3. Executive Summary

3.1. Summary of Findings

The summary of findings under this section is designed to provide an overview of the work we have performed in the course of our review. It should be read in conjunction with our engagement proposal terms and our detailed report.

The following paragraphs briefly outline our main observations which, given the time constraints and the limitations inherent in a review, are not intended to be exhaustive and comprehensive. Our detailed comments are contained in the respective sections of this report.

Emerging Towns & Cities Singapore Ltd (“ETC”) is an investment holding company engaged in property development and investment activities in Myanmar. The company owns a portfolio of residential and commercial properties. The company, incorporated on 17 October 1980 and domiciled in Singapore, was formerly known as Cedar Strategic Holdings Limited which changed its name to ETC in February 2017.

DAS Pte Ltd (“DAS”), incorporated on 27 September 2016, is a wholly owned subsidiary of ETC based in Singapore and offers property development services through its subsidiaries. ETC completed the acquisition of DAS in two phases, approximately 75% of controlling stake was acquired on 20 December 2016, followed by the remaining 25% on 27 February 2017.

Uni Global Power Pte Ltd (“Uni Global Power”), incorporated on 6 February 2013, is a 70% owned subsidiary of DAS based in Singapore. The company engages in property development activities in Myanmar through its subsidiary, Golden Land (as defined below).

Golden Land Real Estate Development Co. Ltd (“Golden Land”), registered on 6 September 2013, is a 70% owned subsidiary of Uni Global Power with the remaining 30% held by Nature Link Co., Ltd (“Nature Link”) which is owned by Myanmar nationals. The principal activities of Golden Land are property development and investment in Myanmar. Golden Land owns the Golden City project in Myanmar.
3.1 Summary of Findings (Cont’d)

3.1.1. Review of Payment Transactions (Golden Land)

ETC previously owned the real estate development of Daya Bay Project in Huizhou, China from 2015 to 2018. It currently owns the Golden City development project in Yangon, Myanmar.

Golden City Project
On 15 October 2013, Golden Land together with Nature Link (collectively known as the “lessees”) entered into a land lease agreement under Build, Operate and Transfer (“Land lease agreement”) arrangement on a land located at No. 3 Land Survey Block, Kanbe’, Yankin Township, Yangon Region, Myanmar for Golden City Development Project with the Office of the Commander-in-Chief (Army) Quarter Master General Office (“QM General Office” or the “lessor”). The parcel of land has a land area of 8.369 acres and an initial lease term of 50 years till 2063, with an option to renew every ten (10) years, up to a maximum of twenty (20) years to 2083.

On 23 October 2013, Golden Land was granted with permission and rights to carry out the construction and operation of shopping mall, hotel, residences, service apartments, and office tower by the Myanmar Investment Commission. At the expiry of the land lease agreement, Golden Land is required to transfer the shopping mall, hotel, residences, service apartments and office tower along with all fixed assets back to the QM General Office.

Daya Bay Project
Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (“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 third quarter 2015.

CPPL was formerly a wholly own subsidiary of ETC and was incorporated in Singapore with an issued capital of SGD 1 vested in one ordinary share on 23 October 2015. On 4 November 2015, ETC (then known as Cedar Strategic Holdings Limited) acquired 60.0% of the registered capital of Daya Bay through CPPL for an aggregate consideration of RMB 48 million (approximately SGD 9.9 million or USD 7.2 million) from Shenzhen Tong Ze Industrial Co., Limited (“Shenzhen Tong Ze”). On 15 January 2018, ETC entered into a sales and purchase agreement with Mr. Luo to dispose CPPL.

On 15 March 2018, pursuant to an extraordinary general meeting, the shareholders of ETC approved the disposal of CPPL to Mr. Luo, then a major shareholder of ETC, for a consideration of RMB 81,000,000 (equivalent to SGD 16,937,000). The disposal was completed on the same date and CPPL, together with its 60% owned subsidiary, Daya Bay, ceased to be subsidiaries of ETC.
3.1 Summary of Findings (Cont’d)

3.1.1 Review of Payment Transactions (Golden Land) (Cont’d)

A. Golden Land

Golden Land has thirty-five (35) registered bank accounts across twelve (12) banks in SGD, USD and MMK currencies over the review periods from October 2016 to February 2021 (“Review Periods”).

We would like to highlight that all the bank statements of local banks in Myanmar for January and February 2021 were not issued to Golden Land due to the disruption caused by Military coup in Myanmar which started in February 2021. As a result, we were not able to review the bank transactions in the months of January and February 2021.

Based on our work done, we have identified six hundred and thirty-seven (637) payment transactions of USD 100,000 and above from the bank statements and traced back to the ledgers for the descriptions and account classification information.

As we noticed that most of the transactions within the same accounts are identical and repetitive in nature, we have selected samples from these 637 identified transactions, which our selection is biased towards high value transactions, payment to vendors, main contractors and government department to verify against the relevant supporting agreements, invoices and statements. These transactions were mainly related to:

- Payment to various privately owned companies which comprised main contractors, sub-contractors and other vendors;
- Repayment of loan facility to ICBC, Maybank, E Sun Bank and Wai Htee (a third party);
- Repayment of loan to Zhu Xiao li, an associate (brother) of Mr. Zhu Xiao lin, the Executive director and Group President of ETC;
- Interbank transfers among the Group’s and Golden Land’s bank accounts;
- Payment for Land lease premium to QM General Office; and
- Payment of commercial taxes to Large Taxpayer’s Office of Myanmar for property sales and rental income in July, August, September, and October 2020.

Separately, we also would like to highlight that payments relating to monthly staff salaries of all staff were less than USD 100,000 in aggregate, monthly sales agent commission of all sales agent were below USD 10,000 in aggregate, and professional fees ranging from USD 1,000 to USD 99,000 per transaction. Refer to the table on the next page detailing the number of transactions, quantum of payments and category of payment.
### 3.1 Summary of Findings (Cont’d)

#### 3.1.1 Review of Payment Transactions (Golden Land) (Cont’d)

**A. Golden Land (Cont’d)**

<table>
<thead>
<tr>
<th>No.</th>
<th>Category of payments</th>
<th>Total identified transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of payments of value USD 100,000 and above</td>
</tr>
<tr>
<td>1</td>
<td>Payments to contractors/vendors</td>
<td>179</td>
</tr>
<tr>
<td>2</td>
<td>Repayments of facility loan to bank</td>
<td>41</td>
</tr>
<tr>
<td>3</td>
<td>Repayment of non-bank loan</td>
<td>34</td>
</tr>
<tr>
<td>4</td>
<td>Interbank transfer within Golden Land’s bank account</td>
<td>371</td>
</tr>
<tr>
<td>5</td>
<td>Interbank transfer within ETC’s Group bank account</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Payments of land lease premium (QM General Office)</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Payments of commercial tax</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>637</strong></td>
</tr>
</tbody>
</table>

| Percentage of coverage on the number of sampled payment transactions and the quantum of sampled payment transactions (exclude category 4 and 5) | 79.3% | 80.7% |

*Source: Compiled by Nexia*

- Payment to contractor/ vendors category pertaining to recurring similar expenditures was recorded across 15 major accounts classification. There are 179 identified transactions under this category and our sampling has covered 88.3% based on the total number of transactions and 93.2% coverage based on the total value of transactions.

- Our sampling on repayments of facility loan to bank has covered 58.5% based on the total number of transactions and 74.2% based on the total value of transactions. The sample coverage on repayment of non-bank loan has covered 52.9% based on the total number of transactions and 57.2% coverage based on the total value of transactions.
3.1 Summary of Findings (Cont’d)

3.1.1 Review of Payment Transactions (Golden Land) (Cont’d)

A. Golden Land (Cont’d)

- Interbank transfers among Golden Land’s bank accounts were identical, repetitive and traceable in the accounting records. We have randomly selected 8 samples out of the 371 identified transactions to verify against transactions records in both (transferor and transferee) bank accounts without any discrepancies found.

- Interbank transfers to ETC’s bank accounts are verified against the ETC’s accounting records without any discrepancies found.

- Payments of commercial tax to the Large Taxpayer’s Office of Myanmar were relating to property sales and rental income. The value of commercial tax paid for individual property sales transaction and its aggregate in a month were normally below USD 100,000. Our sampling has covered 100% of transactions in term of the number and total value of transactions.

- Without taking into account payment transactions under category 4 and 5 which consist of interbank transfers among Golden Land’s bank accounts and interbank transfers to ETC’s bank accounts, our sampled transactions has covered 79.3% based on the total number of transactions and 80.7% coverage based on the total value of transactions.
3.1 Summary of Findings (Cont’d)

3.1.1 Review of Payment Transactions (Golden Land) (Cont’d)

A. Golden Land (Cont’d)

Payments to QM General Office

Out of the 637 bank transactions, there were 3 payments relating to land lease premium paid to the QM General Office which is Office of the Commander-in-Chief (Army) Quarter Master General Office. Two separate payment transactions with sum of USD 3.3 million were made in December 2018 and another payment of USD 1.7 million was made in August 2020.

We understand from the Management that the notifications for payment were communicated by QM General Office verbally and there were no formal written invoices issued in relation to these payments. Hence, we can only verify these payments to official payment receipts issued by the Myanmar Economic Bank on 10 and 26 December 2018, and 17 August 2020 and internally generated payment vouchers approved by management prior to these payments.

The total of USD 3.3 million paid in December 2018 was used to settle the land lease for 12-month period ended on 14 October 2017 and on 14 October 2018, while the USD 1.7 million paid in August 2020 was used to settle the land lease for 12-month period ended on October 2019.

<table>
<thead>
<tr>
<th>No.</th>
<th>Date of bank statement</th>
<th>Bank account information</th>
<th>Amount (MMK)</th>
<th>Amount (USD)</th>
<th>Date of general ledger</th>
<th>Payment voucher</th>
<th>Description</th>
<th>Amount (USD)</th>
<th>Date of transactions</th>
<th>Reference no</th>
<th>Payee</th>
<th>Nature of transaction</th>
<th>Source document</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11 Dec 2018</td>
<td>KBZ (MMK) (06010306002749501)</td>
<td>1,000,000,000</td>
<td>647,668</td>
<td>11 Dec 2018</td>
<td>PCKCV-1207</td>
<td>Land cost</td>
<td>647,668</td>
<td>10 Dec 2018</td>
<td>MDO 00424</td>
<td>QM Office</td>
<td>Land cost</td>
<td>Official payment receipt dated 10 December 2018</td>
</tr>
<tr>
<td>2</td>
<td>27 Dec 2018</td>
<td>KBZ (MMK) (06010306002749501)</td>
<td>4,104,574,700</td>
<td>2,673,990</td>
<td>27 Dec 2018</td>
<td>PCKCV-1208</td>
<td>Land cost</td>
<td>2,673,990</td>
<td>26 Dec 2018</td>
<td>MDO 00424</td>
<td>QM Office</td>
<td>Land cost</td>
<td>Official payment receipt dated 26 December 2018</td>
</tr>
</tbody>
</table>

Total: 5,035,219

Source: Information provided by Management
3.1 Summary of Findings (Cont’d)

3.1.1 Review of Payment Transactions (Golden Land) (Cont’d)

A. Golden Land (Cont’d)

Payments made to QM General Office (Cont’d)

| Details of Bank Receipt relating to Payment for Land Lease Premium of USD 0.6 million and USD 2.7 million which aggregate to USD 3.3 million on 11 December 2018 and 27 December 2018 respectively |
|---|---|
| Bank receipts |  |
| Receipt issuing date: | 10 December 2018 26 December 2018 |
| Bank account number of recipient: | MD010424 (QMCO’s bank account verified to BOT agreement dated 15 October 2013 MD010424 (QMCO’s bank account verified to BOT agreement dated 15 October 2013) |
| Payment descriptions : | Land lease premium for land area of 8.369 acres Land lease premium for land area of 8.369 acres |
| Bank branch manager: | Thin Ga Kyun Thin Ga Kyun |
| Cheque reference no. | 20000458 (Kanbazwa Bank) 20000458 (Kanbazwa Bank) |
| Amount in (MMK): | MMK 1,000,000,000 MMK 4,104,574,700 |
| Amount in (USD): | USD 647,668 USD 2,673,990 |
| Payment by: | Golden Land Golden Land |
| Payment arranged by: | Aung Ko Lin (Golden Land’s staff) Thet Htun Oo (Golden Land’s staff) |

| Details of Bank Receipt relating to Payment for Land Lease Premium of USD 1.7 million on 17 August 2020 |
|---|---|
| Bank receipts |  |
| Receipt issuing date: | 17 August 2020 |
| Bank account number of recipient: | MD010424 (QMCO’s bank account verified to BOT agreement dated 15 October 2013 |
| Payment descriptions : | Land lease premium for land area of 8.369 acres for 2018 - 2019 |
| Bank branch manager: | Tha Ga Ka |
| Cheque reference no. | 7614157 (Aya Bank) |
| Amount in (MMK) in word: | MMK 2,033,910,550 |
| Amount in (MMK) in figure: | MMK 2,339,030,550 |
| Amount in (USD): | USD 1,713,560 |
| Payment by: | Golden Land |
| Payment arranged by: | Thet Htun Oo (Golden Land’s staff) |

Source: Information Provided by Management

Per the Land Lease Agreement entered on 15 October 2013, the lease premium comprised (i) a one-time land use premium of approximately USD 6.3 million, and (ii) annual land use premium of approximately USD 2.8 million.

The QM General Office has granted Golden Land a land lease exemption between FY2013 to FY2016. The annual land lease premium of USD 2.8 million is payable once a year in USD or MMK (Myanmar currency).
3.1 Summary of Findings (Cont’d)

3.1.1 Review of Payment Transactions (Golden Land) (Cont’d)

A. Golden Land (Cont’d)

Payments made to QM General Office (Cont’d)

In practice, the company has made annual payments in MMK currency based on the exchange rate of approximately MMK 830 vis-a-vis USD which is agreed with the QMGO, even though there is no formal written agreement or notification. The MMK amount is subsequently translated back into USD amount at the higher current market exchange rate between USD and MMK for accounting recognition. Hence, this resulted in a lower premium amount being recognised.

For example, with the USD 1.7 million paid in August 2020, management has kept the balance of USD 1.1 million as accrued land lease premium in the book record on a prudent basis (e.g. USD 2.8 million minus USD 1.7 million = USD 1.1 million) to align with audit and accounting requirements.

With reference to the first deferment letter issued by QM General Office on 22 December 2020. The annual lease premium for 12 month period ended October 2020 is due and remained outstanding as of the date of our report. The amount payable is stated at USD 2,818,085 or MMK 2,339,010,550 which is derived from the same exchange rate @ MMK 830/USD. In the absence of supporting document to substantiate the previous payments of annual land lease at lower amount of MMK computed based on exchange rate of MMK 830/USD, this letter has indirectly validated the lower amount paid in the past was for full settlement.

We have verified that the accounting records and classification of these payments and accrued land lease premium correspond to the annual reports for FY2016, FY2017 (restated in FY2018), FY2018, and FY2019 and Full Year Financial Announcement of FY2020.
### Summary of Findings (Cont’d)

#### 3.1.2. Salient Terms of Land Lease Agreement entered with Quarter Master General Office, Office of the Commander-in-Chief (Army)

<table>
<thead>
<tr>
<th>Summary of Land Lease Agreement (&quot;Agreement&quot;) signed at Naypyitaw</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of contract</strong></td>
</tr>
<tr>
<td><strong>Lessor</strong></td>
</tr>
</tbody>
</table>
| **Lessee**          | 1) Nature Link  
                       | 2) Golden Land |
| **Land**            | Land of the Office of the Controller of Military Account (former office) in the Cantonment area with 8.369 Acres located at No. (3) Land Survey Block be. Yankin Township, Yangon Region |
| **Warranty and representation** | 1) Lessor lawfully possesses Land.  
                                          2) The Lessee has financial capacity to lease the Land and to implement the works such as shopping mall, hotel, residences, service apartment and office tower. |
| **Lease term**      | Initial term of fifty (50) years and an addition ten (10) years two (2) times for a total terms. |
| **Capital of investment** | USD 80 millions |
| **Development of land** | The Lessee shall build nine (9) building of thirty three (33) stories and shall build International Standard of shopping mall, hotel, residences, service apartment and office tower at its own expense. |

*Source: Information provided by Management*
3.1 Summary of Findings (Cont’d)

3.1.2. Salient Terms of Land Lease Agreement entered with Quarter Master General Office, Office of the Commander-in-Chief (Army)
(Cont’d)

### Summary of Land Lease Agreement (“Agreement”) signed at Naypyitaw (Cont’d)

<table>
<thead>
<tr>
<th>Land lease premium (initial) and payment milestones</th>
<th>% of payment</th>
<th>Amount (USD)</th>
<th>Payment milestones (Signing on 13 October 2013)</th>
<th>Payment date</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>1,575,935.50</td>
<td>Within 1 month from date of signing, i.e. approx. 14/11/2013</td>
<td>15 Nov 2013</td>
<td></td>
</tr>
<tr>
<td>25%</td>
<td>1,575,935.50</td>
<td>Within 8 months from date of signing, i.e. approx. 17/06/2014</td>
<td>12 Jun 2014</td>
<td></td>
</tr>
<tr>
<td>25%</td>
<td>1,575,935.50</td>
<td>Within 16 months from date of signing, i.e. approx. 12/02/2015</td>
<td>16 Feb 2015</td>
<td></td>
</tr>
<tr>
<td>25%</td>
<td>1,575,935.50</td>
<td>Within 24 months from date of signing, i.e. approx. 13/10/2015</td>
<td>25 Jan 2016</td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>6,303,750.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Annual land lease premium**
1) USD 2,636,920 for new building of 202,840 square meter; and
2) USD 181,165 for old building of 9,535 square meter.

**Payment account**
MD - 010424

**Lessor’s responsibilities**
1) Lessor shall pay the land revenue;
2) Lessor shall support to obtain the permit which are required by Lessee to operate shopping mall, hotel, residences, service apartment and office tower;
3) Lessor shall grant lessee to use the Land leased peacefully without any interference during the lease term;
4) Lessor shall assist to obtain permit and licenses which is required to perform shopping mall, hotel residences, service apartment and office tower operation under existing laws; and
5) Lessor shall consider and conduct to change the type of construction when Yangon City Development Committee (YCDC) restraints the rights to construct the high storey for the buildings to be built.

**Lessee’s responsibilities**
1) Lessee shall build only under the site plan attached in the Land Lease Agreement, type of building, numbers and drawing which has been mentioned in the proposal. The approval to amend the type of building shall be taken from Lessor;
2) Lessee shall not assign, sell transfer or sub-lease any part of the whole the Land during the Lease term;
3) During the Lease term, Lessee shall be responsible for obtaining fire insurance and other kinds of insurance on the leased buildings according to Myanmar Insurance Enterprises rules and regulations;
4) Lessee shall make timely payment of all taxes respective to the performance of the work including other municipal tax exclusive of Land revenue;
5) Lessee shall duly and systematically keep the statistically keep the statistics of income which is operation of shopping mall, hotel, residences, service apartment and office tower;
6) Lessee shall comply with national policies and shall refrain from undertaking any business activities which are contrary to Law or regulations; and
7) Lessee shall be responsible to the terms and conditions of Land Lease Agreement individually or collectively.

*Source: Information provided by Management*
3.1 Summary of Findings (Cont’d)

3.1.3. Review of Payment Transactions (DAS and Uni Global)

A. DAS
DAS has two (2) registered bank accounts in USD and SGD currency both under UOB over the Review Periods. There are only few bank transactions under this entity which relate to corporate secretarial fees, audit fees and other administration related fees. We did not find any payment transactions of amount USD 100,000 and above during the Review Periods.

B. Uni Global Power
Uni Global Power has two (2) registered bank accounts in USD and SGD currency both under OCBC over the Review Periods.

Based on the bank statements review, we have identified twelve (12) payment transactions of USD 100,000 and above and traced all transactions back to the ledgers for the descriptions and account classification information, and supporting payment documents. These payment transactions were mainly relating to:

- Repayment of loan to ICBC, Maybank and E.Sun;
- Repayment of shareholders’ loan to Asiabiz Services Limited, D3 Capital Ltd and Sunshine Shimmer Ltd;
- Repayment of loan to Zhu Xiao li, an associate (brother) of Mr. Zhu Xiao lin, the Executive director and Group President of ETC;
- Repayment of related party loan to Sun Yan Ping;
- Repayment of related company loan to Strong Ever Limited;
- Repayment of third party loan to Wai Htwee; and
- Interbank transfers between the bank accounts of Group’s entities;
3.1 Summary of Findings (Cont’d)

3.1.4. Fund Raising Event

Flow of Funds

**Fund Raising**
- Rights issue on 19 September 2016: USD 13.8 million (SGD 18.4 million)
- Conversion of warrants between 10 February to 7 June 2017: USD 2.8 million (SGD 3.8 million)
- Loan from Mr. Luo on 17 October 2016: USD 5.0 million (SGD 7.0 million)

**Fund Spending**
- ETC: USD 4.6 million (SGD 6.0 million) on 17 October 2016
- Strong Ever Limited ("SEL"): USD 2.0 million (SGD 2.8 million) on 17 October 2016
- Asiabiz Services Ltd ("ASL"): *USD 0.5 million (SGD 0.7 million) on 20 December 2016
- Sunshine Shimmer Limited ("SSL"): USD 1.0 million (SGD 1.4 million) on 17 October 2016
- D3 Capital Limited ("D3"): *USD 0.5 million (SGD 0.7 million) on 20 December 2016

**Conversion of Warrants**
- Between 10 February to 7 June 2017: USD 2.8 million (SGD 3.8 million)

**Loan from Mr. Luo**
- On 17 October 2016: USD 5.0 million (SGD 7.0 million)

**Acquisition of Daya Bay Project through CPPL**
- Payment to vendor, Shenzhen Tong Ze Industrial Co., Ltd.
- USD 1.0 million (SGD 1.4 million) on 17 October 2016
- *USD 0.5 million (SGD 0.7 million) on 20 December 2016

**Source:** Nexia’s compilation based on annual report publish online, information provided by Management and discussion with Management

*Payment transaction review of CPPL is not covered under the AUP. However, we have verified these payments transaction to ETC’s accounts and FY2017 annual report

**On 18 January 2018 CPPL was disposed to Mr. Luo for consideration of RMB 81 million

**Note:** The figures presented in above table are subject to rounding differences
3.1 Summary of Findings (Cont’d)

3.1.4. Fund Raising Event (Cont’d)

a) Rights Issue of SGD 18.4 million (equivalent to USD 13.8 million)- ETC

<table>
<thead>
<tr>
<th>Vendors / ETC</th>
<th>Usage of funds</th>
<th>Amount (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong Ever Limited (“SEL”)</td>
<td>Acquisition of DAS</td>
<td>2.0</td>
</tr>
<tr>
<td>Asiabiz Services Ltd (“ASL”)</td>
<td>Acquisition of DAS</td>
<td>1.0</td>
</tr>
<tr>
<td>Sunshine Shimmer Limited (“SSL”)</td>
<td>Acquisition of DAS</td>
<td>1.0</td>
</tr>
<tr>
<td>D3 Capital Limited (“D3”)</td>
<td>Acquisition of DAS</td>
<td>1.0</td>
</tr>
<tr>
<td>Shenzhen Tong Ze Industrial Co., Ltd</td>
<td>Acquisition of Daya Bay Project through CPPL</td>
<td>7.2</td>
</tr>
<tr>
<td>ETC</td>
<td>Working capital</td>
<td>1.6</td>
</tr>
<tr>
<td></td>
<td>(Equivalent to SGD 18.4 million)</td>
<td>13.8</td>
</tr>
</tbody>
</table>

Source: Nexia’s compilation based on information provided by Management and announcement

On 19 September 2016, ETC completed the issuance of 5,183,391,404 rights shares at an exercise price of SGD 0.0036 per share, for the purpose of funding the acquisition of Daya Bay Project, DAS for Golden City project and working capital purposes such as professional fees, staff salaries and etc. (Information extracted from Disclosure Notes No. 9 – Share Capital in FY2016 Annual Report which was also verified to circular to shareholder dated 24 August 2016)

Subsequently in October 2016, Management transferred SGD 9.9 million (equivalent to RMB 48 million or USD 7.2 million) from Citibank SGD (A.c no. 0-815495-004) to Cedar Properties Pte Ltd (“CPPL”) and paid out to the vendor for settlement of the aggregate consideration of RMB 48 million relating to the acquisition of Daya Bay.

In addition to the above payment, ETC has made the another deposit payment of USD 5.0 million (approximate to SGD 7.0 million) in aggregate to the respective vendors which include Strong Ever Limited (“SEL”), Asiabiz Services Ltd (“ASL”), Sunshine Shimmer Limited (“SSL”), and D3 Capital Limited (“D3”) in October 2016 as follows. We have verified these payment transactions to the bank statements of Citibank SGD (0-815495-004) and UOB SGD (4-513049-247) in October 2016 without any issues noted.

(i) USD 2 million (Approximately SGD 2.8 million) to SEL
(ii) USD 1 million (Approximately SGD 1.4 million) to SSL
(iii) USD 1 million (Approximately SGD 1.4 million) to ASL
(iv) USD 1 million (Approximately SGD 1.4 million) to D3
3.1 Summary of Findings (Cont’d)

3.1.4. Fund Raising Event (Cont’d)

b) Proceeds from conversion of warrant to shares SGD 3.78 million (equivalent to USD 2.76 million) - ETC

Between 10 February and 7 June 2017, an aggregate of 42,011,089 warrants were exercised at an exercise price of SGD 0.09 per share which resulted in the issuance of 42,011,089 new ordinary shares of the Company. ETC has raised SGD 3.78 million (equivalent to around USD 2.76 million) from these conversions. Based on our review and work done, we noted that the purpose of raising fund through conversion of warrant to shares was for Company’s working capital purpose.

- We have verified the total funding of SGD 3.78 million to the cash book and bank statements (monthly) of Citibank SGD (Ac. no. 0815495004) between February to June 2017 as follows:
  
  i) February 2017 – SGD 198,000,
  ii) March 2017 – SGD 756,000,
  iii) April 2017 – SGD 1,100,880,
  iv) May 2017 – SGD 423,000, and
  v) June 2017– SGD 1,303,118
3.1 Summary of Findings (Cont’d)

3.1.4 Fund Raising Event (Cont’d)

c) USD 5.0 million Loan from Mr. Luo (equivalent to SGD 7.0 million)

On 17 October 2016, ETC entered into a loan agreement with Mr. Luo, pursuant to which Mr. Luo has agreed to grant ETC a loan of an aggregate principal amount of USD 5.0 million at an interest rate of 6% per annum for the acquisition of DAS.

The USD 5.0 million loan obtained from Mr. Luo was used to settle the final balance of cash consideration of USD 5.0 million in DAS acquisition. This loan was transferred to CPPL’s bank account and paid out to the respective vendors in December 2016 and February 2017.

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 consolidate and convert the full amounts of this USD 5.0 million loan along with the USD 24.12 million loan extended to DAS at pre-acquisition, including accrued interest, into fully paid new ordinary shares in the Company. (Information extracted from Disclosure Notes No. 12 – Financial Liabilities in FY2017 Annual Report).

However, the Conversion Right has been further extended in the third addendum for another 36 months from 25 April 2020 to 25 April 2023 following to the first and second addendum entered with Mr. Luo both for 12 months extension entered on 18 January 2018 and 1 March 2019 respectively. (Information extracted from Circular Announcement published on 25 August 2020)
3.1 Summary of Findings (Cont’d)

3.1.4 Fund Raising Event (Cont’d)

ETC – Review of Payment Transactions

ETC has eleven (11) registered bank accounts across three (3) banks in SGD, USD, CNY, GBP and EUR currency over the Review Periods.

Based on the bank statements review, we have identified thirty-six (36) payment transactions of USD 100,000 and above and traced to the ledgers. From the transactions amount, descriptions and account classification stated in ledgers, we have selected all 36 payment transactions to verify against the relevant supporting agreements, invoices, and statements. The payment transactions of USD 100,000 and above under ETC mainly relates to:

- Payment for acquisition of 60% Daya Bay Project (USD 7.2 million or approximately SGD 9.9 million or USD 7.2 million) on 12 October 2016;
- Payment for deposit of USD 5.0 million (approximate to SGD 7.0 million) in relation to acquisition of DAS on 17 October 2016;
- Payment for working capital related such as monthly staff salaries, professional fees and so on; and
- Interbank transfers between the bank accounts of Group’s entities;

3.1.5 Conclusion

Based on our agreed upon scope of work and summary of findings, the payment transactions extracted and reviewed were conducted in the ordinary course of business. The funds raised over the periods under review were used to finance the acquisition of Daya Bay Project, the acquisition of DAS for the Golden City project and for working capital requirements. Besides the three land lease payments to QM General Office as highlighted in our report (in paragraph 3.1.1), which is also represented in the annual reports, we have not identified any other contractual payment or fund expenditure towards the Myanmar Government ministries and departments that has not yet been reported in the annual reports and financial results announcements. All the payment transactions verified are in line with what was disclosed in the annual reports and financial results announcements.