

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD  
ENDED 31 MARCH 2017

Part 1

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

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

	Group		
	1 <sup>st</sup> Qtr Ended 31/3/2017	1 <sup>st</sup> Qtr Ended 31/3/2016	Increase/ (Decrease)
	S\$ '000	S\$ '000	%
<b>Revenue</b>	<b>10,053</b>	<b>5,228</b>	<b>92.3%</b>
Cost of Sales	(7,269)	(4,219)	72.3%
<b>Gross Profit</b>	<b>2,784</b>	<b>1,009</b>	<b>n.m.*</b>
Other Income	8,332	3	n.m.*
Distribution Costs	(956)	(236)	n.m.*
Administration Expenses	(4,538)	(671)	n.m.*
Other non-operating expenses	(79)	-	n.m.*
Finance Costs	(1,538)	(403)	n.m.*
<b>Profit / (Loss) before taxation</b>	<b>4,005</b>	<b>(298)</b>	<b>n.m.</b>
Taxation	(1,303)	(243)	n.m.*
<b>Profit /(Loss) for the period</b>	<b>2,702</b>	<b>(541)</b>	<b>n.m.</b>
<b>Attributable to:</b>			
Owners of the Company	1,010	(697)	n.m.
Non-Controlling Interests	1,692	156	n.m.*
	<b>2,702</b>	<b>(541)</b>	<b>n.m.</b>

n.m. : not meaningful

\*: in excess of 100%

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

	Group		
	1 <sup>st</sup> Qtr Ended 31/3/2017	1 <sup>st</sup> Qtr Ended 31/3/2016	Increase/ (Decrease)
	S\$ '000	S\$ '000	%
Depreciation of property, plant & equipment	(114)	(48)	n.m.*
Fair value gain on investment properties	8,295	-	n.m.*
Exchange loss, net	(822)	(62)	n.m.*
Interest Income	9	3	n.m.*
Interest expense	(1,538)	(403)	n.m.*
Rental Income	507	529	(4.2%)

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

	Group		
	1 <sup>st</sup> Qtr Ended 31/3/2017	1 <sup>st</sup> Qtr Ended 31/3/2016	Increase/ (Decrease)
	S\$ '000	S\$ '000	%
<b>Profit/(Loss) for the period</b>	<b>2,702</b>	<b>(541)</b>	<b>n.m.</b>
<b>Other Comprehensive income</b>			
Currency translation differences arising from consolidation	(2,875)	3	n.m.
- (Losses)/Profit			
<b>Total Comprehensive Loss for the period</b>	<b>(173)</b>	<b>(538)</b>	<b>77.0%</b>
<b>Attributable to:</b>			
Owners of the Company	(1,828)	(694)	n.m.*
Non-controlling interests	1,655	156	n.m.*
	<b>(173)</b>	<b>(538)</b>	<b>n.m.*</b>

n.m. : not meaningful

\*: in excess of 100%

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

	Group			Company		
	31-Mar-17 S\$'000	31-Dec-16 S\$'000	1-Jan-16* S\$'000	31-Mar-17 S\$'000	31-Dec-16 S\$'000	1-Jan-16* S\$'000
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, Plant and Equipment	7,847	7,928	1,376	76	87	121
Investment Properties	75,911	61,324	57,868	-	-	-
Investments in Subsidiaries	-	-	-	42,535	34,026	100
<b>Total Non-Current Assets</b>	<b>83,758</b>	<b>69,252</b>	<b>59,244</b>	<b>42,611</b>	<b>34,113</b>	<b>221</b>
<b>Current Assets</b>						
Development Properties	230,589	246,228	36,854	-	-	-
Trade and Other Receivables	19,788	25,167	3,359	34,152	2,372	1,239
Cash and Cash Equivalents	12,378	16,521	4,001	3,191	3,624	119
	<b>262,755</b>	<b>287,916</b>	<b>44,214</b>	<b>37,343</b>	<b>5,996</b>	<b>1,358</b>
<b>Total Assets</b>	<b>346,513</b>	<b>357,168</b>	<b>103,458</b>	<b>79,954</b>	<b>40,109</b>	<b>1,579</b>
<b>EQUITY</b>						
<b>Capital and Reserves</b>						
Share Capital	27,716	131,618	95,459	27,716	131,618	95,459
Capital Reduction Reserve	15,998	15,998	15,998	15,998	15,998	15,998
Capital Reserve	3,270	2,278	2,278	-	-	-
Share-based Payment Reserve	340	243	-	340	243	-
Warrant Reserve	2,282	2,879	2,879	2,282	2,879	2,879
Foreign Currency Translation Reserve	(3,419)	(581)	(76)	-	-	-
Accumulated Profit/(Loss)	14,612	(98,398)	(111,943)	(8,384)	(119,194)	(115,975)
<b>Equity attributable to equity holders of the Company</b>	<b>60,799</b>	<b>54,037</b>	<b>4,595</b>	<b>37,952</b>	<b>31,544</b>	<b>(1,639)</b>
Non-Controlling Interests	32,161	40,150	9,691	-	-	-
<b>Total Equity</b>	<b>92,960</b>	<b>94,187</b>	<b>14,286</b>	<b>37,952</b>	<b>31,544</b>	<b>(1,639)</b>

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

	Group			Company		
	31-Mar-17	31-Dec-16	1-Jan-16*	31-Mar-17	31-Dec-16	1-Jan-16*
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>LIABILITIES</b>						
<b>Non-Current Liabilities</b>						
Provisions	30	30	30	30	30	30
Deferred Tax Liabilities	33,276	33,138	9,836	-	-	-
Financial Liabilities	59,338	60,983	22,227	40,699	7,229	-
Accrued Land Lease Premium	22,313	23,072	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>114,957</b>	<b>117,223</b>	<b>32,093</b>	<b>40,729</b>	<b>7,259</b>	<b>30</b>
<b>Current Liabilities</b>						
Financial Liabilities	26,852	26,872	-	-	-	-
Accrued Land Lease Premium	3,938	4,072	-	-	-	-
Trade and Other Payables	55,423	63,165	39,635	1,273	1,306	3,188
Deposits from Customers on Purchase of Development Properties	49,254	48,541	17,444	-	-	-
Current Tax Payable	3,129	3,108	-	-	-	-
<b>Total Current Liabilities</b>	<b>138,596</b>	<b>145,758</b>	<b>57,079</b>	<b>1,273</b>	<b>1,306</b>	<b>3,188</b>
<b>Total Liabilities</b>	<b>253,553</b>	<b>262,981</b>	<b>89,172</b>	<b>42,002</b>	<b>8,565</b>	<b>3,218</b>
<b>Total Equity and Liabilities</b>	<b>346,513</b>	<b>357,168</b>	<b>103,458</b>	<b>79,954</b>	<b>40,109</b>	<b>1,579</b>

\*: In accordance with FRS 1 paragraph 40A, the Company shall present a 3<sup>rd</sup> statement of financial position as at the beginning of the preceding period (in this case 1 January 2016) due to the changes in the functional currency of the Company and the presentation currency of the Group from RMB to SGD given that such information is considered material to the users of the financial statements.

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

	Group 31-Mar-2017		Group 31-Dec-2016		Group 1-Jan-2016*	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<b>Amount repayable in one year or less, or on demand</b>						
Financial Liabilities:						
Amount due to						
Directors	-	-	-	-	-	2,090
Bank loan	321	-	708	-	-	-
Loans from related parties	-	2,795	-	2,890	-	-
	<u>321</u>	<u>2,795</u>	<u>708</u>	<u>2,890</u>	<u>-</u>	<u>2,090</u>
<b>Amount repayable after one year</b>						
Financial Liabilities:						
Bank Loan	18,639	-	18,898	-	-	-
Loans due to a substantial shareholder	-	40,699	-	42,085	-	-
	<u>18,639</u>	<u>40,699</u>	<u>18,898</u>	<u>42,085</u>	<u>-</u>	<u>-</u>

\*: In accordance with FRS 1 paragraph 40A, the Company shall present a 3<sup>rd</sup> statement of financial position as at the beginning of the preceding period (in this case 1 January 2016) due to the changes in the functional currency of the Company and the presentation currency of the Group from RMB to SGD given that such information is considered material to the users of the financial statements.

**Details of any collateral**

The bank loan is secured by a bank guarantee with a pledge over a commercial building.

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

	Group	
	1 <sup>st</sup> Qtr Ended 31/3/2017	1 <sup>st</sup> Qtr Ended 31/3/2016
	S\$ '000	S\$ '000
<b>Cash Flows from Operating Activities</b>		
Profit/(Loss) before taxation	4,005	(298)
Adjustments for:		
Depreciation of property, plant and equipment	114	48
Equity settled share-based compensation expense	97	-
Fair value gain on investment properties	(8,295)	-
Interest Income	(9)	(3)
Interest expenses	1,538	403
Operating (loss)/ profit before working capital changes	(2,550)	150
Trade and other Receivables	5,307	668
Trade and other Payables	(13,605)	(2,853)
Investment properties	(6,854)	-
Development properties	15,381	4,168
Cash (used in)/generated from operations	(2,321)	2,133
Income tax paid	(1,171)	-
<b>Net Cash (used in)/generated from operating activities</b>	<b>(3,492)</b>	<b>2,133</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	9	3
Acquisition of non-controlling interest in subsidiary	(2,106)	-
Purchase of plant and equipment	(33)	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,130)</b>	<b>3</b>
<b>Cash Flows from Financing Activities</b>		
Issue of ordinary shares arising from exercise of warrants	954	2,347
<b>Net Cash generated from financing activities</b>	<b>954</b>	<b>2,347</b>
<b>Net (decrease)/increase in Cash and Cash Equivalents</b>	<b>(4,668)</b>	<b>4,483</b>
Cash and Cash Equivalents at beginning of period	16,521	4,001
Exchange differences on translation of Cash and Cash Equivalents at beginning of period	525	(120)
Cash and Cash Equivalents at end of period	12,378	8,364

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

**Consolidated Statement of Changes in Equity for the periods ended 31 March 2017 and 31 March 2016 - Group**

The Group	Share capital S\$'000	Capital reduction reserve S\$'000	Capital Reserve S\$'000	Share-based Payment reserve S\$'000	Warrant reserve S\$'000	Exchange fluctuation reserve S\$'000	Accumulated Profits/(losses) S\$'000	Total attributable to equity holders of the company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2017	131,618	15,998	2,278	243	2,879	(581)	(98,398)	54,037	40,150	94,187
Total comprehensive income/(loss) for the period	-	-	-	-	-	(2,838)	1,010	(1,828)	1,655	(173)
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Issue of ordinary shares arising from exercise of warrants	1,551	-	-	-	(597)	-	-	954	-	954
Acquisition of non-controlling interest in subsidiary	6,547	-	992	-	-	-	-	7,539	(9,644)	(2,105)
Share-based payments	-	-	-	97	-	-	-	97	-	97
Capital reduction	(112,000)	-	-	-	-	-	112,000	-	-	-
<b>Balance at 31 March 2017</b>	<b>27,716</b>	<b>15,998</b>	<b>3,270</b>	<b>340</b>	<b>2,282</b>	<b>(3,419)</b>	<b>14,612</b>	<b>60,799</b>	<b>32,161</b>	<b>92,960</b>
<b>The Group</b>	<b>Share capital S\$'000</b>	<b>Capital reduction reserve S\$'000</b>	<b>Capital reserve S\$'000</b>	<b>Share-based Payment reserve S\$'000</b>	<b>Warrant reserve S\$'000</b>	<b>Exchange fluctuation reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total attributable to equity holders of the company S\$'000</b>	<b>Non-controlling interests S\$'000</b>	<b>Total equity S\$'000</b>
Balance at 1 January 2016	95,459	15,998	2,278	-	2,879	(76)	(111,943)	4,595	9,691	14,286
Total comprehensive income/(loss) for the period	-	-	-	-	-	3	(697)	(694)	156	(538)
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Issue of ordinary shares	4,437	-	-	-	-	-	-	4,437	-	4,437
<b>Balance at 31 March 2016</b>	<b>99,896</b>	<b>15,998</b>	<b>2,278</b>	<b>-</b>	<b>2,879</b>	<b>(73)</b>	<b>(112,640)</b>	<b>8,338</b>	<b>9,847</b>	<b>18,185</b>

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

***Consolidated Statement of Changes in Equity for the periods ended 31 March 2017 and 31 March 2016 - Company***

The Company	Share Capital	Capital Reduction Reserve	Share-based Payment Reserve	Warrant Reserve	Accumulated Losses	Total Equity attributable to equity holders of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	131,618	15,998	243	2,879	(119,194)	31,544
Issue of ordinary shares arising from exercise of warrants	1,551	-	-	(597)	-	954
Share-based payments	-	-	97	-	-	97
Acquisition of non-controlling interest in subsidiary	6,547	-	-	-	-	6,547
Capital reduction	(112,000)	-	-	-	112,000	-
Total Comprehensive loss for the period	-	-	-	-	(1,190)	(1,190)
Balance at 31 March 2017	27,716	15,998	340	2,282	(8,384)	37,952

  

The Company	Share Capital	Capital Reduction Reserve	Share-based Payment Reserve	Warrant Reserve	Accumulated Losses	Total Equity attributable to equity holders of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2016	95,459	15,998	-	2,879	(115,975)	(1,639)
Issue of ordinary shares	4,437	-	-	-	-	4,437
Total Comprehensive loss for the period	-	-	-	-	(528)	(528)
Balance at 31 March 2016	99,896	15,998	-	2,879	(116,503)	2,270



- 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
<b>Share Capital</b>	
<b>Ordinary shares issued and fully paid</b>	
Balance as at 1 January 2017	762,645,245
Issue of 10,600,000 new shares arising from exercising of warrants at an exercise price of S\$0.09 per share during the period 1 January 2017 to 31 March 2017	10,600,000
Issue of 780,000 new shares as share-based payments to employees	780,000
Issue of 65,469,600 new shares at an issue price of S\$0.10 per share as share consideration for the purchase of approximately 25% shares in DAS Pte. Ltd. on 27 February 2017.	65,469,600
Balance as at 31 March 2017	839,494,845

As at 31 March 2017, convertibles (including options to subscribe for ordinary shares in our Company) that remained outstanding after share consolidation (Comparatives are restated to show the effects of the share consolidation) are as follows:

	As at 31 Mar 2017 No. of shares	As at 31 Mar 2016 No. of shares
Warrants granted on 15 April 2013 (expired on 14 April 2016)	-	10,000,000
Warrants granted on 12 June 2014 (expire on 9 June 2017)	40,511,111	51,111,111
Share Options granted on 17 May 2016 (expire on 17 May 2026)	16,000,000	-
	<u>56,511,111</u>	<u>61,111,111</u>

The Company did not hold any treasury shares as at 31 March 2017 and 31 March 2016.

There were no subsidiary holdings as at 31 March 2017 and 31 March 2016.

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

The Company's total number of issued shares (excluding treasury shares) as at 31 March 2017 is 839,494,845 (31 December 2016: 762,645,245)

**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 for the adoption of the Amendments to FRSs applicable for the financial year beginning on or after 1 January 2016, the same accounting policies and methods of computation have been applied. The adoption of Amendments to FRSs did not have any effect on the financial performance or position of the Group.

The Group is of the opinion that the SGD presentation currency best reflects the current and prospective economic substance of the underlying transactions of the Group as our fund raising from the capital market have been in SGD thus far and our future projects will likely be in ASEAN, China and Greater China as well as the sub-continent.

Accordingly, the Group has translated its results and financial position into SGD starting from 1 January 2017. The comparatives of the financial statements of the Company and of the Group for 1Q2017 were restated and presented in SGD. Specifically, the assets and liabilities of the Company and of the Group as at 31 December 2016 and 31 December 2015 were translated from RMB to SGD at the closing exchange rates as at 31 December 2016 and 31 December 2015 respectively, while the income expense items of the Company and of the Group for 1Q2016 were translated at the average rate during the said period.

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.

Please refer to note 4.

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

	Group	
	1 <sup>st</sup> Qtr Ended 31/3/2017	1 <sup>st</sup> Qtr Ended 31/3/2016
<b><i>Profit/(Loss) per ordinary share</i></b>		
(Comparatives are restated to show the effects of the share consolidation):		
(i) Based on weighted average no. of ordinary shares in issue (cents)	0.13	(0.22)
(ii) On a fully diluted basis (cents)	0.13	(0.22)
<b><i>Number of shares in issue</i></b>		
(Comparatives are restated to show the effects of the share consolidation):		
(i) Based on weighted average no. of ordinary shares in issue (in million)	790	319
(ii) On a fully diluted basis (in million)	790	319

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

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

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

	Group			Company		
	31-Mar-17	31-Dec-16	1-Jan-16*	31-Mar-17	31-Dec-16	1-Jan-16*
Net Asset Value (S\$'000)	92,960	94,187	14,286	37,952	31,544	(1,639)
Based on existing issued share capital (cents per share) (Comparatives are restated to show the effects of the share consolidation)	11.07	12.35	4.48	4.52	4.14	(0.51)
Net Asset Value has been computed based on the share capital of (in million of shares) (Comparatives are restated to show the effects of the share consolidation)	839	762	319	839	762	319

\*: In accordance with FRS 1 paragraph 40A, the Company shall present a 3<sup>rd</sup> statement of financial position as at the beginning of the preceding period (in this case 1 January 2016) due to the changes in the functional currency of the Company and the presentation currency of the Group from RMB to SGD given that such information is considered material to the users of the financial statements.

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 (1Q2017 vs 1Q2016)**

*Note: Significant changes in revenues, cost of sales, other income and expenses during the financial period under review were mainly attributed to maiden consolidation of DAS or Golden City project's financial performance in 1Q2017.*

Revenue

	<b>Group</b>		
	<b>1Q2017</b>	<b>1Q2016</b>	<b>Increase/(Decrease)</b>
	S\$ '000	S\$ '000	%
Sale of Properties	9,546	4,697	n.m.*
Rental Income	507	531	(4.5%)
Revenue	10,053	5,228	92.3%

n.m. : not meaningful

\*: in excess of 100%

*Note: Due to the nature of the industry that the Company operates in, recognition of revenue from the sale of properties is driven by project hand-over. Consequently, quarterly results may not be a good indication of profitability trend.*

Revenue for 1Q2017 was mainly contributed by the sale of property units in the Golden City project of S\$9.3 million (92.1% of total revenue), the Daya Bay project of S\$0.2 million (2.0% of total revenue) and the rental of Daya Bay holiday apartments of S\$0.5 million. Revenue for 1Q2016 was contributed by the Daya Bay project from the sale of property units of S\$4.7 million and rental of holiday apartments of S\$0.5 million.

The Group booked revenue, and therefore profits, for units sold (i.e. units where the sale and purchase agreement have already been signed) on the earlier of handing over of the property units or one month after notification to buyers to take over the property units. 16 and 2 units worth approximately S\$9.3 million and S\$0.2 million were recognized or booked as revenue in 1Q2017 for the Golden City project and the Daya Bay project respectively. The 399 units of holiday apartments held as investment properties in the Daya Bay project have given us a fixed monthly rental income of RMB2,000 (approximately S\$408) per room since December 2015, amounting to S\$0.5 million for 1Q2017.

Gross Profit

	<b>Group</b>		
	<b>1Q2017</b>	<b>1Q2016</b>	<b>Increase/(Decrease)</b>
	S\$ '000	S\$ '000	%
Sale of Properties	2,366	571	n.m.*
Rental Income	418	438	(4.5%)
Gross Profit	2,784	1,009	n.m.*

n.m. : not meaningful

\*: in excess of 100%

Gross profit of approximately S\$2.8 million was recorded for 1Q2017, after deducting direct costs (consisting mainly of cost of the property units sold) of approximately S\$7.3 million. The gross profit margins for sale of properties for both Golden City and Daya Bay projects were approximately 25% and 19% respectively.

#### Other Income

	<b>Group</b>	
	<b>1Q2017</b>	<b>1Q2016</b>
	S\$ '000	S\$ '000
		<b>Increase/(Decrease)</b>
		%
Fair value gain	8,295	-
Interest income	9	3
Others	28	-
Other Income	8,332	3

n.m. : not meaningful

\*: in excess of 100%

Other income increased from S\$3,000 in 1Q2016 to S\$8.3 million in 1Q2017 mainly due to the fair value gain of S\$8.3 million for the transfer of 16 units of residential apartments from development properties to investment properties following the commencement of an operating lease to a 3<sup>rd</sup> party and the increase in fair value of investment properties pertaining to the CMA building in the Golden City project.

#### Distribution Costs

Distribution costs of S\$1.0 million in 1Q2017 arose from the sale of property units in the Golden City and the Daya Bay projects whilst the distribution costs of S\$0.2 million in 1Q2016 was contributed by the Daya Bay project. These expenses comprise primarily of salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

#### Administration Expenses

Administration expenses increased from S\$0.7 million in 1Q2016 to S\$4.5 million in 1Q2017, mainly due to: (i) administrative expenses incurred by the Golden City and the Daya Bay projects, (ii) employing staff in China to oversee the Daya Bay project and (iii) accrual of management performance incentives by Golden City project.

#### Finance Costs

The finance costs of S\$1.5 million in 1Q2017 pertained mainly to interest expenses arising from loans due to a substantial shareholder, interest expenses incurred from bank loan and shareholders' loan and imputed interest expenses (which have no cash flow impact) arising from the interest-free loans from certain related parties of Daya Bay.

#### Taxation

	<b>Group</b>	
	<b>1Q2017</b>	<b>1Q2016</b>
	S\$ '000	S\$ '000
		<b>Increase/(Decrease)</b>
		%
Income tax	(102)	(243)
Deferred tax	(1,201)	-
Taxation	(1,303)	(243)

n.m. : not meaningful

\*: in excess of 100%

Taxation increased from S\$0.2 million in 1Q2016 to S\$1.3 million in 1Q2017 mainly due to the recognition of deferred tax liabilities from the fair value gain of the investment properties in Golden City project offset by unwinding of deferred tax liabilities (deferred tax liabilities were recognized when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer) from the sales of development properties in the Golden City and Daya Bay projects and decrease in income tax expenses from the Daya Bay project due to lower profits.

#### **Review of Financial Position (31 March 2017 vs 31 December 2016)**

##### **Non-current Assets**

Property, plant and equipment decreased mainly due to depreciation incurred. Investment properties increased due to transfer of development properties to investment properties from the Golden City project following the commencement of an operating lease to a 3<sup>rd</sup> party and fair value gain for investment properties in the Golden City project.

##### **Current Assets**

Development properties decreased mainly due to the transfer of development properties to investment properties from Golden City project following the commencement of an operating lease to a 3<sup>rd</sup> party as well as the property units sold were progressively recognized as income upon handover. The development properties are being recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer. Trade and other receivables decreased mainly due to lower trade receivables upon payment of the outstanding amounts by customers.

##### **Non-current Liabilities**

Deferred tax liabilities increased mainly due to the recognition of deferred tax liabilities from the fair value gain of the investment properties in Golden City project, partially offset as the development property units were progressively sold, thereby reducing the deferred tax liabilities recognized for the development properties. Deferred tax liabilities were recognized when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer.

##### **Current Liabilities**

Trade and other payables decreased mainly due to lower trade payables for the Golden City and Daya Bay projects following repayments made to contractors and suppliers.

##### **Equity**

The accumulated loss of the Group has been written off following the completion of the capital reduction of S\$112.0 million effective 3 January 2017, resulting in a corresponding reduction in the share capital, partially offset by the issue of shares arising from exercise of warrants and acquisition of the remaining approximately 25% shares in DAS.

##### **Cash Flow**

Net cash used in operating activities was approximately S\$3.5 million for 1Q2017 due mainly to the operating loss in 1Q2017.

Net cash used in investing activities was approximately S\$2.1 million for 1Q2017 mainly from the acquisition of the remaining approximately 25% shares in DAS.

Net cash generated from financing activities was S\$1.0 million for 1Q2017 from the proceeds from the issuance of 10,600,000 new shares arising from exercising of warrants at an exercise price of S\$0.09 per share during 1Q2017.

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

The current results are in line with the commentary in paragraph 10 of the Full Year 2016 Results Announcement dated 27 February 2017.

**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 investing in emerging and niche markets, with particular focus on development properties, investment properties and other related businesses in which the Company can add value.

The Group's first project was based in Daya Bay District, Huizhou, Guangdong Province, People's Republic of China ("China"). The Group's second project is based in the Yankin township of Yangon, Myanmar.

Daya Bay Project

As at 31 March 2017, approximately RMB389.8 million (approximately S\$79.0 million) of gross development value comprising 658 units (312,800 square feet) of the Daya Bay project have been sold. In accordance to the Group's revenue recognition policy, 2 units worth approximately RMB1.0 million (approximately S\$0.2 million) have been recognized in 1Q2017, which brings the total to sale of 551 units or approximately RMB327.3 million (approximately S\$66.4 million) have been recognized as at 31 March 2017. Revenue for the remaining 107 sold units is expected to be progressively recognized in FY2017 upon handover of the units or one month after notification to buyers to take over the units, whichever occurs earlier.

Amidst the cooling measures that were implemented since October 2016 to rein in the overheated property market, the average new home price across the hundred cities monitored by the China Index Academy declined 4.4% year-on-year in March on a year-on-year comparison.

*(Source: "China home prices dip in March despite easing of policies, private surveys show", South China Morning Post, 18 April 2017)*

However, from a month-on-month perspective, new home prices in March were lifted in nine of the fifteen first and second-tier cities that it closely monitors, according to the data that was recently published by National Statistics Bureau ("NBS") data. Furthermore, concerns over the sustainability of the price growth have arisen amidst the latest round of upgraded tightening curbs which were implemented in late-March. These curbs include the increase in down-payment requirements, controls on selling prices, and restrictions on purchases by non-locals and second-home buyers. It is postulated that these curbs may only affect China's housing prices in the later months as a result of lag effect.

*(Source: "China home prices rise in more cities in March", South China Morning Post, 18 April 2017)*



Closer to the Group's operations in Huizhou, the outlook is deemed to be sanguine due to a plan to carry out substantial development of the Guangdong-Hong Kong-Macau Big Bay Area (which comprises Hong Kong and Macau, as well as major cities in Guangdong province including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Jiangmen, and Zhaoqing). First mapped out three years ago, the regional plan is recently brought up in Premier Li Keqiang's annual report during China's legislature meeting in March 2017, and is pivotal to the "Belt and Road Initiative". On top of this, the construction of the Hong Kong-Zhuhai-Macau Bridge will be completed by the end of 2017. The property sector in the region is expected to be one of the beneficiaries of the aforementioned developments.

*(Source: "Transport, property stocks to gain from southern China's Big Bay Area", South China Morning Post, 23 April 2017)*

On the property investment front, the rental market in China appears to have favourable prospects. As home price gains outpace income growth, renting has become a more attractive option among the younger Chinese. As a result, the rental development market is gaining traction and annual rental payment is projected to almost triple to US\$420.5 billion by 2025 according to realtor Lianjia Real Estate.

*(Source: "Investors rush to develop rental housing as Chinese home prices surge", Reuters, 5 May 2017)*

#### Golden City Project

As at 31 March 2017, approximately US\$163.8 million (approximately S\$228.9 million) of gross development value comprising 460 units (627,100 square feet) of the Golden City project have been sold. In accordance to the Group's revenue recognition policy, sale of 16 units or approximately US\$6.6 million (approximately S\$9.3 million) have been recognized in 1Q2017, which brings the total to 221 units recognized as at 31 March 2017. Revenue for the remaining 239 sold units is expected to be progressively recognized in FY2017 and FY2018 upon handover of the units or one month after notification to buyers to take over the units, whichever occurs earlier. Golden City project comprises of 4 phases. While Phase 1's construction was already completed, Phase 2 is expected to be completed in 1H2018 and work for Phase 3 and 4 will start in FY2018.

The real estate situation in Yangon possesses a cloudy outlook as the overall demand appears to be stagnating due to market saturation and local authorities' withholding of building permits. Furthermore, in January 2017, the World Bank estimated Myanmar's 2016 economic growth at 6.5%, down 1.3 points from the previous estimate, as a result of the lacklustre performance by the real estate sector.

*(Source: "Transparency not what Yangon's property market ordered", Nikkei Asian Review, 4 February 2017)*

However, the Group maintains a cautiously optimistic outlook as catalysts, such as the long-awaited enforcement of the Condominium Law to allow expatriates and international developers can purchase property and housing projects, can swiftly turn the tide and boost the real estate market.

*(Source: "Property market needs effective sales approach: agents", Myanmar Times, 2 March 2017)*

Furthermore, the economies in the Asean+3 region (i.e. Asean, China, Japan, and South Korea) are projected to receive a high level of investment interest from US, Australian, European and Japanese companies in the regional bloc in the next five years.

*(Source: "Investment, infrastructure, digital economy to drive Asean prospects: EY", The Business Times, 5 May 2017)*

Myanmar's growth forecast is also expected to be at least 6.0% in 2017 and 2018.

*(Source: "Combined Asean+3 economies set to grow 5.2% this year: Report", The Straits Times, 5 May 2017)*

The Group wishes to highlight that Myanmar's property market demand in the second quarter is traditionally sluggish due to the festive season (i.e. Burmese New Year). As such, the Group may record a loss. However, business conditions are anticipated to recover and improve in the second half of the year.

Barring any unforeseen circumstances which include any adverse movements in the forex market or a significant deterioration of Myanmar's and China's macroeconomic environment, the Directors expect the group to remain profitable in FY2017.

#### **11. Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

No dividend has been declared or recommended.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No dividend was declared or recommended.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Christopher Chong Meng Tak and Tan Thiam Hee, being two of the Directors of Emerging Towns & Cities Singapore Ltd. (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the 1<sup>st</sup> quarter ended 31 March 2017 to be false or misleading in any material aspect.

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

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

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

The details of the net proceeds utilized as at 31 March 2017 are as follows:

<b>Intended Use</b>	<b>Amount Allocated</b>	<b>Amount Utilised</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Funding of the Daya Bay Acquisition	10,000	10,000
To fund the development of other real estate projects and/or investment in real estate and/or related assets aside from the Daya Bay Acquisition	6,000	6,000
General working capital, including to fund the salaries of the Group's employees, legal and professional fees, following up on the findings from the special audit conducted on the disbursements of the Group and strengthening corporate governance of the Group as well as ancillary expenses for the Group	2,460	1,839
Total net proceeds	18,460	17,839

Pursuant to the rights issue, the Company had raised net proceeds of approximately S\$18.5 million (after deducting estimated expenses of approximately S\$0.2 million) by issuing 5,183,391,404 rights shares at an issue price of S\$0.0036 per share. The rights shares have been allotted and issued on 19 September 2016. As at 31 March 2017, the net proceeds have been utilised as above and are in accordance with the intended use as stated in the offer information statement dated 24 August 2016.

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

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

ON BEHALF OF THE DIRECTORS

Christopher Chong Meng Tak  
Non-Executive Group Chairman

**BY ORDER OF THE BOARD**  
**11 May 2017**

*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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