

**EMERGING TOWNS & CITIES SINGAPORE LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 198003839Z)**

**Condensed Interim Financial Statements for the
fourth Quarter and full year ended 31 December
2022**

Pursuant to Rule 705(2) of the SGX-ST Listing Rules (Catalist), the Singapore Exchange Regulation requires the Company to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company's auditor in the latest audited financial statements for the financial year ended 31 December 2021.

This announcement had 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 (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

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**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME**

		Group			
	Note	4 th Quarter Ended 31-Dec-22	4 th Quarter Ended 31-Dec-21	Full-Year Ended 31-Dec-22	Full-Year Ended 31-Dec-21
		Unaudited	Unaudited	Unaudited	Audited
		S\$'000	S\$'000	S\$'000	S\$'000
Revenue	4	6,465	4,794	18,248	9,358
Cost of sales [^]		(16,963)	(7,887)	(50,297)	(11,519)
Gross loss		(10,498)	(3,093)	(32,049)	(2,161)
Other income	6	273	1,587	1,328	1,504
Selling and distribution costs		(780)	(293)	(1,768)	(466)
Administrative expenses		(2,058)	(2,978)	(5,364)	(6,326)
Impairment losses on other receivables		-	(3,908)	-	(3,908)
Other expenses	7	(5,777)	(826)	(4,949)	(10,111)
Finance costs	8	(2,767)	(3,404)	(9,764)	(9,026)
Loss before taxation	9	(21,607)	(12,915)	(52,566)	(30,494)
Taxation	10	4,207	1,120	10,095	4,139
Loss for the period		(17,400)	(11,795)	(42,471)	(26,355)
Loss attributable to:					
Owners of the Company		(8,663)	(5,846)	(21,122)	(13,354)
Non-controlling interests		(8,737)	(5,949)	(21,349)	(13,001)
		(17,400)	(11,795)	(42,471)	(26,355)
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss in subsequent periods (net of tax)					
Currency translation differences arising from consolidation of foreign operations		(4,963)	(911)	456	2,506
Total comprehensive loss for the period		(22,363)	(12,706)	(42,015)	(23,849)
Total comprehensive loss attributable to:					
Owners of the Company		(13,940)	(6,802)	(20,867)	(10,804)
Non-controlling interests		(8,423)	(5,904)	(21,148)	(13,045)
		(22,363)	(12,706)	(42,015)	(23,849)
Loss per share attributable to owners of the Company (Singapore cents)					
- Basic	19	(0.88)	(0.60)	(2.15)	(1.36)
- Diluted	19	(0.88)	(0.60)	(2.15)	(1.36)

[^]: Cost of sales for the fourth quarter and full year ended 31 December 2022 and 31 December 2021 included allowance for foreseeable losses on development properties of S\$11,203,000 (4Q2021: S\$4,313,000) and S\$35,773,000 (FY2021: S\$6,852,000) respectively.

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		Unaudited	Audited	Unaudited	Audited
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-Current					
Property, plant and equipment	11	3,832	4,117	1	1
Right-of-use assets		-	5	-	5
Subsidiaries		-	-	29,000	35,393
Investment properties	12	101,693	107,350	-	-
Trade receivables	14	2,220	2,437	-	-
		107,745	113,909	29,001	35,399
Current					
Development properties	13	96,609	142,884	-	-
Trade and other receivables	14	4,786	5,997	2	349
Prepayments		49	59	23	25
Cash and cash equivalents	15	4,011	3,844	29	77
		105,455	152,784	54	451
Total assets		213,200	266,693	29,055	35,850
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	18	43,580	43,580	43,580	43,580
Reserves		37,357	58,056	(16,487)	(9,820)
Equity attributable to equity holders of the Company		80,937	101,636	27,093	33,760
Non-controlling interests		(23,054)	(1,906)	-	-
Total equity		57,883	99,730	27,093	33,760
LIABILITIES					
Non-Current					
Deferred tax liabilities		13,473	23,555	-	-
Accrued land lease premium	17	25,174	24,668	-	-
Advance consideration received from customers		3,130	602	-	-
Lease liabilities		-	3	-	3
		41,777	48,828	-	3
Current					
Borrowings	16	59,301	61,329	-	-
Accrued land lease premium	17	14,282	12,897	-	-
Lease liabilities		-	2	-	2
Trade and other payables		32,072	35,167	1,962	2,085
Advance consideration received from customers		7,885	8,740	-	-
		113,540	118,135	1,962	2,087
Total liabilities		155,317	166,963	1,962	2,090
Total equity and liabilities		213,200	266,693	29,055	35,850

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Note	Group	
	Full-Year Ended 31-Dec-2022	Full-Year Ended 31-Dec-2021
	S\$'000	S\$'000
Cash Flows from Operating Activities		
	(52,566)	(30,494)
Loss before taxation		
Adjustments for:		
Allowance for foreseeable losses on development properties	35,773	6,852
Forfeiture of advance consideration received from customers	(535)	(421)
Depreciation of property, plant and equipment	259	360
Depreciation of right-of-use assets	5	63
Financing expense on payment from customers	1,599	1,108
Financing income on payments from customers	(507)	(1,053)
Fair value loss on investment properties	4,088	8,784
Impairment losses on other receivables	-	3,908
Gain on disposal of property, plant and equipment	(7)	-
Interest income	(19)	(7)
Interest expense	8,165	7,918
Operating loss before working capital changes	(3,745)	(2,982)
Trade and other receivables	1,438	3,713
Advance consideration received from customers	2,715	(1,176)
Trade and other payables	(6,024)	92
Development properties	12,560	4,180
Cash generated from operations	6,944	3,827
Income tax paid	(112)	-
Net cash generated from operating activities	6,832	3,827
Cash Flows from Investing Activities		
Interest received	19	7
Proceed of disposal of property, plant and equipment	31	-
Purchase of property, plant and equipment	(14)	(25)
Additions to investment properties	(72)	(9)
Net cash used in investing activities	(36)	(27)
Cash Flows from Financing Activities		
Bank balances pledged	669	(460)
Interest paid	(2,637)	(685)
Payment of lease liabilities	(5)	(64)
Payment of land lease premium	(1,680)	-
Proceeds from shareholders' loan	-	272
Repayment of bank loan	(1,871)	(1,349)
Repayment of related party loans	(380)	-
Net cash used in financing activities	(5,904)	(2,286)
Net increase in cash and cash equivalents	892	1,514
Cash and cash equivalents at beginning of year	2,671	1,424
Effect of exchange rate fluctuations on cash and cash equivalents	(56)	(267)
Cash and cash equivalents at end of year	3,507	2,671

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D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

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	Equity component of convertible loan S\$'000	Exchange fluctuation reserve S\$'000	Accumulated profits S\$'000	Total attributable to equity holders of the company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance as at 1 January 2022	43,580	15,998	24,695	730	299	13,650	(3,089)	5,773	101,636	(1,906)	99,730
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	255	(21,122)	(20,867)	(21,148)	(42,015)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Interest incurred on convertible loan	-	-	-	-	-	168	-	-	168	-	168
Balance at 31 December 2022	43,580	15,998	24,695	730	299	13,818	(2,834)	(15,349)	80,937	(23,054)	57,883

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	Exchange fluctuation reserve S\$'000	Accumulated profits 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 2021	43,580	15,998	24,695	730	299	13,483	(5,639)	19,127	112,273	11,139	123,412
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	2,550	(13,354)	(10,804)	(13,045)	(23,849)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Interest incurred on convertible loan	-	-	-	-	-	167	-	-	167	-	167
Balance at 31 December 2021	43,580	15,998	24,695	730	299	13,650	(3,089)	5,773	101,636	(1,906)	99,730

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D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company

The Company	Share capital	Capital reduction reserve	Capital reserve	Equity component of convertible loan	Share option 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
Balance at 1 January 2022	43,580	15,998	10,987	13,650	730	(51,185)	33,760
Interest incurred on convertible loan	-	-	-	168	-	-	168
Total comprehensive loss for the year	-	-	-	-	-	(6,835)	(6,835)
Balance at 31 December 2022	43,580	15,998	10,987	13,818	730	(58,020)	27,093

The Company	Share capital	Capital reduction reserve	Capital reserve	Equity component of convertible loan	Share option 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
Balance at 1 January 2021	43,580	15,998	10,987	13,483	730	(50,360)	34,418
Interest incurred on convertible loan	-	-	-	167	-	-	167
Total comprehensive loss for the year	-	-	-	-	-	(825)	(825)
Balance at 31 December 2021	43,580	15,998	10,987	13,650	730	(51,185)	33,760

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Emerging Towns & Cities Singapore Ltd. (the “**Company**”) is incorporated as a limited company and domiciled in Singapore. The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the fourth quarter and full year ended 31 December 2022 comprise the Company and its subsidiaries (the “**Group**”).

The principal activities of the Company are those relating to investing holding. The principal activities of the subsidiaries are:

- a) Investment holding
- b) Property development and investment

2. Summary of significant accounting policies

2.1 Basis of Preparation

The condensed interim financial statements for the fourth quarter and full year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 September 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. The Group has applied various new accounting standards and interpretations of accounting standards for the first time for the financial year beginning on 1 January 2022. The application of these standards and interpretations did not have a material effect on the condensed interim financial statements.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.2 Going concern

For the financial year ended 31 December 2022, the Group incurred a net loss of S\$42,471,000. In addition, as disclosed in Note 16, the Group did not meet a financial covenant in respect of its bank loan during the financial year ended 31 December 2022, resulting in the loan being repayable on demand. Consequently, the bank loan of S\$53,556,000 had been wholly classified as current as at 31 December 2022. The Group had borrowings amounting to S\$59,301,000 due for repayment within the next 12 months or on demand, with cash and bank balance of S\$4,011,000 as at 31 December 2022.

Notwithstanding this, the directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements due to the following:

- The Group had net current liability and net assets of S\$8,085,000 and S\$57,883,000 respectively, as at 31 December 2022 while the Company had net assets of S\$27,093,000 as at 31 December 2022.

2.2 Going concern (Cont'd)

- The Group had negotiated the repayment terms with the bank and obtained a temporary relief through the revision of the repayment schedule during the year ended 31 December 2021. The next principal repayment is scheduled on 8 March 2023. The Group does not expect the bank to call for full repayment of the bank loan for the breach in financial covenant.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4 Segment and revenue information

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

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

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

All operating segments' operating results are reviewed regularly by the Group's executive 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

Segment revenue and expenses:

Segment revenue and expenses are the operating revenue and expenses reported in the consolidated statement of profit or loss and other 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.

4 Segment and revenue information (Cont'd)

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.

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

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

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

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4.1 Reportable segments

	Property Development		Property Investment		Corporate		Eliminations		Total	
	Fourth Quarter Ended		Fourth Quarter Ended		Fourth Quarter Ended		Fourth Quarter Ended		Fourth Quarter Ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	4,975	4,115	1,490	679	-	-	-	-	6,465	4,794
Results										
Segment (loss)/profit	(16,895)	(14,842)	706	483	(391)	(323)	181	180	(16,399)	(14,502)
Other income/(expenses)	273	1,005	(5,481)	580	184	183	(184)	(181)	(5,208)	1,587
(Loss)/Profit before taxation	(16,622)	(13,837)	(4,775)	1,063	(207)	(140)	(3)	(1)	(21,607)	(12,915)
Taxation	2,838	1,265	1,369	(145)	-	-	-	-	4,207	1,120
(Loss)/Profit for the period	(13,784)	(12,572)	(3,406)	918	(207)	(140)	(3)	(1)	(17,400)	(11,795)
Attributable to:										
Owners of the Company	(6,784)	(6,154)	(1,669)	449	(207)	(140)	(3)	(1)	(8,663)	(5,846)
Non-controlling interests	(7,000)	(6,418)	(1,737)	469	-	-	-	-	(8,737)	(5,949)
	(13,784)	(12,572)	(3,406)	918	(207)	(140)	(3)	(1)	(17,400)	(11,795)

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4.1 Reportable segments (Cont'd)

	Property Development		Property Investment		Corporate		Eliminations		Total	
	Full Year Ended		Full Year Ended		Full Year Ended		Full Year Ended		Full Year Ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	14,703	5,601	3,545	3,757	-	-	-	-	18,248	9,358
Results										
Segment (loss)/profit	(51,854)	(25,215)	2,650	2,900	(1,327)	(1,618)	725	719	(49,806)	(23,214)
Other (expenses)/income	1,328	1,501	(4,088)	(8,784)	786	720	(786)	(717)	(2,760)	(7,280)
(Loss)/Profit before taxation	(50,526)	(23,714)	(1,438)	(5,884)	(541)	(898)	(61)	2	(52,566)	(30,494)
Taxation	9,073	1,943	1,022	2,196	-	-	-	-	10,095	4,139
(Loss)/Profit for the year	(41,453)	(21,771)	(416)	(3,688)	(541)	(898)	(61)	2	(42,471)	(26,355)
Attributable to:										
Owners of the Company	(20,314)	(10,654)	(206)	(1,804)	(541)	(898)	(61)	2	(21,122)	(13,354)
Non-controlling interests	(21,139)	(11,117)	(210)	(1,884)	-	-	-	-	(21,349)	(13,001)
	(41,453)	(21,771)	(416)	(3,688)	(541)	(898)	(61)	2	(42,471)	(26,355)
Assets and liabilities										
Segment assets	111,436	159,475	101,693	107,350	132	194	(61)	(326)	213,200	266,693
Segment liabilities	136,873	109,453	16,475	55,807	2,030	2,029	(61)	(326)	155,317	166,963

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4.2 Geographical segments

Geographical Segments	Myanmar S\$'000	Singapore S\$'000	Total S\$'000
Fourth Quarter ended 31 December 2022			
Revenue	6,465	-	6,465
Fourth Quarter ended 31 December 2021			
Revenue	4,794	-	4,794
Geographical Segments			
	Myanmar S\$'000	Singapore S\$'000	Total S\$'000
Full-Year ended 31 December 2022			
Revenue	18,248	-	18,248
Non-current assets*	105,524	1	105,525
Full-Year ended 31 December 2021			
Revenue	9,358	-	9,358
Non-current assets*	111,466	6	111,472

*Excluding non-current trade receivables

Geographically, the non-current assets and operations of the Group are primarily located in Myanmar of the financial year ended 31 December 2022 and 31 December 2021.

There is no revenue from transactions with a single external customer that amounts to 10 per cent or more of the Group's revenue.

4.3 Disaggregation of Revenue

	Group			
	Fourth Quarter Ended		Full-Year Ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:				
- Sale of development properties	4,975	4,115	14,703	5,601
- Rental income from investment properties	1,490	679	3,545	3,757
	6,465	4,794	18,248	9,358
Timing of transfer of goods and services in respect of revenue from contracts with customers				
- At a point in time	4,975	4,115	14,703	5,601

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5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021.

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost				
Trade and other receivables (Note 14)	7,006	8,434	2	349
Cash and bank balances (Note 15)	4,011	3,844	29	77
	11,017	12,278	31	426
Financial liabilities at amortised cost				
Borrowings (Note 16)	59,301	61,329	-	-
Accrued land lease premium (Note 17)	39,456	37,565	-	-
Lease liabilities	-	5	-	5
Trade and other payables	22,308	24,650	1,962	2,085
	121,065	123,549	1,962	2,090

6 Other income

	Group			
	Fourth Quarter Ended		Full-Year Ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Fair value gain on investment properties	-	580	-	-
Imputed interest income	29	659	507	1,053
Forfeiture of advance consideration received from customers	-	348	535	421
Gain on disposal of property, plant and equipment	7	-	7	-
Others	237	-	279	30
	273	1,587	1,328	1,504

7 Other expenses

	Group			
	Fourth Quarter Ended		Full-Year Ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Fair value loss on investment properties (Note 12)	5,481	-	4,088	8,784
Other operating expenses	296	826	861	1,327
	5,777	826	4,949	10,111

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8 Finance costs

	Group			
	Fourth Quarter Ended		Full-Year Ended	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Accreted interest on accrued land lease premium	1,078	1,011	4,325	4,216
Accreted interest on lease liabilities	1	2	1	6
Financing expense on payments from customers	37	819	1,599	1,108
Interest expense on borrowings	1,609	745	3,671	2,744
Interest expense on convertible loan	42	42	168	167
Late payment interest on trade payables	-	785	-	785
	2,767	3,404	9,764	9,026

9 Loss before taxation

Other than as disclosed elsewhere in these condensed interim financial statements, loss before taxation for the period/year has been arrived at after charging the following:

	Group			
	Fourth Quarter Ended		Full-Year Ended	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for foreseeable losses	11,203	4,313	35,773	6,852
Depreciation expenses	41	100	259	423
Staff costs	1,057	1,313	2,642	2,995

9.1 Related party transactions

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

	Group			
	Fourth Quarter Ended		Full-Year Ended	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Office rental expense	5	5	18	9
Property Management fees	296	826	861	1,327

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10 Taxation

The Group calculates the period income tax credit using the tax rate that would be applicable to the expected total annual losses. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	Fourth Quarter Ended		Full-Year Ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Current taxation	(13)	-	(111)	-
Deferred taxation	4,220	1,120	10,206	4,139
	4,207	1,120	10,095	4,139

11 Property, plant and equipment

During the year ended 31 December 2022, the Group acquired and disposed of fixed assets amounting to S\$14,000 (FY2021: S\$25,000) and S\$24,000 (FY2021: \$Nil) respectively.

12 Investment properties

The Group's investment properties consist of both residential and commercial (retail and office units) properties, held for long-term rental yields.

	Group
	S\$'000
At 31 December 2021, at fair value	107,350
Full-Year ended 31 December 2022	
At 1 January 2022	
Additions	72
Transfer from development properties (Note 13)	3,468
Transfer to development properties (Note 13)	(4,530)
Fair value loss recognised in profit or loss (Note 7)	(4,088)
Exchange difference on translation	(579)
At 31 December 2022	101,693

12 Investment properties (Cont'd)

The investment properties are as follows:

Location	Description	Net floor area (square metres)	Tenure
31 December 2022			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	223 residential units, 6 retail units and 16 office units	32,287	70 years
31 December 2021			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	229 residential units, 5 retail units and 14 office units	31,734	70 years

The carrying amount of investment properties pledged to secure borrowings is S\$75,756,000 (FY2021: S\$80,881,000).

At year ended 31 December 2022, the fair values of investment properties are determined by an independent professional valuer, C.I.M. Property Consultants Co., Ltd. in partnership with Colliers being the reviewer, for the Golden City Project, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. The valuation of the investment properties is based on the properties' highest and best use.

13. Development properties

The Group's development properties consist of completed residential and commercial (retail and office) properties held for sale.

	Group
	S\$'000
31 December 2021, at cost	142,884
Full-Year ended 31 December 2022	
At 1 January 2022	
Addition	1,703
Transfer from investment properties (Note 12)	4,530
Transfer to investment properties (Note 12)	(3,468)
Units sold and recognised in profit or loss	(13,596)
Allowance for foreseeable losses (Note 13.1)	(35,773)
Exchange difference on translation	329
At 31 December 2022, at cost	96,609

13. Development properties (Cont'd)

The completed properties held for sale are as follows:

Location	Description	Net floor area (square metres)	Tenure
31 December 2022			
Golden City Project No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	218 residential units, 10 retail units and 2 office units	36,409	70 years
31 December 2021			
Golden City Project No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	254 residential units, 9 retail units and 4 office units	41,692	70 years

The carrying amount of development properties pledged to secure borrowings is S\$30,136,000 (FY2021: S\$53,908,000).

13.1 Allowance for foreseeable losses

Movements in allowance for foreseeable losses are as follows:

	<u>Group</u>
	S\$'000
At 1 January 2022	6,882
Allowance made (Note 13)	35,773
Exchange difference on translation	(1,038)
At 31 December 2022	41,617

Development properties are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

The allowance for foreseeable losses is determined by management after taking into consideration of the estimated selling prices. The estimated selling prices are based on recent selling prices for the development project and prevailing market conditions. The allowance made for foreseeable losses is included in "cost of sales".

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14 Trade and other receivables

	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables				
- Non-current	2,220	2,437	-	-
- Current	4,784	5,991	-	-
	7,004	8,428	-	-
	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Amounts due from shareholders of a subsidiary (non-trade)	3,806	3,923	-	-
Allowance for impairment losses	(3,806)	(3,923)	-	-
	-	-	-	-
Amounts due from subsidiaries (non-trade)	-	-	34,487	34,830
Allowance for impairment losses	-	-	(34,487)	(34,487)
	-	-	-	343
Other receivables	2	6	2	6
	2	6	2	349
Comprising				
- Non-current	2,220	2,437	-	-
- Current	4,786	5,997	2	349
	7,006	8,434	2	349

15 Cash and cash equivalents

The carrying amount of cash and bank balances pledged to secure borrowings is S\$504,000 (FY2021: S\$1,173,000).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	31 December 2022	31 December 2021
	S\$'000	S\$'000
Cash and bank balances	4,011	3,844
Less: Bank balances pledged	(504)	(1,173)
	3,507	2,671

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16 Borrowings

	Group			
	31 December 2022		31 December 2021	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
Financial liabilities:				
Bank loan ⁽¹⁾	53,556	-	55,173	-
Loan from third party ⁽²⁾	4,282	-	4,311	-
Loans from related parties	-	1,463	-	1,845
	57,838	1,463	59,484	1,845

Details of any collateral

1. The syndicated bank loan is secured by certain assets relating to Golden City and certain shares in Golden City project held by a subsidiary.
2. The loan from third party is secured by certain units of residential apartments.

During the financial year ended 31 December 2022, the Group did not meet certain financial covenants with respect to the entry into a syndicated facility agreement as announced by the Company on 8 June 2020, resulting in the loan being repayable on demand. Consequently, the syndicated bank loan amounting to S\$53,556,000 has been reclassified as current as at 31 December 2022. The Group had negotiated the repayment terms with the bank and obtained a temporary relief through the revision of the repayment schedule. The next principal repayment is scheduled on 8 March 2023. The Group does not expect the bank to call for full repayment of the bank loan for the breach in financial covenant.

17 Accrued Land Lease Premium

	Group
	S\$'000
31 December 2021, at cost	37,565
Full-Year ended 31 December 2022	
At 1 January 2022	
Accreted interest	3,885
Payment of land lease premium	(1,680)
Exchange difference on translation	(314)
At 31 December 2022, at cost	39,456
Represented by:	
Non-Current	25,174
Current	14,282
	39,456

This relates to the leasehold land which is a right-of-use asset included in property, plant and equipment.

18 Share Capital

	The Group and the Company			
	31 December 2022		31 December 2021	
	Number of shares	\$'000	Number of shares	\$'000
Issued and fully paid, with no par value				
Beginning and end of interim period/year	982,073	43,580	982,073	43,580

The Company did not hold any treasury shares as at 31 December 2022 and 31 December 2021.

The Company's subsidiaries did not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

19 Loss Per Share

	Group			
	Fourth Quarter Ended		Full-Year Ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Loss per ordinary share:				
(i) Based on weighted average no. of ordinary shares in issue (cents)	(0.88)	(0.60)	(2.15)	(1.36)
(ii) On a fully diluted basis (cents)	(0.88)	(0.60)	(2.15)	(1.36)
Number of shares in issue:				
(i) Based on weighted average no. of ordinary shares in issue (in millions)	982	982	982	982
(ii) On a fully diluted basis (in millions)	1,181	1,181	1,181	1,181

As at 31 December 2022 and 31 December 2021, the outstanding convertible loan was excluded from the calculation of the diluted weighted average number of ordinary shares in issue as its effect would have been anti-dilutive.

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

As at 31 December 2022 and 31 December 2021, the 15 million share options outstanding did not have a dilutive effect because the average market price of the Company's ordinary shares for the respective financial years ended 31 December 2022 and 31 December 2021 did not exceed the exercise price.

20 Dividend

No dividend has been declared or recommended.

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21 Net Asset Value

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net Asset Value (S\$'000)	57,883	99,730	27,093	33,760
Based on existing issued share capital (cents per share)	5.89	10.16	2.76	3.44
Net Asset Value has been computed based on the share capital of (in millions of shares)	982	982	982	982

22 Fair Value Measurement

Definition of fair value

SFRS(I)s 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.

Fair value hierarchy

Financial assets and financial liabilities measured or disclosed at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, certain borrowings, and trade and other payables) or those which reprice regularly approximate their fair values because of the short period to maturity or repricing. The fair value of non-current financial assets and liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Fair value measurement of non-financial instruments

The following table shows the levels within the fair value hierarchy of non-financial instruments measured at fair value on a recurring basis.

The Group	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2022				
Non-financial assets				
Investment properties	-	-	101,693	101,693
31 December 2021				
Non-financial assets				
Investment properties	-	-	107,350	107,350

23 Subsequent Events

On 3 January 2023, the Company has entered into a joint venture agreement (“JVA”) with Ms Dong Yanwei of a joint venture company, “ETC Smart Builder Pte. Ltd.” (the “JV Company”), which was incorporated in Singapore on 3 January 2023 pursuant to the JVA.

F. Other Information Required by Appendix 7C of the Catalist Rule

1. Review

The condensed consolidated statements of financial position of Emerging Towns & Cities Singapore Ltd. (“**Company**”, together with its subsidiaries, the “**Group**”) as at 31 December 2022 and the related condensed consolidated statement of profit or loss, and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the year then ended and certain explanatory notes (the “**Condensed Interim Financial Statements**”) have not been audited or reviewed by the Company’s auditors.

2. Review of the performance of the Group

Financial Performance (FY2022 vs FY2021)

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, the full year results may not be a good indication of profitability trend.

Revenue

	Group		
	FY2022	FY2021	Increase/(decrease)
	S\$’000	S\$’000	%
Golden City			
Sale of Properties	14,703	5,601	n.m.*
Rental Income	3,545	3,757	(5.6%)
Total Revenue	18,248	9,358	95.0%

n.m.: not meaningful

*: in excess of 100%

Revenue for financial year ended 31 December 2022 (“FY2022”) was mainly contributed by the sale of Golden City property units of S\$14.7 million (80.6% of total revenue) and the rental of Golden City property units of S\$3.5 million (19.4% of total revenue). Revenue for financial year ended 31 December 2021 (“FY2021”) was contributed by the sale of Golden City property units of S\$5.6 million (59.9% of total revenue) and the rental of Golden City property units of S\$3.8 million (40.1% of total revenue).

The Group reported 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. 37 and 17 units were recognised as revenue in FY2022 and FY2021 respectively for Golden City project.

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2. Financial Performance (FY2022 vs FY2021) (Cont'd)

Gross Loss

	Group		
	FY2022	FY2021	Increase/(decrease)
	S\$'000	S\$'000	%
Golden City			
Sale of Properties	359	1,069	(66.4%)
Rental Income	3,365	3,622	(7.1%)
Allowance for foreseeable losses	(35,773)	(6,852)	n.m.*
Total Gross Loss	(32,049)	(2,161)	n.m.*

n.m.: not meaningful

*: in excess of 100%

Gross loss of S\$32.0 million was recorded for FY2022, after deducting direct costs (consisting mainly of cost of the property units sold) and allowance for foreseeable losses on development properties of S\$35.8 million.

Other Income

	Group		
	FY2022	FY2021	Increase/(decrease)
	S\$'000	S\$'000	%
Imputed interest income	507	1,053	(51.9%)
Forfeiture of advance consideration received from customers	535	421	27.1%
Others	286	30	n.m.*
Other Income	1,328	1,504	(11.7%)

n.m.: not meaningful

*: in excess of 100%

Other income decreased from S\$1.5 million in FY2021 to S\$1.3 million in FY2022 mainly due to lower imputed interest income in the Golden City project. Others included bank interest and gain on disposal of property, plant and equipment.

Selling and distribution expenses

Selling and distribution expenses, which arose from the sale of property units, increased from S\$466,000 in FY2021 to S\$1.8 million in FY2022 mainly due to higher sales commission expenses and advertisement costs in the Golden City project. These expenses comprised primarily of salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

2. Financial Performance (FY2022 vs FY2021) (Cont'd)

Other Expenses

	Group		
	FY2022	FY2021	Increase/(Decrease)
	S\$'000	S\$'000	%
Fair value loss on investment properties	4,088	8,784	(53.5%)
Other operating expense	861	1,327	(35.1%)
Other expenses	4,949	10,111	(51.1%)

Other expenses decreased from S\$10.1 million in FY2021 to S\$4.9 million in FY2022 mainly due to lower fair value loss from the revaluation of investment properties in the Golden City project and lower operating expense due to lower property management fees paid on the vacant units in the Golden City project.

Finance Costs

The finance costs increased from S\$9.0 million in FY2021 to S\$9.8 million in FY2022 mainly due to higher financing expense on borrowings. Finance costs mainly comprised of interest expenses incurred from borrowings, imputed financing expenses arising from advance consideration received from customers and imputed interest expenses (which have no cash flow impact) arising from the land lease premium from the Golden City project.

Taxation

	Group		
	FY2022	FY2021	Increase/(Decrease)
	S\$'000	S\$'000	%
Income tax	(111)	-	n.m.
Deferred tax	10,206	4,139	n.m.*
Taxation	10,095	4,139	n.m.*

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

Taxation increased from a tax credit of S\$4.1 million in FY2021 to S\$10.1 million in FY2022 mainly due to the unwinding of deferred tax liabilities from the allowance of foreseeable losses of development properties and fair value loss of investment properties in the Golden City project. 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.

3. Review of Financial Position (31 December 2022 vs 31 December 2021)

Non-Current Assets

Investment properties, which are accounted for at fair value, decreased mainly due to the fair value loss from the revaluation of investment properties. Trade receivables, comprising of amounts due from buyers that are one year or more, have decreased mainly due to the re-classification from non-current assets to current assets as the trade receivables approached maturity and are collectible within one year as at 31 December 2022, partially offset as property units sold were progressively recognised as income upon handover.

3. Review of Financial Position (31 December 2022 vs 31 December 2021) (Cont'd)

Current Assets

Development properties decreased mainly due to the progressive recognition of income from property sold upon handover, as well as allowance for foreseeable losses recognised during the year. The development properties acquired at acquisition date are being recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer. Trade receivables decreased mainly due to payment of the outstanding amounts by customers, partially offset as property units sold were progressively recognized as income upon handover. Included in the trade receivables were S\$4.5 million relating to receivables past due but not impaired as the amounts are not expected to be uncollectible due to Golden City having the right to repossess the unit in the event of default of payment by the buyers.

Non-Current Liabilities

Deferred tax liabilities decreased mainly due to the unwinding of deferred tax liabilities from the allowance of foreseeable losses of development properties recognised during the year, thereby reducing the deferred tax liabilities recognised for the development properties as well as fair value loss of investment properties. Deferred tax liabilities relating to development properties were recognised when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer and when development properties are transferred to investment properties following the commencement of operating leases. Accrued land lease premium increased mainly due to the imputed interest expense (which has no cashflow impact) arising from the land lease premium from the Golden City project. Advance consideration received from customers increased mainly due to sales made during the year.

Current Liabilities

Borrowings decreased mainly due to repayment of bank loan. Accrued land lease premium increased mainly due to the imputed interest expense (which has no cashflow impact) arising from the land lease premium from the Golden City project, partially offset by the repayment of land lease premium. Trade and other payables decreased mainly due to payments made to suppliers. Advance consideration received from customers decreased mainly due to handover of property units in the Golden City project to buyers.

4. Review of Cashflow

Net cash generated from operating activities was approximately S\$6.8 million for FY2022 mainly due to changes in working capital.

Net cash used in investing activities was approximately S\$36,000 for FY2022 mainly due to addition of investment properties and purchase of property, plant and equipment.

Net cash used in financing activities was approximately S\$5.9 million for FY2022 mainly due to repayment of loans, land lease premium and interest paid.

5. 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 6 of the 2022 third quarter Results Announcement dated 11 November 2022.

6. 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.

Golden City Project

As at 31 December 2022, approximately US\$235.5 million (approximately S\$315.6 million) of gross development value comprising 676 units (900,300 square feet) of the Golden City project have been sold. Correspondingly, a total of 624 residential units have been recognised as revenue as at 31 December 2022. Barring any unforeseen circumstances, revenue for the remaining units sold is expected to be progressively recognised upon the handover of the units or one month after notification to buyers to take over the units, whichever occurs earlier. The Golden City project comprises 4 phases. Phase 1 and Phase 2 construction has been completed. Due to the impact of the outbreak of COVID-19 and the political situation in Myanmar, the Board of Directors has decided to suspend the construction of Phase 3 and Phase 4 until the social and economic situation in Myanmar improves.

According to the World Bank, Myanmar's economy remains subject to significant uncertainty, with ongoing conflict disrupting business operations. Economic recovery from COVID-19 and the military coup is likely to be constrained by macroeconomic and regulatory uncertainty. In the absence of more shocks, gradual economic recovery is expected in the near term and growth is estimated at 3% for the fiscal year ending September 2023.

("Uncertainty weights on Myanmar's economy", The World Bank, 30 January 2023)

Businesses in Myanmar have highlighted the volatile exchange rate as the main economy difficulty, while also citing foreign currency shortage and ongoing trade restriction as major obstacles. The coup has triggered sanctions which discourage foreign investors to do business in Myanmar. This has led to a weak domestic market for businesses to turn a profit. The continued instability coupled with the junta's style of governing have also contributed to a pessimistic economic outlook.

("Myanmar's economy lags but slow growth expected", Big News Network.com, 31 January 2023)

The Group continues to monitor the outbreak of COVID-19 and the political situation in Myanmar, following the state of emergency declared by the Myanmar military. COVID-19 has dampened economic growth prospect while the political situation in Myanmar continues to evolve and remains unclear at this stage. In the near term, the impact from the above is expected to weigh on the demand for properties and short-term volatilities are likely given the fluidity of the situation, barring any further unforeseen material deterioration of the COVID-19 impact and political situation in Myanmar. Should weaker economic prospects materialise, this may further adversely impact the Group's financial performance, due to but not limited to lower sales, delay in collections from customers, lower operating income and lower property valuations. The Group is actively monitoring the situation and will announce material developments, if any.

7. Where the latest financial statements are subjected to an adverse opinion, qualified opinion or disclaimer of opinion

a) Updates on the effort taken to resolve each outstanding audit issue

Net realisable value of development properties

As at 31 December 2022, the Company has recognised allowance of foreseeable losses amounting to S\$41.6 million (Note 13.1). The allowance for foreseeable losses is determined by management after taking into consideration of the estimated selling prices. The estimated selling prices are based on recent selling prices for the development project and prevailing market conditions.

b) Confirmation from the board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

The Board confirms that all impact of outstanding audit issues on the financial statements in relation to FY2022 have been adequately disclosed.

8. 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) Record Date

Not applicable.

(e) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for the financial year ended 31 December 2022 as the Company intends to reserve its cash resources to safeguard the Group's and the Company's ability to continue as a going concern.

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9. **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.

10. **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 year ended 31 December 2022.

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

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that there are no persons occupying managerial position in the Company or in any of its principal subsidiaries that are related to a director, CEO or a substantial shareholder of the Company.

12. **Confirmation that the issuer had procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

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

Ang Mong Seng
Non-Executive Group Chairman

BY ORDER OF THE BOARD
28 February 2023