EMERGING TOWNS & CITIES SINGAPORE LTD.
Company Registration No. 198003839Z

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 year of the immediately preceding financial year.

	Group		
	Full Year Ended 31/12/2018	**Full Year Ended 31/12/2017 (Restated)[#]**	**Increase/ (Decrease)**
	S$'000	S$'000	%
Revenue	**62,298**	**57,907**	**7.6%**
Cost of sales	(45,335)	(42,275)	7.2%
Gross profit	**16,963**	**15,632**	**8.5%**
Other income	11,642	12,514	(7.0%)
Distribution costs	(1,981)	(8,244)	(76.0%)
Administrative expenses	(8,228)	(10,528)	(21.8%)
Other operating expenses	(1,158)	(2,444)	(52.6%)
Finance costs	(9,644)	(1,942)	n.m.*
Profit before taxation	**7,594**	**4,988**	**52.2%**
Taxation	(688)	(1,295)	(46.9%)
Profit for the year	**6,906**	**3,693**	**87.0%**
Profit/(loss) attributable to:			
Owners of the Company	1,810	(513)	n.m.
Non-controlling interests	5,096	4,206	21.2%
	6,906	**3,693**	**87.0%**

n.m.: not meaningful
*: in excess of 100%
[#]: FY 2017 results have been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customers (please refer to item 5.).

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

	Group		
	Full Year Ended 31/12/2018	**Full Year Ended 31/12/2017 (Restated)**	**Increase/ (Decrease)**
	S$'000	S$'000	%
Depreciation of property, plant and equipment	(333)	(404)	(17.6%)
Write-off of property, plant and equipment	(124)	(244)	(49.2%)
Fair value gain on investment properties	10,661	11,963	(10.9%)
Exchange gain/(loss), net	9	(858)	n.m.
Interest income	15	75	(80.0%)
Financing arising from payments from customers	966	277	n.m.*
Interest expense on accrued land lease premium	(7,106)	(505)	n.m.*
Interest expense	(2,462)	(1,942)	26.8%
Rental income	3,080	2,972	3.6%

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

	Group		
	Full Year Ended 31/12/2018	**Full Year Ended 31/12/2017 (Restated)**	**Increase/ (Decrease)**
	S$'000	S$'000	%
Profit for the year	**6,906**	**3,693**	**87.0%**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequently to profit or loss			
Effects on reclassification of property, plant and equipment to investment properties (nil tax)	-	299	n.m.
Items may be reclassified to profit or loss in subsequent periods (net of tax)			
Currency translation differences arising from consolidation of foreign operations	2,247	(7,944)	n.m.
Reclassification of foreign currency translation differences on disposal of subsidiary	271	-	n.m.
Currency translation difference (nil tax)	**2,518**	**(7,645)**	**n.m.**
Total comprehensive profit/(loss) for the year	**9,424**	**(3,952)**	**n.m.**
Total comprehensive income attributable to:			
Owners of the Company	**4,192**	**(4,170)**	**n.m.**
Non-controlling interests	**5,232**	**218**	**n.m.***
	9,424	**(3,952)**	**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-Dec-18	**31-Dec-17 (Restated)#**	**1-Jan-17 (Restated) #**	**31-Dec-18**	**31-Dec-17**
	S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-Current					
Property, plant and equipment	4,942	5,509	7,929	144	42
Subsidiaries	-	-	-	35,393	45,269
Investment properties	65,228	95,594	61,350	-	-
Trade receivables	9,390	5,200	1,272	-	-
	79,560	**106,303**	**70,551**	**35,537**	**45,311**
Current					
Development properties	219,616	208,521	246,225	-	-
Trade and other receivables	15,865	19,737	23,724	35,652	35,822
Cash and cash equivalents	3,026	21,072	16,524	850	3,395
	238,507	**249,330**	**286,473**	**36,502**	**39,217**
Total assets	**318,067**	**355,633**	**357,024**	**72,039**	**84,528**
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	43,126	43,126	131,618	43,126	43,126
Capital reduction reserve	15,998	15,998	15,998	15,998	15,998
Equity component of convertible loan reserve	13,150	29,886	-	13,150	29,886
Capital reserve	24,695	24,249	2,278	10,987	4,057
Revaluation reserve	299	299	-	-	-
Warrant reserve	-	-	2,879	-	-
Share option reserve	730	632	243	730	632
Foreign currency translation reserve	(1,345)	(3,998)	(44)	-	-
Accumulated profit/(loss)	15,032	13,222	(98,779)	(13,274)	(10,887)
Equity attributable to equity holders of the Company	**111,685**	**123,414**	**54,193**	**70,717**	**82,812**
Non-controlling interests	4,737	10,393	39,232	-	-
Total equity	**116,422**	**133,807**	**93,425**	**70,717**	**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-Dec-18	**31-Dec-17 (Restated)#**	**1-Jan-17 (Restated)#**	**31-Dec-18**	**31-Dec-17**
	S$'000	S$'000	S$'000	S$'000	S$'000
LIABILITIES					
Non-Current					
Provisions for site restoration	23	30	30	23	30
Deferred tax liabilities	26,283	31,447	34,177	-	-
Deposits and advance payments from customers	3,549	4,039	7,385	-	-
Borrowings	35,005	20,700	61,021		-
Accrued land lease premium	24,920	17,573	23,087	-	-
	89,780	**73,789**	**125,700**	**23**	**30**
Current					
Borrowings	13,188	24,397	26,831	80	-
Accrued land lease premium	3,842	8,024	4,074	-	-
Trade and other payables	68,395	43,584	62,129	1,219	1,686
Deposits and advance payments from customers	26,440	67,845	41,756	-	-
Current tax payable	-	4,187	3,109	-	-
	111,865	**148,037**	**137,899**	**1,299**	**1,686**
Total liabilities	**201,645**	**221,826**	**263,599**	**1,322**	**1,716**
Total equity and liabilities	**318,067**	**355,633**	**357,024**	**72,039**	**84,528**

: The Group's comparative balance sheets as at 1 January 2017 and 31 December 2017 had been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customers (Please refer to item 5).

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

	Group		Group	
	31-Dec-2018		31-Dec-2017	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less, or on demand				
Bank loans	5,794	-	21,822	-
Loan from third party	4,090	-	-	-
Loans from related parties	-	3,304	-	2,575
	9,884	3,304	21,822	2,575
Amount repayable after one year				
Bank loans	19,004	-	20,700	-
Loan from third party	16,001	-	-	-
	35,005	-	20,700	-

Details of any collateral

The bank loans are secured by bank guarantees with pledge over a commercial building and certain units of residential apartments. Loan from third party is secured by 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	
	Full Year Ended 31/12/2018	Full Year Ended 31/12/2017 (Restated)
	S$'000	S$'000
Cash Flows from Operating Activities		
Profit before taxation	7,594	4,988
Adjustments for:		
Share-based compensation	98	606
Depreciation of property, plant and equipment	333	404
Write-off of property, plant and equipment	124	244
Financing income arising from payment from customers	(966)	(277)
Fair value gain on investment properties	(10,661)	(11,963)
Interest income	(15)	(75)
Imputed interest expense arising from land lease premium	7,106	505
Interest expense	2,462	1,942
Operating profit/(loss) before working capital changes	6,075	(3,626)
Trade and other receivables	(5,579)	(1,172)
Trade and other payables	19,333	(3,304)
Investment properties	(11,305)	-
Development properties	(17,369)	12,933
Cash (used in)/generated from operations	(8,845)	4,831
Income tax paid	-	(808)
Net cash (used in)/generated from operating activities	**(8,845)**	**4,023**
Cash Flows from Investing Activities		
Interest received	15	75
Interest paid	(1,513)	(3,699)
Acquisition of non-controlling interest in a subsidiary	-	(702)
Purchase of property, plant and equipment	(564)	(1,958)
Disposal of subsidiary, net of cash disposed of (Note A)	(10,709)	-
Net cash used in investing activities	**(12,771)**	**(6,284)**
Cash Flows from Financing Activities		
Issue of ordinary shares	-	3,781
Proceeds from third party loan	20,449	-
Proceeds from shareholders' loans	8,637	-
Repayment of shareholders' loans	(8,637)	(412)
Repayment of interest-free loans	-	(23,871)
Proceeds from bank loans	3,408	27,481
Repayment of bank loans	(19,897)	(811)
Net cash generated from financing activities	**3,960**	**6,168**

	Group	
	Full Year Ended 31/12/2018	**Full Year Ended 31/12/2017**
Net (decrease)/increase in cash and cash equivalents	**(17,656)**	**3,907**
Cash and cash equivalents at beginning of year	21,072	16,524
Effect of exchange rate fluctuations on cash and cash equivalents	(390)	641
Cash and cash equivalents at end of year	**3,026**	**21,072**

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

	Group
	YTD Full Year Ended 31/12/2018
	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, recorded in capital reserve	446
Total consideration	**16,937**
Amount set off against convertible loan	(16,937)
Cash and cash equivalents in subsidiary disposed of	(10,709)
Net cash outflow arising from disposal	**(10,709)**

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 years ended 31 December 2018 and 31 December 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 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 as previously reported	131,618	15,998	2,278	243	-	2,879	-	(44)	(98,400)	54,572	39,626	94,198
Adoption of SFRS (I) 15	-	-	-	-	-	-	-	-	(379)	(379)	(394)	(773)
Balance as at 1 January 2017 as restated	**131,618**	**15,998**	**2,278**	**243**	**-**	**2,879**	**-**	**(44)**	**(98,779)**	**54,193**	**39,232**	**93,425**
Total comprehensive income/(loss) for the year	-	-	-	-	299	-	-	(3,954)	(513)	(4,168)	216	(3,952)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Issue of ordinary shares	14,193	-	-	-	-	(2,365)	-	-	-	11,828	-	11,828
Expiry of warrants	-	-	-	-	-	(514)	-	-	514	-	-	-
Issue of convertible loan	-	-	4,057	-	-	-	37,896	-	-	41,953	-	41,953
Conversion of convertible loan	-	-	-	-	-	-	(8,010)	-	-	(8,010)	-	(8,010)
Acquisition of non-controlling interest in subsidiary	9,035	-	17,914	-	-	-	-	-	-	26,949	(29,055)	(2,106)
Capital reduction	(112,000)	-	-	-	-	-	-	-	112,000	-	-	-
Share-based compensation	280	-	-	389	-	-	-	-	-	669	-	669
Balance at 31 December 2017 as restated	**43,126**	**15,998**	**24,249**	**632**	**299**	**-**	**29,886**	**(3,998)**	**13,222**	**123,414**	**10,393**	**133,807**

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 years ended 31 December 2018 and 31 December 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$'000	Warrant reserve S$'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 31 December 2017 as previously reported	43,126	15,998	24,249	632	299	-	29,886	(3,998)	14,150	124,342	11,364	135,706
Adoption of SFRS (I) 15	-	-	-	-	-	-	-	-	(928)	(928)	(971)	(1,899)
Balance as at 31 December 2017 as restated	**43,126**	**15,998**	**24,249**	**632**	**299**	**-**	**29,886**	**(3,998)**	**13,222**	**123,414**	**10,393**	**133,807**
Total comprehensive income for the year	-	-	-	-	-	-	-	2,382	1,810	4,192	5,232	9,424
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Disposal of subsidiary	-	-	446	-	-	-	(16,937)	271	-	(16,220)	(10,888)	(27,108)
Interest incurred on convertible loan	-	-	-	-	-	-	201	-	-	201	-	201
Share-based compensation	-	-	-	98	-	-	-	-	-	98	-	98
Balance at 31 December 2018	**43,126**	**15,998**	**24,695**	**730**	**299**	**-**	**13,150**	**(1,345)**	**15,032**	**111,685**	**4,737**	**116,422**

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 years ended 31 December 2018 and 31 December 2017 - Company

The Company	Share capital S$'000	Capital reduction reserve S$'000	Capital reserve S$'000	Equity component of convertible loan S$'000	Share option reserve S$'000	Warrant reserve S$'000	Accumulated losses S$'000	Total Equity attributable to equity holders of the Company S$'000
Balance at 1 January 2017	131,618	15,998	-	-	243	2,879	(118,993)	31,745
Issue of ordinary shares	23,228	-	-	(8,010)	-	(2,365)	-	12,853
Expiry of warrants	-	-	-	-	-	(514)		
Capital reduction	(112,000)	-	-	-	-	-	112,000	-
Share-based compensation	280	-	-	-	389	-	-	669
Issue of convertible loan	-	-	4,057	37,896	-	-	-	41,953
Total comprehensive loss for the year	-	-	-	-	-	-	(3,894)	(3,894)
Balance at 31 December 2017	**43,126**	**15,998**	**4,057**	**29,886**	**632**	**-**	**(10,887)**	**82,812**
Disposal of subsidiary	-	-	6,930	(16,937)	-	-	-	(10,007)
Interest incurred on convertible loan	-	-	-	201	-	-	-	201
Share-based compensation	-	-	-	-	98	-	-	98
Total comprehensive income for the year	-	-	-	-	-	-	(2,387)	(2,387)
Balance at 31 December 2018	**43,126**	**15,998**	**10,987**	**13,150**	**730**	**-**	**(13,274)**	**70,717**

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 December 2018	962,166,934

There were no changes to the share capital of the Company during the year ended 31 December 2018.

As at 31 December 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 December 2018 No. of shares	**As at 31 December 2017 No. of shares**
Convertible loan dated 25 January 2017 (maturity date: 25 April 2019)	191,770,399	378,315,397
Share Options granted on 17 May 2016 (expire on 17 May 2026)	15,000,000	16,000,000
	206,770,399	394,315,397

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

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

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

The Company's total number of issued shares (excluding treasury shares) as at 31 December 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 year 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 years 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, amendments to and interpretations of 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);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- *Applying* SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The Group has applied the changes in accounting policies retrospectively to each reporting period/year presented, using the full retrospective approach. The following reconciliations summarises the impacts on initial application of SFRS(I) 1 and SFRS(I) 15 on the Group's financial statements.

Income statement	**Full Year Ended 31/12/2017**		
	As previously reported	**Effects**	**Restated**
	S$'000	S$'000	S$'000
Revenue	**59,310**	**(1,403)**	**57,907**
Cost of sales	(42,275)	-	(42,275)
Gross profit	**17,035**	**(1,403)**	**15,632**
Other income	12,237	277	12,514
Distribution costs	(8,244)	-	(8,244)
Administrative expenses	(10,528)	-	(10,528)
Other operating expenses	(2,444)	-	(2,444)
Finance costs	(1,942)	-	(1,942)
Profit before taxation	**6,114**	**(1,126)**	**4,988**
Taxation	(1,295)	-	(1,295)
Profit for the year	**4,819**	**(1,126)**	**3,693**
Profit attributable to:			
Owners of the Company	36	(549)	(513)
Non-controlling interests	4,783	(577)	4,206
	4,819	**(1,126)**	**3,693**
Earnings/(loss) per ordinary share (cents)			
- Basic	-*	(0.06)	(0.06)
- Diluted	-*	(0.05)	(0.05)

*: less than 0.01

Balance sheet as at 31-Dec-17	**As previously reported**	**Effects**	**Restated**
	S$'000	S$'000	S$'000
Non-current assets	101,103	5,200	106,303
Current assets	255,933	(6,603)	249,330
Non-current liabilities	(69,750)	(4,039)	(73,789)
Current liabilities	(151,580)	3,543	(148,037)
Equity attributable to equity holders of the Company	124,342	(930)	123,412
Non-controlling interests	11,364	(969)	10,395

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	
	Full Year Ended 31/12/2018	**Full Year Ended 31/12/2017 (Restated)**
***Profit per ordinary share*):**		
(i) Based on weighted average no. of ordinary shares in issue (cents)	0.19	(0.06)
(ii) On a fully diluted basis (cents)	0.16	(0.05)
*: less than 0.01		
Number of shares in issue:		
(i) Based on weighted average no. of ordinary shares in issue (in million)	962	898
(ii) On a fully diluted basis (in million)	1,154	1,277

Earnings 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.

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 years.

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-Dec-18	**31-Dec-17 (Restated)**	**31-Dec-18**	**31-Dec-17**
Net Asset Value (S$'000)	116,422	133,807	70,717	82,812
Based on existing issued share capital (cents per share)	12.10	13.91	7.35	8.61
Net Asset Value has been computed based on the share capital of (in millions 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 (FY2018 vs FY2017)

Note: Due to the nature of the industry that the Group operates in, recognition of revenue from the sale of properties is driven by project hand-over. Consequently, yearly 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 until the disposal of Cedar Properties Pte Ltd ("CPPL"), effectively divesting the stake in the Daya Bay project, on 15 March 2018.

	Group		
	FY2018	**FY2017 (Restated)**	**Remarks**
	S$'000	S$'000	
Revenue	**62,298**	**57,907**	**Increase in revenue** In FY2018, the Golden City project contributed S$59.2m (95.1%) and the Daya Bay project contributed S$3.0m (4.9%) whilst in FY2017, the Golden City project contributed S$32.5m (56.1%) and the Daya Bay project contributed S$25.3m (43.8%).
Cost of Sales	(45,335)	(42,275)	
Gross Profit	**16,963**	**15,632**	**Increase in Gross Profit** The FY2018 gross profit margins for sales of development properties in the Golden City project and Daya Bay projects were approximately 24.2% and 14.5% respectively.
Other Income	11,642	12,514	**Decrease in Other Income** Decrease in other income in FY2018 mainly due to lower fair value gain in the Golden City project as a result of transfer of fewer residential units to investment properties.
Distribution Costs	(1,981)	(8,244)	**Decrease in Distribution Costs** Decrease in distribution costs in FY2018 mainly due to the disposal of the Daya Bay project and lower sales and advertising costs.
Administration Expenses	(8,228)	(10,528)	
Other Operating Expenses	(1,158)	(2,444)	**Decrease in Other Operating Expenses** Decrease in other operating expenses in FY2018 mainly due to the disposal of the Daya Bay project.

	Group FY2018	Group FY2017 (Restated)	Remarks
	S$'000	S$'000	
Finance Costs	(9,644)	(1,942)	**Increase in finance costs** Increase in finance costs mainly arose from imputed expense (which have no cash flow impact) arising from land lease premium and interest expense in the Golden City project.
Profit before taxation	**7,594**	**4,988**	
Taxation	(688)	(1,295)	**Decrease in Taxation** Decrease in taxation mainly due to the disposal of the Daya Bay project.
Profit for the year	**6,906**	**3,693**	

Revenue

	Group FY2018	Group FY2017 (Restated)	Group Increase/(Decrease)
	S$'000	S$'000	%
Sale of Properties			
- Golden City	56,609	31,547	79.4%
- Daya Bay	2,609	23,388	(88.8%)
Total Sale of Properties	59,218	54,935	7.8%
Rental Income			
- Golden City	2,622	948	n.m.*
- Daya Bay	416	1,953	(78.7%)
- ETC	42	71	(40.8%)
Total Rental Income	3,080	2,972	3.6%
Total Revenue	62,298	57,907	7.6%

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

Revenue for FY2018 was mainly contributed by the sale of Golden City property units of S$56.6 million (90.9% of total revenue) and the rental of Golden City property units of S$2.6 million (4.2% of total revenue), following the disposal of CPPL, effectively divesting the Group's stake in the Daya Bay project on 15 March 2018. Revenue for FY2017 was mainly contributed by the sale of property units in the Golden City project of S$31.5 million (54.5% of total revenue), the Daya Bay project of S$23.4 million (40.4% of total revenue), and the rental of Daya Bay holiday apartments and Golden City property units of S$2.0 million and S$0.9 million respectively.

The Group reported revenue 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. 176 and 19 units were recognized or booked as revenue in FY2018 for the Golden City project and the Daya Bay project respectively.

Until the disposal of CPPL on 15 March 2018, the 399 units of holiday apartments held as investment properties in the Daya Bay project have provided a fixed monthly rental income of RMB2,000 (approximately S$417) per room since December 2015.

Gross Profit

	Group		
	FY2018	**FY2017 (Restated)**	**Increase/(Decrease)**
	S$'000	S$'000	%
Sale of Properties			
- Golden City	13,704	5,542	n.m.*
- Daya Bay	379	7,504	(95.0%)
Total Sale of Properties	14,083	13,046	7.9%
Rental Income			
- Golden City	2,495	906	n.m.*
- Daya Bay	343	1,609	(78.7%)
- ETC	42	71	(40.9%)
Total Rental Income	2,880	2,586	11.4%
Total Gross Profit	16,963	15,632	8.5%

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

Gross profit of approximately S$17.0 million was recorded for FY2018, after deducting direct costs (consisting mainly of the cost of property units sold) of approximately S$45.3 million. The gross profit margin for sale of properties for the Golden City project was approximately 24.2%.

Other Income

	Group		
	FY2018	**FY2017 (Restated)**	**Increase/(Decrease)**
	S$'000	S$'000	%
Fair value gain	10,661	11,963	(10.9%)
Interest income	15	75	(80.0%)
Imputed interest income	966	277	n.m.*
Others	-	199	n.m.
Other Income	11,642	12,514	(7.0%)

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

Other income decreased from S$12.5 million in FY2017 to S$11.6 million in FY2018 mainly due to lower fair value gain for the transfer of 19 units of residential apartments from development properties to investment properties arising following the commencement of an operating lease to a 3rd party in the Golden City project, supplemented by a revaluation gain of investment properties and higher imputed finance income arising from customer financing as some residential units from the Golden City project were sold on an instalment plan to customers. In FY2017 there was a transfer of 41 units of residential apartments from development properties to investment properties following the commencement of operating leases in the Golden City project.

<u>Distribution Costs</u>
Distribution costs of S$2.0 million in FY2018 arose mainly from the sale of property units in the Golden City project. It has decreased from S$8.2 million in FY2017 to S$2.0 million in FY2018, mainly due to the disposal of the Daya Bay project, lower advertising and sales commission expenses in the Golden City project. These expenses comprise primarily of salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

<u>Administration Expenses</u>
Administration expenses decreased from S$10.5 million in FY2017 to S$8.2 million in FY2018. This was mainly due to the disposal of the Daya Bay project, lower exchange losses, professional fees, salaries and related costs in FY2018.

<u>Other Operating Expenses</u>
Other operating expenses decreased from $2.4 million in FY2017 to $1.2 million in FY2018 mainly due to the disposal of the Daya Bay project.

<u>Finance Costs</u>
The finance costs of S$9.6 million in FY2018 comprised mainly of interest expenses incurred from bank loans and shareholders' loans, and imputed interest expenses (which have no cash flow impact) arising from the land lease premium from the Golden City project.

<u>Taxation</u>

	Group		
	FY2018	**FY2017**	**Increase/(Decrease)**
	S$'000	S$'000	%
Income tax	(8)	(1,920)	(99.6%)
Deferred tax	(680)	625	n.m.
Taxation	(688)	(1,295)	(46.9%)

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

Taxation decreased from a tax expense of S$1.3 million in FY2017 to S$0.7 million in FY2018 mainly due to lower income tax expense arising from the disposal of the Daya Bay project. Higher deferred tax expense in FY2018 was mainly due to recognition of deferred tax liabilities from the fair value gain of investment properties in the Golden City project partially offset by 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 sale of development properties in the Golden City project.

<u>Review of Financial Position (31 December 2018 vs 31 December 2017)</u>
Note: Significant changes in balance sheet items during the financial year under review were mainly attributed to the disposal of Cedar Properties Pte Ltd ("CPPL") on 15 March 2018, effectively divesting the Group's stake in the Daya Bay project.

<u>Non-current Assets</u>
Property, plant and equipment and investment properties decreased mainly due to the disposal of CPPL on 15 March 2018, effectively divesting the Group's stake in the Daya Bay project. Property, plant and equipment also decreased due to depreciation incurred. Trade receivables,

comprised of amounts due from buyers that are one year or more, increased as as property units sold were progressively recognized as income upon handover.

Current Assets
Development properties increased mainly due to the costs incurred towards the construction of Phase 2 in the Golden City Project, partially offset by the progressive recognition of income from property units sold upon handover, as well as the disposal of CPPL. 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 and other receivables decreased mainly due to lower trade receivables upon payment of the outstanding amounts by customers and the disposal of CPPL. Included in the trade receivables were S$3.3 million[1] 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 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 and when development properties are transferred to investment properties following the commencement of operating leases. Deposits and advance payments from customers pertained to those units not expected to be handed over within one year. Borrowings increased mainly due to refinancing of loans in the Golden City project to long term loans. Accrued land lease premium increased due to the imputed interest expenses (which have no cash flow impact) arising from the land lease premium from the Golden City project.

Current Liabilities
Borrowings decreased mainly due to the net repayment of bank loans and the refinancing of loans to long term loans in the Golden City project. Accrued land lease premium decreased due to payment of amounts owing. Trade and other payables increased mainly due to construction costs incurred in the Golden City project, partially offset by the disposal of CPPL. Deposits and advance payments from customers and current tax payable decreased mainly due to the disposal of CPPL. Deposits and advance payments from customers also decreased due to handover of property units in the Golden City project to buyers.

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.

[1] With reference to paragraphs 113 (a) and (b) under SFRS (I) 15 – Revenue from Contracts with Customers.

Cash Flow

Net cash used in operating activities was approximately S$8.8 million for FY2018 mainly due to changes in working capital.

Net cash used in investing activities was S$12.8 million for FY2018 mainly arising from the disposal of CPPL, interest paid and purchase of property, plant and equipment.

Net cash generated from financing activities was S$4.0 million for FY2018 mainly due to the proceeds from a third party loan, partially offset by net repayment of bank loans.

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 3Q2018 Results Announcement dated 8 November 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 15 March 2018, effectively divesting the Group's stake in its Daya Bay project.

Golden City Project

As at 31 December 2018, approximately US$200.9 million (approximately S$271.0 million) of gross development value comprising 564 units (761,400 square feet) of the Golden City project have been sold. Correspondingly, a total of 420 units have been recognised as revenue as at 31 December 2018. Revenue for the remaining 144 units sold is expected to be progressively recognized upon handover of the units or one month after notification to buyers to take over the units, whichever occurs earlier. The Golden City project comprises of 4 phases. Phase 1's and Phase 2's construction has been completed, following which work for Phase 3 and 4 will commence in FY2020 and FY2021 respectively.

Notwithstanding the steady growth in the number of housing units provided by the government and private sector, the gap between supply and demand for affordable low-cost homes in Yangon continue to widen as the population in Myanmar expands. To close this gap, local banks have been encouraged to increase the number of mortgages to improve the accessibility of home ownership for local buyers. On the other hand, the government has continued to collaborate with various private companies under the public-private partnership scheme to raise supply as it works toward achieving its target of building one million housing units by 2030. Meanwhile, the number of private development projects is also on the rise to capture growth in this expanding demographic.

("Supply of housing units to rise, spur more development", Myanmar Times, 22 January 2019)
("Yangon blighted by housing woes", Myanmar Times, 12 November 2019)

The Ministry of Construction in Myanmar recently initiated the formation of a management committee to oversee the implementation of regulations under the Condominium Law which was previously passed in early 2018. Announced on the 5 January 2019, the ministry noted that the committee will register new and existing property developments that meet the criteria and adhere to the by-laws in conjunction with the Condominium Law. So far, some 40 developers have registered their projects, with 13 of them already approved by the committee. Industry observers believe that once the by-laws and registration systems are properly put in place to protect buyers, sellers and developers, the sector is expected to gain momentum and grow as it will give buyers and investors the confidence to enter the market.

("After three years, regulations under Condominium Law firm up", Myanmar Times, 17 January 2019)
("Prospects better in 2019 with improved laws, loan options", Myanmar Times, 1 January 2019)

In recent years, the Myanmar economy has been underperforming and confidence in the government is low. The economy has also been facing sluggish growth and slowing growth with respect to foreign domestic investment (FDI) numbers, resulting in office rental declines and low take-up rates for newly constructed condominiums in cities such as Yangon. On the flip side, the emerging nation remains one of the fastest growing economies in the world, harnessing a sizeable and young population with a raft of natural resources. With 40 per cent of the world's population as its immediate neighbours, Myanmar has the potential to become the next low-cost manufacturing hub for the region.

("Investing in Myanmar – not when but how", The Business Times, 2 January 2019)

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 as the Board would like to conserve cash to fund expansions and acquisitions.

(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 as the Board would like to conserve cash to fund expansions and acquisitions.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. 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.

13. 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 December 2018.

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

For management purposes, the Group is organised into business segments as the Group's risks and rates of return are affected predominantly by differences in the products produced. The operating businesses are organised and managed separately according to the nature of the products produced, with each segment representing a strategic business unit that offers different products and serves different markets.

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.

Segment revenue and expenses:

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

Segment assets and liabilities:

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

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.

Geographically, the non-current assets and operations of the Group are primarily located in Myanmar after the disposal of Cedar Properties Pte Ltd ("CPPL"), effectively divesting the stake in the Daya Bay project, on 15 March 2018.

	Property development		Property investment		Corporate		Eliminations		Total	
	Group 2018	Group 2017 (Restated)	**Group 2018**	Group 2017 (Restated)	**Group 2018**	Group 2017 (Restated)	**Group 2018**	Group 2017 (Restated)	**Group 2018**	Group 2017 (Restated)
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Segment revenue	**59,218**	54,935	**3,038**	2,901	42	71	-	-	**62,298**	57,907
Results										
Segment profit/(loss)	**(3,798)**	(5,592)	**2,838**	2,515	**(3,088)**	(4,449)	**-**	-	**(4,048)**	(7,526)
Other income	**977**	534	**10,661**	11,963	**4**	17	**-**	-	**11,642**	12,514
Profit/(loss) before taxation	**(2,821)**	(5,058)	**13,499**	14,478	**(3,084)**	(4,432)	**-**	-	**7,594**	4,988
Taxation	**1,977**	1,696	**(2,665)**	(2,991)	**-**	-	**-**	-	**(688)**	(1,295)
Profit/(loss) for the year	**(844)**	(3,362)	**10,834**	11,487	**(3,084)**	(4,432)	**-**	-	**6,906**	3,693
Attributable to:										
Owners of the Company	**(415)**	(3,219)	**5,309**	7,138	**(3,084)**	(4,432)	**-**	-	**1,810**	(513)
Non-controlling interests	**(429)**	(143)	**5,525**	4,349	**-**	-	**-**	-	**5,096**	4,206
	(844)	(3,362)	**10,834**	11,487	**(3,084)**	(4432)			**6,906**	3,693
Assets and liabilities										
Segment assets	**251,793**	256,450	**65,228**	95,594	**1,046**	3,589	**-**	-	**318,067**	355,633
Segment liabilities	**184,143**	210,048	**16,307**	9,849	**1,195**	929	**-**	-	**201,645**	221,826

Geographical Segments	China S$'000	Myanmar S$'000	Singapore S$'000	Total S$'000
Year ended 31 December 2018				
Revenue	3,025	59,231	42	62,298
Non-current assets	-	79,416	144	79,560
Year ended 31 December 2017 (Restated)				
Revenue	25,341	32,495	71	57,907
Non-current assets	51,463	54,798	42	106,303

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Note: Due to the nature of the industry that the Group operates in, recognition of revenue from the sale of properties is driven by project hand-over. Consequently, yearly 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 until the disposal of Cedar Properties Pte Ltd ("CPPL"), effectively divesting the stake in the Daya Bay project, on 15 March 2018.

Revenue and earnings for the property development segment was mainly contributed by the sale of property units in the Golden City project, which was acquired on 20 December 2016 and the Daya Bay project, which was acquired on 4 November 2015 until the disposal on 15 March 2018. Revenue and earnings for the property investment segment came from the renting out of residential units in the Golden City project and renting out of holiday apartments at the Daya Bay project until the disposal on 15 March 2018.

Other income for property investment segment in FY2018 included the fair value gain of S$10.7 million which mainly rose from the revaluation of investment properties in the Golden City project as compared to S$12.0 million in FY2017.

The increase in segment revenue for the property development segment in FY2018 was mainly due to higher property units sold being progressively recognised as income upon handover. The lower segment loss in FY2018 for property development was due to higher gross profit contribution from the Golden city project, partially offset by the disposal of Daya Bay project.

The increase in segment revenue for the property investment segment in FY2018 was mainly due to higher rental income from the Golden City project, partially offset by the disposal of Daya Bay project. The decrease in segment profit in FY2018 for the property investment segment was mainly due to lower fair value gain from the Golden City project and the disposal of Daya Bay project.

The lower loss recorded for the corporate segment was mainly due to lower administrative expenses arising from lower professional fees, salaries and related costs in FY2018.

16. A breakdown of sales as follows :

		Group Latest Financial Year S$'000	Group Previous Financial Year (Restated) S$'000	% Increase/ (Decrease)
a.	Sales reported for the first half year (January to June)	21,920	20,204	8.5%
b.	Operating profit after tax before deducting minority interest reported for the first half year (January to June)	2,595	287	n.m.*
c.	Sales reported for the second half year (July to December)	40,378	37,703	7.1%
d.	Operating profit after tax before deducting minority interest reported for the second half year (July to December)	4,311	3,406	26.6%

n.m. : not meaningful

* : in excess of 100%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows :-

Not applicable as the Company did not declare any dividends in the latest full year and its previous full year.

18. 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.

19. 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) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable as there are no such persons occupying a managerial position in the issuer or any of its principal subsidiaries as at the date of this announcement.

ON BEHALF OF THE DIRECTORS

Ang Mong Seng
Non-Executive Group Chairman

BY ORDER OF THE BOARD
27 Feb 2019

*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.

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