or the Transferee until Mr Luo completes the transfer of 149.41 million of his shares in the Company to Mr. Zhu Xiaolin and/or the Transferee and 3 months have passed since the completion of the sale of CPPL or the resignation of 50% of existing directors, whichever comes earlier;

(x) To repay Mr Luo part of the amount outstanding under the convertible loan agreement, with the amount to be repaid to be agreed between Mr. Luo and the Company.

On 15 March 2018, pursuant to an extraordinary general meeting, the shareholders of the Company approved (i) the disposal of CPPL for a consideration of RMB81 million (equivalent to approximately $17.0 million); (ii) the extension of the expiry date of the conversion right under the convertible loan agreement entered between the Company and Mr Luo and (iii) the novation of the convertible loan agreed entered into between the Company and Mr. Luo.

As at the date of this report, other than (iii), (ix) and (x), all other procedures have been completed.

ADDITIONAL INFORMATION

Interested person transactions entered into during the financial years ended 31 December 2017 and 31 December 2016 respectively 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 are 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$100,000)	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Luo Shandong Loan from controlling shareholder[1,3]	41,609[3]	626[1]	–	–
D3 Capital Limited Acquisition of DAS Pte. Ltd.[2] Acquisition of 9% stake in Uni Global Power Pte. Ltd.[4]	8,537[4]	8,654[2]	–	–
Asiabiz Services Ltd Acquisition of 8% stake in Uni Global Power Pte. Ltd..[5]	7,588	–	–	–

Note 1: On 17 October 2016, the Company 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 S$626,000), 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.

Note 3: This relates to the proposed allotment and issue of conversion shares to Mr Luo Shandong, a controlling shareholder, pursuant to the convertible loan agreement entered into between the Company and Mr Luo Shandong, of an aggregate principle amount of US$29,302,144 (approximately S$41,609,044) at 1% interest rate for a term of 15 months (the "Term"), was approved by the shareholders at the Extraordinary General Meeting held on 27 February 2017. The purpose of the convertible loan is for supplementing the Company's cash resources for the purchase of the Golden City project.

Note 4: This relates to the acquisition from D3 Capital Limited of 360 shares representing 9% of the total issued and paid-up shares of Uni Global Power Pte. Ltd. The interested person transaction was not approved by the shareholders at the Extraordinary General Meeting held on 26 December 2017. D3 Capital Limited is wholly owned by the immediate family of Mr Teo Cheng Kwee, a Non-Executive Director of the Company.

Note 5: This relates to the acquisition from Asiabiz Services Ltd of 320 shares representing 8% of the total issued and paid-up shares of Uni Global Power Pte. Ltd. The interested person transaction was not approved by the shareholders at the Extraordinary General Meeting held on 26 December 2017. Asiabiz Services Ltd is wholly owned by Mr Zhu Xiaolin, an Executive Director and Group President of the Company.

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2018

Issued share capital	:	S$32,841,618.4724
No. of issued and fully paid-up shares	:	962,166,934
Class of shares	:	Ordinary share
Voting rights attached to shares	:	One vote per share
Treasury Shares	:	Nil
Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	344	4.82	12,281	0.00
100 – 1,000	1,244	17.44	654,528	0.07
1,001 – 10,000	2,975	41.72	12,933,513	1.35
10,001 – 1,000,000	2,529	35.46	154,451,396	16.05
1,000,001 and above	40	0.56	794,115,216	82.53
Total	7,132	100.00	962,166,934	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Zhu Xiaolin	169,410,864	17.61
2	Zhang Xiang	89,000,000	9.25
3	Phillip Securities Pte Ltd	87,246,941	9.07
4	Wong Pak Him Patrick	81,212,921	8.44
5	CGS-CIMB Securities (S) Pte Ltd	66,332,020	6.89
6	Teo Cheng Kwee	59,281,760	6.16
7	Citibank Nominees Singapore Pte Ltd	40,874,458	4.25
8	Maybank Kim Eng Securities Pte Ltd	35,250,710	3.66
9	ABN Amro Clearing Bank N.V.	28,665,028	2.98
10	Tao Xucheng	18,000,000	1.87
11	Low Siew Yam	13,558,600	1.41
12	Christopher Chong Meng Tak	11,082,200	1.15
13	Lai Xuejun	10,232,200	1.06
14	Ni Weiqun	7,560,000	0.79
15	UOB Kay Hian Pte Ltd	6,905,644	0.72
16	Xie Jing	5,887,000	0.61
17	OCBC Securities Private Ltd	5,860,912	0.61
18	DBS Nominees Pte Ltd	5,376,078	0.56
19	Tang Boon Leong	5,317,200	0.55
20	DBS Vickers Securities (S) Pte Ltd	5,048,040	0.53
	Total:	752,102,576	78.17

STATISTICS OF SHAREHOLDINGS
AS AT 12 MARCH 2018

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	%
Zhu Xiaolin	169,410,864	17.61	30,469,600	3.17
Wong Pak Him Patrick	81,212,921	8.44	–	–
Teo Cheng Kwee	59,281,760	6.16	–	–
Zhang Xiang	89,000,000	9.25	–	–

1. Mr Zhu Xiaolin is deemed interested in 30,469,600 shares held by Phillip Securities Pte Ltd as his nominee.

2. Mr Wong Pak Him Patrick has been granted 2,000,000 options under the CSH Employee Share Option Scheme 2009.

3. 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 12 March 2018, approximately 54.18% 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 **Thursday, 26 April 2018** 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 2017 and the Auditors' Report thereon. **Resolution 1**

2. To note the retirement of Mr Christopher Chong Meng Tak, a Director retiring pursuant to Regulation 87 of the Company's Constitution and who would not be seeking re-election.

3. To note the retirement of Mr Peter Tan, a Director retiring and who would not be seeking re-election.

4. To re-elect Mr Wong Pak Him Patrick as Director, who shall retire pursuant to Regulation 87 of the Company's Constitution. **Resolution 2**

{See Explanatory Note (1)}

5. To approve the payment of the proposed directors' fees of up to S$260,000 to be paid quarterly in arrears for the financial year ending 31 December 2019. **Resolution 3**

6. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix its remuneration. **Resolution 4**

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

Special Business

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

8. **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,

NOTICE OF ANNUAL GENERAL MEETING

(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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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.

{See Explanatory Note (2)} **Resolution 5**

9. **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 and subsidiary holdings) 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 (3)} **Resolution 6**

NOTICE OF ANNUAL GENERAL MEETING

10. **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 and subsidiary holdings) 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 (4)} **Resolution 7**

11. **Proposed renewal of the Share Purchase Mandate**

*All capitalised terms in the Resolution 9 below and defined in the Letter to Shareholders dated 5 April 2018 (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;

(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;

NOTICE OF ANNUAL GENERAL MEETING

(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 and subsidiary holdings), 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

(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 (5)} **Resolution 8**

By Order of the Board

Ong Beng Hong
Tan Swee Gek
Joint Secretaries
Singapore
5 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

(1) Ordinary Resolution 2 – To re-elect Mr Wong Pak Him Patrick as a Director, who shall retire pursuant to Regulation 87 of the Constitution of the Company

If re-elected, Mr Wong Pak Him Patrick will remain as an Executive Director of the Company.

(2) Ordinary Resolution 5 – 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 5 proposed in item 8 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 and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 share 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.

(3) Ordinary Resolution 6 – Mandate to Directors to issue Shares under the ETC Employee Share Option Scheme

Ordinary Resolution 6 proposed in item 9 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 issued or 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 and subsidiary holdings, 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.

(4) Ordinary Resolution 7 – Mandate to Directors to issue Shares under the ETC Share Performance Plan

Ordinary Resolution 7 proposed in item 10 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 issued or 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 and subsidiary holdings, 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.

NOTICE OF ANNUAL GENERAL MEETING

(5) Ordinary Resolution 8 – Proposed renewal of the Share Purchase Mandate

Ordinary Resolution 8 proposed in item 11 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. 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 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) 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) A proxy need not be a member of the Company.

(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) In the case of joint shareholders, all holders must sign the instrument appointing a proxy/proxies.

NOTICE OF ANNUAL GENERAL MEETING

(7) 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.

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*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: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619
Tel: 6381 6757

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 5 April 2018.

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)

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 **Thursday, 26 April 2018** 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/their 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 Wong Pak Him Patrick as Director			
3.	To approve Directors' Fees to be paid quarterly in arrears for the year ending 31 December 2019			
4.	To re-appoint Foo Kon Tan LLP as Auditors of the Company			
	Special Business			
5.	To authorise the Directors to issue shares pursuant to Rule 806 of the Catalist Rules			
6.	To authorise the Directors to issue shares pursuant to the ETC Employee Share Option Scheme			
7.	To authorise the Directors to issue shares pursuant to the ETC Performance Share Plan			
8.	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 ______________________ 2018.

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.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Christopher Chong Meng Tak
Non-Executive Group Chairman/
Independent Director
Tan Thiam Hee
Executive Director/
Group Chief Executive Officer
Zhu Xiaolin
Executive Director/Group President
Wong Pak Him Patrick
Executive Director
Peter Tan
Independent Director
Teo Cheng Kwee
Non-Executive Director

AUDIT COMMITTEE
Peter Tan
Chairman
Christopher Chong Meng Tak
Teo Cheng Kwee

NOMINATING & CORPORATE GOVERNANCE COMMITTEE
Christopher Chong Meng Tak
Chairman
Peter Tan
Zhu Xiaolin

REMUNERATION COMMITTEE
Christopher Chong Meng Tak
Chairman
Peter Tan
Teo Cheng Kwee

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@etcsingapore.com
Website: www.etcsingapore.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.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

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
Singapore 048624

EMERGING TOWNS & CITIES SINGAPORE LTD.

80 Raffles Place #26-05 UOB Plaza 1
Singapore 048624
Company Registration No: 198003839Z
T: (65) 6532 0933
F: (65) 6733 3458
E: info@etcsingapore.com
www.etcsingapore.com