

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2018

Part 1

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

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

	Group		
	1st Qtr Ended 31/3/2018	1st Qtr Ended 31/3/2017	Increase/ (Decrease)
	S\$ '000	S\$ '000	%
Revenue	14,749	10,053	46.7%
Cost of sales	(10,805)	(7,269)	48.6%
Gross profit	3,944	2,784	41.7%
Other income	456	8,332	(94.5%)
Distribution costs	(1,009)	(956)	5.5%
Administrative expenses	(965)	(4,538)	(78.7%)
Other operating expenses	(195)	(79)	n.m.*
Finance costs	(619)	(1,538)	(59.7%)
Profit before taxation	1,612	4,005	(59.8%)
Taxation	994	(1,303)	n.m.
Profit for the period	2,606	2,702	(3.5%)
Profit attributable to:			
Owners of the Company	984	1,010	(2.6%)
Non-controlling interests	1,622	1,692	(4.1%)
	2,606	2,702	(3.5%)

n.m. : not meaningful

*: in excess of 100%

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

	Group		
	1 st Qtr Ended 31/3/2018	1 st Qtr Ended 31/3/2017	Increase/ (Decrease)
	S\$ '000	S\$ '000	%
Depreciation of property, plant & equipment	(92)	(114)	(19.3%)
Gain on disposal of subsidiaries, net	446	-	n.m.
Fair value gain on investment properties	-	8,295	(100.0%)
Exchange gain/(loss), net	1,084	(822)	n.m.
Interest income	9	9	-
Interest expense	(619)	(1,538)	(59.7%)
Rental income	991	507	95.5%

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

	Group		
	1 st Qtr Ended 31/3/2018	1 st Qtr Ended 31/3/2017	Increase/ (Decrease)
	S\$ '000	S\$ '000	%
Profit for the period	2,606	2,702	(3.5%)
Other comprehensive income			
Currency translation difference (Nil tax)	(1,618)	(2,875)	(43.7%)
- Loss			
Total comprehensive profit/(loss) for the period	988	(173)	n.m.
Total comprehensive income attributable to:			
Owners of the Company	207	(1,828)	n.m.
Non-controlling interests	781	1,655	(52.8%)
	988	(173)	n.m.

n.m. : not meaningful
*: in excess of 100%

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

	Group		Company	
	31-Mar-18 S\$'000	31-Dec-17 S\$'000	31-Mar-18 S\$'000	31-Dec-17 S\$'000
ASSETS				
Non-Current				
Property, plant and equipment	4,440	5,509	29	42
Subsidiaries	-	-	35,393	45,269
Investment properties	44,194	95,594	-	-
	48,634	101,103	35,422	45,311
Current				
Development properties	199,432	208,521	-	-
Trade and other receivables	17,362	26,340	37,165	35,822
Cash and cash equivalents	4,054	21,072	628	3,395
	220,848	255,933	37,793	39,217
Total assets	269,482	357,036	73,215	84,528
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	43,126	43,126	43,126	43,126
Capital reduction reserve	15,998	15,998	15,998	15,998
Equity component of convertible loan reserve	13,017	29,886	13,017	29,886
Capital reserve	24,249	24,249	4,057	4,057
Revaluation reserve	299	299	-	-
Share option reserve	686	632	686	632
Foreign currency translation reserve	(4,504)	(3,998)	-	-
Accumulated profit/(loss)	15,134	14,150	(4,797)	(10,887)
Equity attributable to equity holders of the Company	108,005	124,342	72,087	82,812
Non-controlling interests	1,257	11,364	-	-
Total equity	109,262	135,706	72,087	82,812

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

	Group		Company	
	31-Mar-18 S\$'000	31-Dec-17 S\$'000	31-Mar-18 S\$'000	31-Dec-17 S\$'000
LIABILITIES				
Non-Current				
Provisions for site restoration	30	30	30	30
Deferred tax liabilities	23,611	31,447	-	-
Financial liabilities	20,566	20,700	-	-
Accrued land lease premium	17,236	17,573	-	-
	61,443	69,750	30	30
Current				
Financial liabilities	10,421	24,397	-	-
Accrued land lease premium	7,869	8,024	-	-
Trade and other payables	30,686	43,584	1,098	1,686
Deposits from customers for sale of development properties	49,801	71,388	-	-
Current tax payable	-	4,187	-	-
	98,777	151,580	1,098	1,686
Total liabilities	160,220	221,330	1,128	1,716
Total equity and liabilities	269,482	357,036	73,215	84,528

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

	Group 31-Mar-2018		Group 31-Dec-2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand				
Financial Liabilities:				
Bank loan	2,818	-	21,822	-
Loans from related parties	-	7,603	-	2,575
	<u>2,818</u>	<u>7,603</u>	<u>21,822</u>	<u>2,575</u>
Amount repayable after one year				
Financial Liabilities:				
Bank Loan	20,566	-	20,700	-
	<u>20,566</u>	<u>-</u>	<u>20,700</u>	<u>-</u>

Details of any collateral

The bank loans are secured by bank guarantees with pledge over a commercial building and certain units of residential apartments.

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

	Group	
	1 st Qtr Ended 31/3/2018	1 st Qtr Ended 31/3/2017
	S\$ '000	S\$ '000
Cash Flows from Operating Activities		
Profit before taxation	1,609	4,005
Adjustments for:		
Depreciation of property, plant and equipment	92	114
Share-based compensation	54	97
Fair value gain on investment properties	-	(8,295)
Interest Income	(9)	(9)
Interest expenses	619	1,538
Operating profit /(loss) before working capital changes	2,365	(2,550)
Trade and other receivables	2,915	5,307
Trade and other payables	(951)	(13,605)
Investment properties	(518)	(6,854)
Development properties	3,520	15,381
Cash generated from/(used in) operations	7,331	(2,321)
Income tax paid	-	(1,171)
Net Cash generated from/(used in) operating activities	7,331	(3,492)
Cash Flows from Investing Activities		
Interest received	9	9
Acquisition of non-controlling interest in a subsidiary	-	(2,106)
Purchase of property, plant and equipment	-	(33)
Disposal of subsidiary, net of cash disposed of (Note A)	(10,709)	-
Net cash used in from investing activities	(10,700)	(2,130)
Cash Flows from Financing Activities		
Issue of ordinary shares	-	954
Proceeds from shareholders' loans	5,374	
Repayment of bank loan	(19,138)	-
Net Cash (used in)/generated from financing activities	(13,764)	954
Net decrease in cash and cash equivalents	(17,133)	(4,668)
Cash and cash equivalents at beginning of period	21,072	16,521
Effect of exchange rate fluctuations on cash held	115	525
Cash and cash equivalents at end of period	4,054	12,378

Note A: The net assets and liabilities arising from the disposal of subsidiary and the cash flow effects of the cash flow effects of the disposal were as follows:

	Group
	1st Qtr Ended 31/3/2018
	S\$ '000
Property, plant and equipment	913
Investment properties	51,051
Development properties	1,721
Trade and other receivables	5,275
Bank balances	10,709
Trade and other payables	(20,600)
Current tax payable	(4,152)
Advances from customers	(21,489)
Deferred tax liabilities	(6,330)
Net assets disposed	17,098
Foreign currency translation reserve loss realised	271
Less: Non-controlling interests	(10,888)
Novation of amount due to the Company to the Purchaser	10,010
Net gain on disposal of subsidiary	446
Total consideration	16,937
Amount set off against convertible loan	(16,937)
Cash and cash equivalents in subsidiary disposed	(10,709)
Net cash outflow arising from disposal	(10,709)

ETC SINGAPORE

Company Registration No. 198003839Z

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

Consolidated Statement of Changes in Equity for the periods ended 31 March 2018 and 31 March 2017 - Group

The Group	Share capital S\$'000	Capital reduction reserve S\$'000	Capital reserve S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Warrant reserve S\$'000	Equity component of convertible loan S\$'000	Exchange fluctuation reserve S\$'000	Accumulated profits/(losses) S\$'000	Total attributable to equity holders of the company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2018	43,126	15,998	24,249	632	299	-	29,886	(3,998)	14,150	124,342	11,364	135,706
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	(777)	984	207	781	988
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Disposal of subsidiary	-	-	-	-	-	-	(16,937)	271	-	(16,666)	(10,888)	(27,554)
Interest incurred on convertible loan	-	-	-	-	-	-	68	-	-	68	-	68
Share-based compensation	-	-	-	54	-	-	-	-	-	54	-	54
Balance at 31 March 2018	43,126	15,998	24,249	686	299	-	13,017	(4,504)	15,134	108,005	1,257	109,262

ETC SINGAPORE

Company Registration No. 198003839Z

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

Consolidated Statement of Changes in Equity for the periods ended 31 March 2018 and 31 March 2017 – Group (Continued)

The Group	Share capital S\$'000	Capital reduction reserve S\$'000	Capital reserve S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Equity component of convertible loan S\$'000	Warrant reserve S\$'000	Exchange fluctuation reserve S\$'000	Accumulated profits/(losses) S\$'000	Total attributable to equity holders of the company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2017	131,618	15,998	2,278	243	-	-	2,879	(44)	(98,400)	54,572	39,626	94,198
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	(2,838)	1,010	(1,828)	1,655	(173)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Issue of ordinary shares arising from exercise of warrants	1,551	-	-	-	-	-	(597)	-	-	954	-	954
Acquisition of remaining interest in a subsidiary	6,547	-	992	-	-	-	-	-	-	7,539	(9,644)	(2,105)
Share-based compensation	-	-	-	97	-	-	-	-	-	97	-	97
Capital reduction	(112,000)	-	-	-	-	-	-	-	112,000	-	-	-
Balance at 31 March 2017	27,716	15,998	3,270	340	-	-	2,282	(2,882)	14,610	61,334	31,637	92,971

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

Consolidated Statement of Changes in Equity for the periods ended 31 March 2018 and 31 March 2017 - Company

The Company	Share capital	Capital reduction reserve	Capital reserve	Equity component of convertible loan	Share option reserve	Warrant reserve	Accumulated losses	Total Equity attributable to equity holders of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	43,126	15,998	4,057	29,886	632	-	(10,887)	82,812
Disposal of subsidiary	-	-	-	(16,937)	-	-	-	(16,937)
Interest incurred on convertible loan	-	-	-	68	-	-	-	68
Share-based compensation	-	-	-	-	54	-	-	54
Total comprehensive profit for the period	-	-	-	-	-	-	6,090	6,090
Balance at 31 March 2018	43,126	15,998	4,057	13,017	686	-	(4,797)	72,087

The Company	Share capital	Capital reduction reserve	Capital reserve	Equity component of convertible loan	Share option reserve	Warrant reserve	Accumulated losses	Total Equity attributable to equity holders of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	131,618	15,998	-	-	243	2,879	(118,993)	31,745
Issue of ordinary shares arising from exercise of warrants	1,551	-	-	-	-	(597)	-	954
Share-based compensation	-	-	-	-	97	-	-	97
Acquisition of remaining interest in a subsidiary	6,547	-	-	-	-	-	-	6,547
Capital reduction	(112,000)	-	-	-	-	-	112,000	-
Total comprehensive loss for the period	-	-	-	-	-	-	(1,190)	(1,190)
Balance at 31 March 2017	27,716	15,998	-	-	340	2,282	(8,183)	38,153

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

	Number of shares
Share Capital	
Ordinary shares issued and fully paid	
Balance as at 31 March 2018	962,166,934

There were no changes to share capital of the Company during the quarter ended 31 March 2018.

As at 31 March 2018, convertibles (including options to subscribe for ordinary shares in our Company) that remained outstanding after share consolidation (Comparatives are restated to show the effects of the share consolidation) are as follows:

	As at 31 Mar 2018 No. of shares	As at 31 Mar 2017 No. of shares
Convertible loan dated 25 January 2017 (expire on 25 April 2019)	191,770,399	463,158,692
Warrants granted on 12 June 2014 (expired on 9 June 2017)	-	40,511,111
Share Options granted on 17 May 2016 (expire on 17 May 2026)	15,000,000	16,000,000
	206,770,399	519,669,803

The Company did not hold any treasury shares as at 31 March 2018 and 31 March 2017.

There were no subsidiary holdings as at 31 March 2018 and 31 March 2017.

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

The Company's total number of issued shares (excluding treasury shares) as at 31 March 2018 is 962,166,934 (31 December 2017: 962,166,934)

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

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

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the financial period reported on.

Not Applicable. There were no subsidiary holdings.

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

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

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

Not Applicable.

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

Except as disclosed in paragraph 5 below regarding the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) effective on 1 January 2018, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2017.

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

The Group has adopted the new financial reporting framework, SFRS(I), mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS(I)s and amendments to SFRS(I) effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers* (Amendments to SFRS(I) 15 and Clarifications to SFRS(I) 15);
- SFRS(I) 9 *Financial Instruments*;
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);

The adoption of these SFRS(I)s and amendments to SFRS(I) did not have a material impact on the financial statements of the Group.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-
- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	1 st Qtr Ended 31/3/2018	1 st Qtr Ended 31/3/2017
<i>Profit/(Loss) per ordinary share</i> (Comparatives are restated to show the effects of the share consolidation):		
(i) Based on weighted average no. of ordinary shares in issue (cents)	0.10	0.13
(ii) On a fully diluted basis (cents)	0.09	0.08
<i>Number of shares in issue</i> (Comparatives are restated to show the effects of the share consolidation):		
(i) Based on weighted average no. of ordinary shares in issue (in million)	962	790
(ii) On a fully diluted basis (in million)	1,155	1,258

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

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

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

	Group		Company	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
Net Asset Value (S\$'000)	109,262	135,706	72,087	82,812
Based on existing issued share capital (cents per share)	11.36	14.10	7.49	8.61
Net Asset Value has been computed based on the share capital of (in million of shares)	962	962	962	962

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Financial Performance (1Q2018 vs 1Q2017)

Note: Due to the nature of the industry that the Company operates in, recognition of revenue from the sale of properties is driven by project hand-over. Consequently, quarterly results may not be a good indication of profitability trend. Contributions from Daya Bay were included in the revenue, cost of sales, other income and expenses in the financial period under review until the disposal of Cedar Properties Pte Ltd ("CPPL"), effectively divesting the stake in the Daya Bay project, on 15 March 2018.

Revenue

	Group		
	1Q2018 S\$ '000	1Q2017 S\$ '000	Increase/(Decrease) %
Sale of Properties			
- Golden City	11,149	9,334	19.4%
- Daya Bay	2,609	212	n.m.*
Total Sales of Properties	13,758	9,546	44.1%
Rental Income			
- Golden City	557	-	n.m.
- Daya Bay	416	489	(14.9%)
- ETC	18	18	-
Total Rental Income	991	507	95.5%
Total Revenue	14,749	10,053	46.7%

n.m. : not meaningful

*: in excess of 100%

Revenue for 1Q2018 was mainly contributed by the sale of property units in the Golden City project of S\$11.1 million (75.6% of total revenue), the Daya Bay project of S\$2.6 million (17.7% of total revenue) and the rental of Golden City residential and commercial units and Daya Bay holiday

apartments of S\$0.6 million and S\$0.4 million respectively. Revenue for 1Q2017 was contributed by sale of property units in the Golden City project of S\$9.3 million, the Daya Bay project of S\$0.2 million and rental of holiday apartments of S\$0.5 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. Golden City project and the Daya Bay project recognized or booked 19 units each as revenue in 1Q2018. 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\$417) per room since December 2015, until the disposal of CPPL, effectively divesting the stake in the Daya Bay project, on 15 March 2018.

Gross Profit

	Group		
	1Q2018	1Q2017	Increase/(Decrease)
	S\$ '000	S\$ '000	%
Sale of Properties			
- Golden City	2,673	2,323	15.1%
- Daya Bay	379	43	n.m.*
Total Sales of Properties	3,052	2,366	29.0%
Rental Income			
- Golden City	531	-	n.m.
- Daya Bay	343	401	(14.5%)
- ETC	18	17	5.9%
Total Rental Income	892	418	n.m.*
Total Gross Profit	3,944	2,784	41.7%

n.m. : not meaningful
 *: in excess of 100%

Gross profit of approximately S\$3.9 million was recorded for 1Q2018, after deducting direct costs (consisting mainly of cost of the property units sold) of approximately S\$10.8 million. The gross profit margins for sale of properties for Golden City and Daya Bay projects were approximately 24% and 15% respectively.

Other Income

	Group		
	1Q2018	1Q2017	Increase/(Decrease)
	S\$ '000	S\$ '000	%
Fair value gain	-	8,295	(100.0%)
Interest income	9	9	-
Gain on disposal of subsidiary	446	-	n.m.
Others	1	28	(96.4%)
Other Income	456	8,332	(94.5%)

n.m. : not meaningful
 *: in excess of 100%

Other income decreased from S\$8.3 million in 1Q2017 to S\$0.5 million in 1Q2018 mainly due to the gain on disposal of CPPL of S\$0.5 million in 1Q2018 whilst in 1Q2017, there was a fair value

gain of S\$8.3 million for the transfer of 16 units of residential apartments from development properties to investment properties following the commencement of an operating lease to a 3rd party and the increase in fair value of investment properties pertaining to the CMA building in the Golden City project.

Distribution Costs

Distribution costs, which arose from the sale of property units in the Golden City and the Daya Bay projects, remained relatively flat at S\$1.0 million in 1Q2018 compared against 1Q2017. These expenses comprise primarily of salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

Administration Expenses

Administration expenses decreased from S\$4.5 million in 1Q2017 to S\$1.0 million in 1Q2018, mainly due to unrealized exchange gains arising from the Golden City project in 1Q2018 compared to unrealized exchange losses arising from the Golden City project in 1Q2017 and lower accrual of management performance incentives by Golden City project.

Finance Costs

The finance costs of S\$0.6 million in 1Q2018 pertained mainly to interest expenses arising from bank loans and shareholders' loans.

Taxation

	Group		Increase/(Decrease)
	1Q2018	1Q2017	
	S\$ '000	S\$ '000	%
Income tax	(98)	(102)	(3.9%)
Deferred tax	1,092	(1,201)	n.m.
Taxation	994	(1,303)	n.m.

n.m. : not meaningful

*: in excess of 100%

Taxation decreased from tax expense of S\$1.3 million in 1Q2017 to tax credit of S\$1.0 million in 1Q2018 mainly due to the unwinding of deferred tax liabilities (deferred tax liabilities were recognized when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer) from the sales of development properties in the Golden City and Daya Bay projects.

Review of Financial Position (31 March 2018 vs 31 December 2017)

Note: Significant changes in balance sheet items during the financial period under review were mainly attributed to the disposal of Cedar Properties Pte Ltd ("CPPL"), effectively divesting the stake in the Daya Bay project, on 15 March 2018.

Non-current Assets

Property, plant and equipment and investment properties decreased mainly due to the disposal of CPPL, effectively divesting the stake in the Daya Bay project on 15 March 2018. Property, plant and equipment also decreased due to depreciation incurred.

Current Assets

Development properties decreased mainly due to the property units sold that were progressively recognised as income upon handover and disposal of CPPL. 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 decreased mainly due to lower trade receivables upon payment of the outstanding amounts by customers and disposal of CPPL.

Non-current Liabilities

Deferred tax liabilities decreased mainly due to the development property units that were progressively sold, thereby reducing the deferred tax liabilities recognized for the development properties and disposal of CPPL. Deferred tax liabilities were recognized when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer.

Current Liabilities

Financial liabilities decreased mainly due to repayment of bank loan in the Golden City project, partially offset by increase in shareholders' loans in the Golden City project. Trade and other payables, deposits from customers for sale of development properties and current tax payable decreased mainly due to the disposal of CPPL.

Equity

The decrease in the equity component of the convertible loan reserve was mainly due to the setting off from the consideration of RMB 81 million (approximately S\$16.9 million) from the disposal of CPPL the equivalent sum under the outstanding Convertible Loan ("CL") which has been classified 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+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\$7.3 million for 1Q2018 mainly from the operating profit in 1Q2018 and changes in working capital.

Net cash used in investing activities was approximately S\$10.7 million for 1Q2018 mainly due to the disposal of CPPL.

Net cash used in financing activities was S\$13.8 million for 1Q2018 mainly due to the scheduled repayment of bank loan offset by the proceeds from shareholders' loans in the Golden City project.

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

The current results are in line with the commentary in paragraph 10 of the Full Year 2017 Results Announcement dated 28 February 2018.

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

The Group's core business lies in identifying and investing in niche markets, with particular focus on development properties, investment properties and other related businesses in which it may value-add. The Group's sole project, Golden City, is based in the Yankin township of Yangon, Myanmar.

As part of the settlement deed in relation to the unauthorised withdrawals, disposal of Cedar Properties Pte Ltd ("CPPL") was completed on the 15 March 2018, effectively divesting the Group's stake in its first project, Daya Bay.

Golden City Project

As at 31 March 2018, approximately US\$195.6 million (approximately S\$256.4 million) of gross development value comprising 544 units (745,000 square feet) of the Golden City project have been sold. Correspondingly, a total of 274 units have been recognised as revenue as at 31 March 2017. Revenue for the remaining 270 units sold is expected to be progressively recognised in FY2018 upon handover of the units or one month after notification to buyers to take over the units, whichever occurs earlier. Golden City project comprises of 4 phases. While Phase 1's construction has already been completed, Phase 2 is expected to be completed in 2H2018, following which work for Phase 3 and 4 will start in FY2018 and FY2019 respectively.

Following the passing of the Condominium Law on 22 January 2018, granting foreigners the right to buy up to 40.0% of registered condominium apartments, provided the apartments are on the sixth floor or above and standing on land with an area of at least 20,000 square feet, hopes remain high that these newly enacted rules will boost demand for real estate in Myanmar in the years ahead. The implementation of the Condominium Law is expected to boost sales activities, draining off some of the excess supply in the marketplace, particularly in the mid to high-end segment of the residential market. These positive developments are also likely to translate into higher demand for the Group's Golden City project, notably Phase 2 that comprises smaller-sized units, as basic but modern developments that are smaller in size and reasonably priced have been garnering buyers' interest and confidence in recent times.

(Source: "Regulatory reforms set to heighten real estate activity in Myanmar", Myanmar Times, 9 March 2018)

(Source: "Confident of long term growth, Serge Pun bets big on tourism, property". Myanmar Times, 20 April 2018)

The Rohingya crisis however continues to ensue, where some 700,000 Rohingya have fled over the border to Bangladesh since violence erupted in August 2017. The crisis has had a negative effect on Foreign Direct Investment (FDI) inflows into the country, where concerns over potential consumer boycotts are likely to hold back investment from U.S. and European companies. Resultantly, office rents in Yangon have seen marked declines where the average monthly rent per square meter of floor space was US\$44 in 2017, a drop of 31.0% since 2013. In light of these trends, approved volume of FDI into Myanmar between April 2017 and February 2018, albeit lower than previous years, stood at a relatively sizeable amount of US\$5.3 billion.

(Source: "Ethnic cleansing' of Myanmar's Rohingya continues: UN", Japan Times, 6 March 2018)

(Source: "Two years on, Myanmar's lack of reform turns investors away", Nikkei Asian Review, 30 March 2018)

Industry observers believe that Myanmar's business sentiment is poised to improve, although it may require more time before government reforms with defined objectives for various sectors are communicated clearly to businesses. Economic growth is also projected to recover to 6.4% in 2017-18, after taking into consideration the worsening security in the Rakhine State.

(Source: "Myanmar improving but still 'super challenging' for business: Study", The Business Times, 27 March 2018)

(Source: "Economy yet to take off despite government's promise for growth; fixes needed", The Myanmar Times, 10 April 2018)

11. Dividend

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

No dividend has been declared or recommended.

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

No dividend was declared or recommended.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

Tan Thiam Hee and Zhu Xiaolin, being two of the Directors of Emerging Towns & Cities Singapore Ltd. (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the 1st quarter ended 31 March 2018 to be false or misleading in any material aspect.

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

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

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

No new proceeds have been raised in the quarter ended 31 March 2018.

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

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

ON BEHALF OF THE DIRECTORS

Tan Thiam Hee
Group Chief Executive Officer and Executive Director

BY ORDER OF THE BOARD

11 May 2018

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

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

The details of the contact person for the Sponsor is:

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