EMERGING TOWNS & CITIES SINGAPORE LTD
新世界地产集团有限公司

ANNUAL REPORT
2018

EMERGING TOWNS & CITIES SINGAPORE LTD.

CONTENTS

This document 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 document.

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CORPORATE PROFILE

BACKGROUND

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Emerging Towns & Cities Singapore Ltd. ("ETC Singapore" or the "Company", and together with its subsidiaries, the "Group") was incorporated in Singapore on 17 October 1980. Formerly known as China Titanium Limited, the Company adopted the name Cedar Strategic Holdings Limited on 7 December 2012 following the restructuring of its business model, effectively changing its core business to real estate. Ready to embark on its next phase of growth, the Company later rebranded itself as ETC Singapore as it embarked on a business strategy focusing on quality real estate assets in emerging markets.

CORPORATE DEVELOPMENTS

With regard to the Unauthorised Withdrawals and following considerable deliberation, the Company, Cedar Properties Pte. Ltd. ("CPPL") and Mr Luo Shandong ("Mr Luo") arrived at a Settlement Deed on 18 January 2018. With the Company, CPPL and Mr Luo complying to their respective terms, an extraordinary general meeting ("EGM") was called upon on 15 March 2018 whereby shareholders approved the following resolutions: (i) The proposed disposal of the entire issued and paid-up share capital of CPPL, (ii) The proposed extension of the expiry date of the conversion right under the convertible loan agreement entered into between the Company and Mr Luo, and (iii) the proposed novation of the Convertible Loan Agreement ("CLA") entered into between the Company and Mr Luo.

The disposal of CPPL was completed on 15 March 2018 following the EGM, effectively divesting the Group of its stake in the Daya Bay project. The Consideration of RMB81 million was satisfied by the Company setting off from the Consideration the equivalent sum under the aggregate amount outstanding under the CLA. More importantly, the Group had realised its investment in CPPL, thereby strengthening its financial position and unlocking value for shareholders. As part of the settlement deed, the maturity date of the CLA was amended from 15 months to 27 months from the initial agreement date, effectively extending the repayment deadline for the aggregate amount outstanding from 25 April 2018 to 25 April 2019.

Pursuant to a second addendum deed to the CLA dated 1 March 2019, the maturity date of the CLA was further amended from 27 months to 39 months from the initial agreement date, effectively extending the repayment deadline for the aggregate amount outstanding from 25 April 2019 to 25 April 2020.

Following these positive outcomes, the Group promptly shifted its focus to facilitate the resumption of trading of the Company's shares. As part of these efforts, the Group prospected three established independent directors, each bringing relevant industry expertise and a wealth of knowledge to the Board. Shortly after, the Group, having fulfilled the requirements as set out by the relevant regulatory bodies, successfully resumed trading on 29 June 2018. With this episode concluded, the Group pledged to dedicate its fullest efforts to have in place measures necessary to mitigate any potential complications that may arise in the future, while steering the business back on its growth trajectory.

Amidst these developments, the Group's flagship Golden City project continued to garner interest and improve its standing in the Myanmar real estate market as it clinched a contract with globally renowned telecommunications conglomerate, Huawei Technologies, to lease out 147 luxury apartments for a term of two years with an option to renew on the third for a total term of three years. Having secured Huawei as one of its cornerstone tenants, the Golden City development remains well-positioned to capitalise on the next wave of corporates looking to set foot in a fast-expanding economy that is Myanmar.

STRATEGY AND OUTLOOK

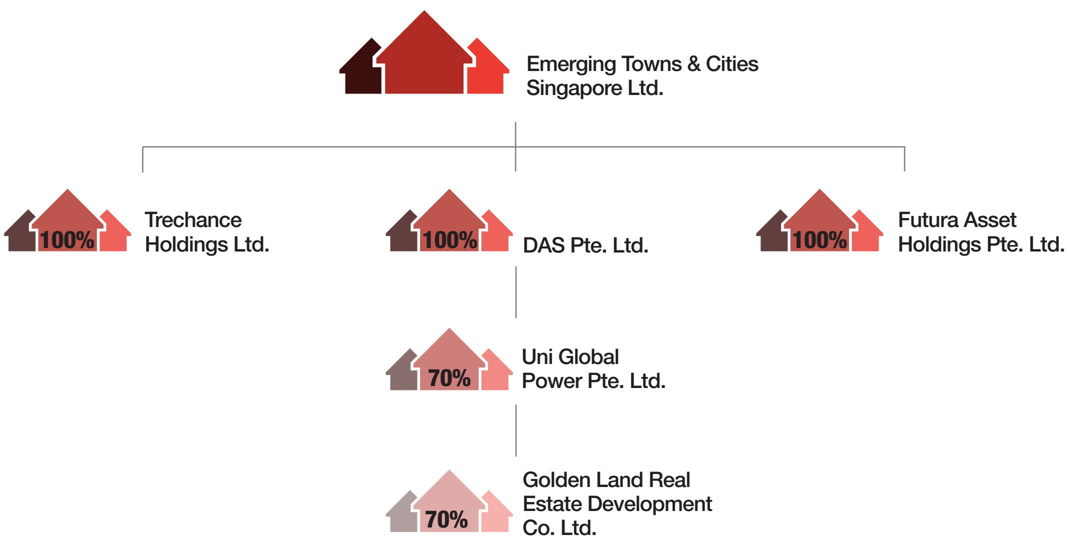
Going forward, the Group intends to continue its focus on property investment and development, executed through a strategy in the following three respects:

a. The Group continues to adopt a two-pronged approach of balancing between long term recurrent rental income and short term development profit to achieve sustainable growth;

b. Given its modest financial ability, the Group intends to maximize profit by prospecting for value accretive investment opportunities within emerging towns and cities; and

c. The Group strives toward diversifying and rejuvenating its shareholder structure through attracting investment interests of strategic shareholders whom will yield potential operational synergies.

GROUP STRUCTURE AS AT 31 DECEMBER 2018



GROUP CHAIRMAN'S STATEMENT

DEAR FELLOW SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you Emerging Towns & Cities Singapore's ("ETC Singapore" or the "Company", and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2018 ("FY2018").

Prior to the appointment of our newly reconstituted Board, ETC Singapore faced significant challenges relating to the Unauthorised Withdrawals made by the then controlling shareholder, Mr Luo Shandong ("Mr Luo"), from the Group's Daya Bay project located in Xia Chong Town, Daya Bay District, Huizhou, Guangdong Province of the People's Republic of China ("PRC"). On the advice of the Company's legal counsel, the previous Board initiated the Singapore lawsuit and legal proceedings in the PRC against Mr Luo and reluctantly made the decision to request for a voluntary suspension in trading.

Following considerable deliberation thereafter, a settlement was arrived between the Company and Mr Luo, of which a key condition of the agreement was for Mr Luo to buy back Daya Bay project at an open market value and allow the Company to offset the RM81.0 million consideration against a convertible bond that he holds. While this saw us lose our maiden project in the PRC, it also meant that we were able to realise our investment, thereby reducing our liabilities of equal value, and generate value for our shareholders. Fast forward to May 2018, we welcomed fresh beginnings for the Group with the appointment of our new Board of Directors. The new Board members comprised myself as Independent Director and Non-Executive Group Chairman, joined by our two other Independent Directors, Mr Lim Jun Xiong Steven, as well as Dr Choong Chow Siong whom has since stepped down due to health reasons. Our shares then resumed trading once again on 29 June 2018.

With this episode well behind us, we then focused our attention back to our property business. Led by our flagship Golden City project nested in the prime Yankin Township of Yangon in Myanmar, we are pleased to note that the robust levels of sales generated and rental income derived from our Golden City project has steered us to a turnaround for FY2018. While we are satisfied with our progress thus far, we continue to make big strides following the completion of Phases 1 and 2, which includes a variety of unit sizes and lifestyle amenities well-suited for our mid to high-end clientele. More importantly, this development positions us to capture the next wave of corporations and foreign investors looking to set foot into one of the fastest growing emerging nations in the region.

In addition to accomplishing these key milestones, Golden City has also emerged as one of Yangon's more prominent landmarks and a household name amongst locals. At the annual PropertyGuru Myanmar Property Awards in 2018, Golden City clinched four titles in all three award categories being presented – Developer, Development and Design Awards. These accomplishments bear testament to the development's high standards of design and functionality, solidifying our position as a renowned developer in niche property markets. Capitalising on our reputation as one of the country's top developments, we had also in October 2018 inked a major lease agreement with Huawei Technologies, renting out 147 residential apartments to the telecommunications conglomerate as they expand their business footprint in Myanmar. With that said, we will continue to leverage on Golden City's strong brand equity and established track record to attract prospective investors and homeowners in the years ahead.

As we move into the remainder of our fiscal year in 2019, we anticipate greener pastures for our Golden City development. In January 2019, Myanmar's Ministry of Construction announced the formation of a management committee to oversee, facilitate as well as implement the by-laws required in conjunction with the Condominium Law which was first passed in early 2018. Allowing foreign investors to own up to 40.0% of each government-approved condominium project, the successful and expeditious implementation of by-laws and proper registration systems is expected to bode well for sales of our development properties. Having said that, we will continue to execute our two-pronged growth strategy of fuelling our short-term development profits with long-term recurring income derived from our rental properties, so as to build a sustainable business model for the long term.

As we remain cognisant of the challenges faced as a single asset company focused on Myanmar, we are also mindful of the need to expand our business footprint to other geographies so as to diversify our revenue streams. Acknowledging the importance of moving swiftly to capitalise on attractive investment opportunities, it is also crucial that we assess our prospective targets prudently and with caution, amid a landscape of increasing uncertainty resulting from the current tepid macroeconomic outlook and trade tensions between the US and China.

To conclude this message, I would like to take the opportunity to sincerely thank our committed management team and employees for their hard work and dedication over the years. Last but not least, I would like to express my heartfelt appreciation to our loyal shareholders for your many years of unwavering support and belief in the Board and Management, as we strive to steer our Company on a consistent growth trajectory in the years ahead.

Yours Sincerely,

ANG MONG SENG BBM
Non-Executive Group Chairman and Independent Director

AUDIT COMMITTEE'S REPORT

DEAR SHAREHOLDERS,

Ang Mong Seng, Teo Cheng Kwee and I form the Audit Committee as at the date of the report and are pleased to present our Audit Committee Report for the year ended 31 December 2018.

AUDIT COMMITTEE MEMBERSHIP

Ang Mong Seng, Teo Cheng Kwee and I were the only members of and comprise the whole of the Audit Committee as at the date of the report. Teo Cheng Kwee was a member of the Audit Committee from 1 November 2017 until Dr Choong Chow Siong took over the role on 25 May 2018. Teo Cheng Kwee was then reappointed as member of the Audit Committee on 11 January 2019 after Dr Choong Chow Siong resigned as a director of the Company due to health reasons on the same date. Save for Teo Cheng Kwee, who is a non-executive director, we are Independent Directors with extensive financial knowledge and as such, the Committee members are appropriately qualified and experienced to fulfil their roles.

KEY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

We operate within the Terms of Reference described on Pages 67 to 68.

In FY2018, the Audit Committee met formally three times* as well as had several exchanges of emails and informal telephone calls on selected issues. The main areas dealt by the Committee included:

- Review of the quarter, half-year and full-year financial state of the Group and review of the quarterly, half-year and full-year financial announcements that were approved by the Board and released via the SGXNET Corporate Announcement System of the Singapore Exchange Securities Trading Limited ("SGX-ST").
- Approval of the audit plans and strategies received from external and internal auditors for the year ended 31 December 2018.
- Review report of audit issues, audit report and management letter points by external auditor, Foo Kon Tan LLP ("FKT"). The Audit Committee also held a private meeting with the auditors without the presence of the executive directors and confirmed their independence.
- Review report of control issues and internal audit report by the internal auditor, Baker Tilly Consultancy (Singapore) Pte Ltd ("Baker Tilly").
- Review of the Enterprise Risk Management ("ERM") report by Baker Tilly and the risk register that was established under the ERM framework.
- Review of the significant accounting policies, the notes to the accounts and significant judgements applied in the preparation of the Financial Statements.
- Review of the existing risk management and internal control framework for compliance with the relevant guidelines and regulations such as the Code of Corporate Governance 2012, Rules of Catalist of the SGX-ST, the Companies Act (Cap. 50 of Singapore) and the Audit Committee Guidance Committee Guidebook.
- Review of the Annual Report to ensure it is fair, balanced and readable/accessible.

The Chairman and/or the Committee regularly meets with the external and internal auditors without management being present to ensure honest and challenging conversations take place.

ENGAGEMENT OF THE EXTERNAL AUDITOR

The external auditor is engaged to express an opinion on the Group's financial statements. The auditor's responsibilities for the audit of the Group's financial statements are set out on pages 83 to 86 of this Annual Report.

FKT was appointed on 21 August 2009 and has been the Group's auditors since the appointment. FKT provides the Committee with the relevant reports and advice throughout the year. In accordance with the SGX-ST rules, the Company's auditor adheres to a partner rotation policy based on best practices. FY2018 is the current audit partner's first audit with the Company since his appointment.

During the year, the performance of the auditor was formally assessed by the Committee in conjunction with the senior management team. In making this assessment, the Committee focused on the robustness of the audit and the quality of the delivery of audit services. The Committee is satisfied that the audit continues to be effective and provides an appropriate independent challenge of the Group's senior management. The Committee reviewed and is satisfied as to the objectivity and independence of the auditor.

SIGNIFICANT ACCOUNTING MATTERS OF THE GROUP

During the year, the Committee reviewed the key areas of the management's estimates and judgement applied for key financial issues. This included the valuation of investment properties and net realisable value of development properties, both of which are Key Audit Matters.

* Three meetings were held in FY2018 as the Audit Committee ("AC") Meeting scheduled to be held in May 2018 was not held, due to the AC not being duly constituted as at that date as it comprised only one Member following the retirement of Mr Christopher Chong Meng Tak and Mr Peter Tan as Independent Directors of the Company on 26 April 2018 and their relinquishment of their positions as Members of the AC. As Mr Ang Mong Seng and Mr Lim Jun Xiong Steven were only appointed as Directors on 25 May 2018, they did not attend any AC Meetings held prior to their appointments.

AUDIT COMMITTEE'S REPORT

With respect to the valuation of investment properties, the Committee considered the approach and methodology applied to the valuation models in assessing the valuation of investment properties, which were conducted by independent international renowned valuers, at the Golden City project. The Committee reviewed the reasonableness of the cash flow forecasts, long-term growth rates and discount rates used in the valuation models and the external market indicators in the respective markets. The Group adopted the fair value model, under which an investment property is measured, after initial measurement, at fair value with changes in fair value recognised in profit or loss and the carrying values supported by the valuations.

As for the net realisable value of development properties, the Committee considered the approach and methodology in determining the estimated net realisable value of the development properties, which is dependent upon the Group's expectations of future selling prices. In making its estimates of future selling prices, the Group takes into account the available recently transacted prices, prices of comparable properties located in the same vicinity as the development project, macroeconomic and real estate price trend. Senior management has applied its knowledge of the business in its regular review of the estimates. The Committee also reviewed the development properties to ensure that they are correctly classified as development

property, various transfers from development properties to investment properties for appropriateness and the adequateness of the disclosures made in the financial statements and as set out under Note 2(e) to the financial statements.

We thank you for your attention.

LIM JUN XIONG STEVEN
Chairman of the Audit Committee

26 March 2019

BOARD OF DIRECTORS

MR ANG MONG SENG BBM
Non-Executive and Independent Group Chairman, Chairman of the Nominating & Corporate Governance Committee and a member of the Audit Committee and Remuneration Committee

Appointed to the Board on 25 May 2018

Mr Ang Mong Seng has more than 30 years of experience in estate management. He was the Chief Operating Officer of EM Services Pte Ltd from 2002 to 2011 and General Manager for Sembawang Town Council from 1988 to 1997.

Mr Ang was the Member of Parliament for the Bukit Gombak Single Member Constituency from 1997 to 2001 and Hong Kah Group Representation Constituency from 2001 to 2011. He served as the Chairman of Hong Kah Town Council from 1997 to 2011 and was a member of the House Committee in Parliament. He was also the Vice Chairman of South West Community Development Council. Mr Ang retired from politics prior to the 2011 General Elections.

Mr Ang holds a Bachelor of Arts degree from the Nanyang University, Singapore. He is a recipient of the Public Service Medal (PBM) and Public Service Star (BBM), and is currently an independent director of SGX-ST listed companies, Chip Eng Seng Corporation Limited and Hoe Leong Corporation Limited.

MR TAN THIAM HEE
Group Chief Executive Officer and Executive Director

Appointed to the Board as Independent Director on 24 June 2015 and as the Group Chief Executive Officer and Executive Director on 15 December 2015

Mr Tan is a professional accountant by training and has garnered more than 20 years of experience as CFO or CEO in various industries, including marine, construction, property development and investments, pharmaceutical, leisure, manufacturing, trading and investments holding.

Mr Tan is active in the corporate scene, having helped companies to IPO in both the Singapore as well as the Australian Securities Exchanges. Mr Tan has also driven several merger and acquisition exercises as well as corporate restructuring or divestment exercises. Mr Tan is also very familiar with the various financial institutions and has helped many companies secure their financing needs. Mr Tan is a director of ACH Investments Pte Ltd, a specialist corporate advisory firm in Singapore.

Mr Tan has a Master of Business Administration in International Business and a Bachelor of Accountancy (Merit) from the Nanyang Technological University of Singapore. Mr Tan is also a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia, a member of the Singapore Institute of Directors and a Graduate member of the Australian Institute of Company Directors.

MR ZHU XIAOLIN
Group President and Executive Director and a member of Nominating & Corporate Governance Committee

Appointed to the Board on 30 March 2017

Mr Zhu is currently the chief executive officer and director of UGP and chairman and director of Golden Land Real Estate Development Co., Ltd. Based in Yangon, he is responsible for the development of the Company's project, Golden City. Under his charge, Golden City has become the best-selling luxury mixed-development project in Yangon.

Mr Zhu has more than 10 years of working experience in the real estate and mineral resources sectors. He has worked in and held senior positions in various Fortune 500 companies, including Motorola Inc., Siemens AG, Sichuan New Hope Group Co., Ltd. and its subsidiaries, and Sichuan Chuanwei Group Co., Ltd. and its subsidiaries.

Mr Zhu has led many companies which are listed on the Hong Kong Stock Exchange, most significantly, China Vanadium Titano-Magnetite Mining Company Limited, PRC's first iron ore company listed in the Main Board of Hong Kong Stock Exchange in 2009. In March 2010, Mr Zhu set up China Polymetallic Mining Limited, a ferrous mining company, and led the company through its successful listing on the Hong Kong Stock Exchange in December 2011.

Mr Zhu graduated with a degree in economics from the Southwest University of Finance and Economics in Chengdu City, Sichuan Province, PRC, and is also a certified public accountant.

BOARD OF DIRECTORS

MR LIM JUN XIONG STEVEN
Independent Director and Chairman of the Audit Committee and the Remuneration Committee and a member of the Nominating & Corporate Governance Committee

Appointed to the Board on 25 May 2018

Mr Lim has more than 25 years of experience in the wealth management industry. Mr Lim started his career with PricewaterhouseCoopers and was the Chief Executive Officer of SG Trust (Asia) Ltd, a wholly-owned subsidiary and fiduciary services arm of Societe Generale Private Bank that provides wealth management, estate and succession planning services until October 2014. Prior to this, he was the Managing Director and subsequently a Senior Consultant at HSBC Private Bank (Suisse) SA Global Wealth Solutions.

Mr Lim currently provides consultancy advice in the field of global wealth solutions, and serves as an independent director of various SGX-ST listed companies, including Mirach Energy Limited, Bund Center Investment Ltd, Keong Hong Holdings Limited and Hong Fok Corporation Limited.

Mr Lim holds a Bachelor of Commerce degree majoring in Accounting and Finance from the University of Newcastle, Australia. He is a fellow member of CPA Australia and the Institute of Singapore Chartered Accountants, and a member of the Society of Trust and Estate Practitioners.

MR TEO CHENG KWEE
Non-executive Director and a member of the Audit Committee and the Remuneration Committee

Appointed to the Board on 21 July 2015

Mr Teo brings with him more than 30 years of vast experience in the building and construction industry and his prominent projects include the Supreme Court Building, the Merlion at Sentosa, Nanyang Technological University, besides several condominium and housing development projects.

Mr Teo has more than 40 years of experience in management and cross-border investment and has led the IPOs of multiple Hong Kong and Singapore listed companies. Mr Teo is the founder, a former Non-executive Director and former CEO of Sapphire Corporation Limited, a company listed on the SGX-ST.

Mr Teo is a committed investor in Myanmar with multiple on-going projects. Mr Teo entered Myanmar in the early 1990s and was the contractor for Traders Hotel (now known as Sule Shangri-La, Yangon). Mr Teo founded and led the Golden City Project, Yangon's first mixed development and also the tallest and one of the best-selling development project in Myanmar. Mr Teo's vast experience and acute business acumen has contributed to the Company.

KEY MANAGEMENT

MR JOSEPH LIM
Group Chief Financial Officer

Appointed on
1 October 2015

Mr Lim oversees the finance, accounting and treasury functions of the Group. He brings with him more than 20 years of post-graduation experience in accounting, auditing, treasury, risk management and investments with extensive background in public companies listed on SGX-ST and the Australian Securities Exchange.

Mr Lim graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy. He is a Fellow of the Institute of Singapore Chartered Accountants, a member of the Singapore Institute of Directors, a Certified Internal Auditor and a Chartered Financial Consultant.

MR LAI XUE JUN
Senior Vice President & Regional General Manager – Myanmar

Mr Lai has over 14 years of working experience in large corporations in the investment and banking sectors. From 2007 to 2012, he was the Vice President and General Manager of property development group, Sichuan Yuan Dong Group, managing all their property development projects in China. He joined Golden Land in 2013 as General Manager overseeing marketing, construction and design-related works, as well as leading the cost control department.

He is highly involved in the social community in Myanmar and holds positions such as the Vice Chairman of Myanmar Chinese Chamber of Commerce and Consultant of Myanmar & Taiwan Commerce Organisation. He is a fellow member of Myanmar Taiwanese Business Association and member of Myanmar China Enterprise Chamber of Commerce.

MR LI BO
Vice President (Sales & Marketing) & Regional Sales & Marketing Director – Myanmar

Mr Li joined Golden Land in 2013 as Vice General Manager and Marketing Director, focusing on marketing and sales. Prior to joining the Company, Mr. Li worked in a property development group, Sichuan Yuan Dong Group, as President Assistant and Marketing Director where he was involved in marketing and strategic planning. He obtained his Master Degree in Real Estate Management from University of Aberdeen Scotland in 2009.

MR WILLIAM LAU
Vice President (Investment) & Regional Chief Financial Officer – Myanmar

Mr Lau has worked in Big 4 International accounting firms over 9 years including Ernst and Young China and PricewaterhouseCoopers Hong Kong, specializing in audit service of IPO and M&A. Prior to joining UGP, he was the Group Finance Manager in Sincere Land Group. He joined UGP in 2013 and is responsible for all financial functions in UGP and Golden City, being the Director and CFO of Golden City and CFO of UGP. He also led the financing for Golden City and is responsible for maintaining the relationships with all banks in Myanmar.

Mr Lau graduated from Hong Kong Polytechnic University in 2004 with an Accountancy Degree and minor in Corporate Finance. He is a Fellow Member of the Association of Chartered Certified Accountants and the member of Hong Kong Institution of Certified Public Accountant. He is the current Charter Member and Secretary of Rotary Club of Greater Yangon, serving the local community in Myanmar, and a member of British Chamber of Commerce Myanmar.

MR IRWIN ANG CHEE LIONG
Vice President (Quality Assurance)

Appointed on
6 March 2017

For the past 22 years, Mr Ang has been working in the construction industry for A1 & A2 Main-Contractors companies in Singapore. Responsible for execution of overall planning and coordinates all development works starting from conceptualisation, design, to on-going construction till completion with high quality standards control. Apart from meeting all building authorities' standards and compliance, he ensures all works are carried out in accordance with well established and implemented safety measures.

Notable completed projects include HDB's largest project (S$369 million) Casa Clementi (CLN4C8) achieving an overall Building Construction Authority of Singapore (BCA) CONQUAS-21 score of 91.5%.

He has now joined ETC Singapore as Vice President on quality assurance and control for the project Golden City Development in Yangon, Myanmar.

OPERATION AND FINANCIAL REVIEW

The Group, for the financial year ended 31 December 2018 ("FY2018"), supported by robust sales and rising rental income from its property development and property investment segments respectively, recorded a 7.6% year-on-year ("yoy") increase in revenue to S$62.3 million for FY2018. Notwithstanding the disposal of Cedar Properties Private Limited ("CPPL") on 15 March 2018, the Group managed to achieve this revenue growth on the back of sales from its development properties in the Golden City project which increased 79.4% yoy to S$56.6 million for FY2018. Correspondingly, net profit and net profit attributable to shareholders rose to S$10.2 million and S$3.4 million respectively.

FINANCIAL RESULTS

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 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. 176 and 19 units were recognised or booked as revenue in FY2018 for the Golden City project and the Daya Bay project respectively. Until the disposal of the Daya Bay project 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 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 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. Other income for FY2017 of $12.5 million was mainly contributed by 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.

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.

OPERATION AND FINANCIAL REVIEW

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.

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.

The finance costs of S$6.3 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.

Taxation decreased from S$1.3 million in FY2017 to S$0.7 million in FY2018 mainly due to lower income tax expense arising after 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.

FINANCIAL POSITION

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.

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 the Daya Bay project. The development properties acquired at acquisition date are being recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer.

Trade receivables, including current and non-current, increased as property units sold were progressively recognized as income upon handover, partially offset by payment of the outstanding amounts by customers and the disposal of CPPL.

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.

Borrowings, including current and non-current, increased mainly due to refinancing of loans in the Golden City project, partially offset by repayment of bank loans. Accrued land lease premium, including current and non-current, decreased due to the payment of amounts owing, partially offset by the imputed interest expenses (which have no cash flow impact) arising from the land lease premium from the Golden City project.

Trade and other payables increased mainly due to construction costs incurred in the Golden City project, partially offset by the disposal of CPPL. Advance consideration received from customers and current tax payable decreased mainly due to the disposal of CPPL. Advance consideration received from customers also decreased due to handover of property units in the Golden City project to buyers.

OPERATION AND FINANCIAL REVIEW

The decrease in the equity component of the convertible loan reserve was mainly due to the setting off from the consideration of RMB81 million (approximately S$16.9 million) from the disposal of CPPL, the equivalent sum under the outstanding Convertible Loan ("CL") which has been classified under equity. As the lender of the CL does not have the right to demand repayment in cash, and the Company, in its absolute and sole discretion, can convert the total outstanding amount (Principal+Interest) at the maturity date into new shares of the Company, into a fixed number of shares at a pre-determined exchange rate and accordingly, the entire CL is considered to be equity.

CASH FLOW

Net cash used in operating activities was approximately S$9.7 million for FY2018 mainly due to changes in working capital.

Net cash used in investing activities was S$0.9 million for FY2018 mainly arising from the disposal of CPPL and purchase of property, plant and equipment.

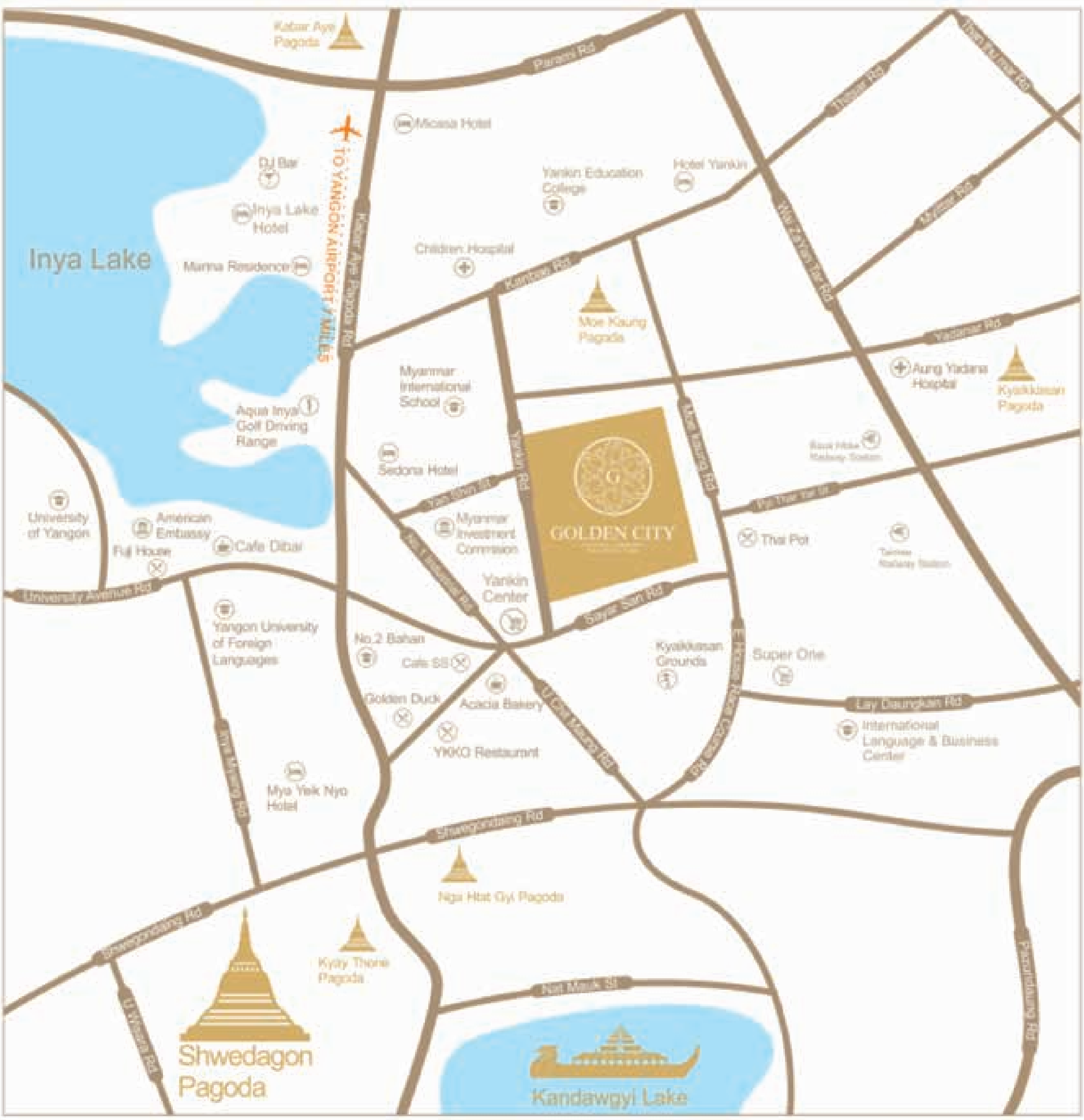
Net cash generated from financing activities was S$3.1 million for FY2018 mainly due to the proceeds from a third party loan, partially offset by net repayment of bank loans and interest paid.

GOLDEN CITY

Through two acquisition phases completed on 20 December 2016 and 27 February 2017 respectively, ETC Singapore has, through its wholly-owned subsidiary, DAS, acquired an effective 49.0% equity stake in Golden Land Real Estate Development Company Limited ("Golden Land") for an aggregate consideration of US$24.9 million. Golden Land is the developer of the Golden City project, a luxury mixed-use development with an estimated gross floor area of approximately 3.3 million square feet in the Yankin township of Yangon, Myanmar.

	Sales value (USD million)	No. of units	Total floor area ('000 sq ft)
Sold (SPA signed & stated at gross)	200.9	564	761.4
Unsold (incl. deposit received but contract not signed)	199.6	501	707.3
Total	400.5	1,065	1,468.7
Notified and Handed over	133.4	403	551.2
Notified, but not handed over	7.4	17	29.2
Total Sold and Recognized in P&L (at Gross)	140.8	420	580.4

OPERATION AND FINANCIAL REVIEW



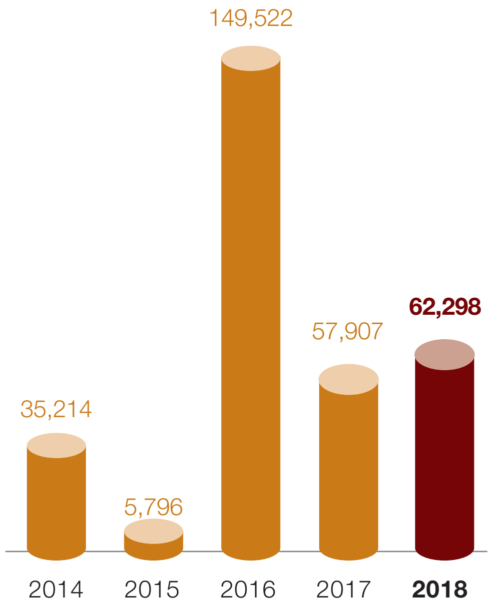
Towering at an unprecedented height of 33 storeys, the iconic development offers unobstructed views of key landmarks including the Shwedagon Pagoda and the Inya Lake. Located in its vicinity are prestigious real estate and lifestyle amenities, including five-star hotels, fine dining restaurants, international schools, hospitals, embassies, and office headquarters of prominent international corporations (e.g. Telenor, Unilever, MIC, LG, Petronas, Bangkok Bank, Keppel).

The development of this brownfield project consists of four distinct phases, with the initial two phases comprising residential blocks, while the final two phases being set aside for other uses including commercial space. As at 31 December 2018, the construction of the first two phases have been completed. The sales for the first two phases, commenced in March 2014 and 1H2015 respectively, and are ongoing. Average selling price of the residential units amounts to approximately US$260 per square feet, with the majority of buyers being affluent locals.

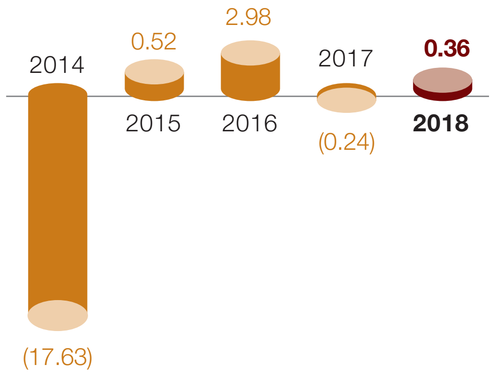
Since its inception, the project has also been actively engaging the local community through the Golden City Charity Foundation, donations, volunteer work, and other CSR activities.

FINANCIAL SUMMARY

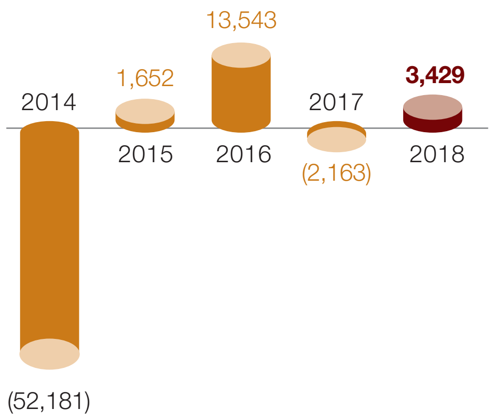
REVENUE
(S$'000)



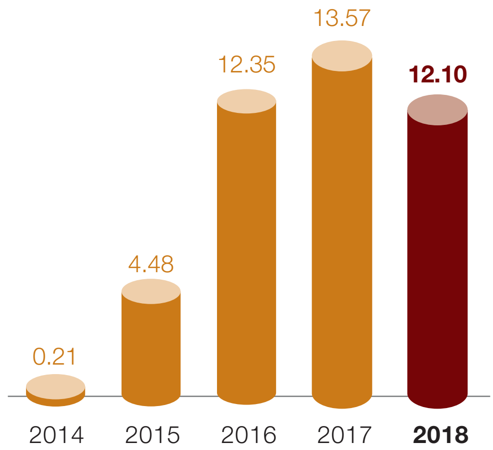
BASIC EARNINGS/(LOSS) PER SHARE*
(cents)



PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS
(S$'000)



NET TANGIBLE ASSETS PER SHARE*
(cents)



* Number of shares for prior years were restated to show the effects of the share consolidation on 5 December 2016.

FINANCIAL YEAR REVIEW

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%).

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.

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.

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.

Decrease in Administrative Expenses
Decrease in administrative expenses mainly due to the disposal of the Daya Bay project, lower exchange losses, professional fees, salaries and related costs in FY2018.

Decrease in Non-Operating Expenses
Decrease in other operating expenses in FY2018 mainly due to the disposal of the Daya Bay project.

Increase in Finance Costs
Increase in finance costs mainly due to higher interest expense in the Golden City project.

Decrease in Taxation
Decrease in taxation mainly due to the disposal of the Daya Bay project.

Net cash used in operating activities was approximately S$9.7 million for FY2018 mainly due to changes in working capital.

Net cash used in investing activities was S$0.9 million for FY2018 mainly arising from the disposal of CPPL and purchase of property, plant and equipment.

Net cash generated from financing activities was S$3.1 million for FY2018 mainly due to the proceeds from a third party loan, partially offset by net repayment of bank loans and interest paid.

Financial Performance (S$'000)

	Group	
	FY2018	FY2017
Revenue	**62,298**	57,907
Cost of sales	**(45,335)**	(42,275)
Gross profit	**16,963**	15,632
Other income	**11,642**	12,514
Distribution costs	**(1,981)**	(8,244)
Administrative expenses	**(8,228)**	(10,528)
Other non-operating expenses	**(1,158)**	(2,444)
Finance costs	**(6,339)**	(5,309)
Profit before taxation	**10,899**	1,621
Taxation	**(688)**	(1,295)
Profit for the year	**10,211**	326

Cashflow (S$'000)	Group	
	FY2018	FY2017
Net cash (used in)/generated from Operating Activities	**(9,739)**	4,023
Net Cash used in investing activities	**(860)**	(2,585)
Net Cash generated from/(used in) financing Activities	**3,136**	(1,508)
Net decrease in cash and cash equivalents	**(7,463)**	(70)
Cash and cash equivalents at 1 January	**10,879**	10,308
Exchange differences on translation of cash and cash equivalents at 1 January	**(390)**	641
Cash and cash equivalents at 31 December	**3,026**	10,879

FINANCIAL YEAR REVIEW

Mainly due to the disposal of CPPL on 15 March 2018.

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.

Mainly due to the setting off from the consideration of RMB81 million (approximately S$16.9 million) from the disposal of CPPL, the equivalent sum under the outstanding Convertible Loan which has been classified under equity.

Mainly due to foreign currency translation differences in overseas operations.

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.

Borrowings, including current and non-current, increased mainly due to refinancing of loans in the Golden City project, partially offset by repayment of bank loans.

Accrued land lease premium, including current and non-current, decreased due to the payment of amounts owing, partially offset by imputed interest expenses (which have no cash flow impact) arising from the land lease premium from the Golden City project.

Mainly due to construction costs incurred in the Golden City project, partially offset by the disposal of CPPL.

Mainly due to the disposal of CPPL and handover of property units in the Golden City project to buyers.

Mainly due to the disposal of CPPL.

Financial Position (S$'000)

	Group			Company		
	FY 2018	FY 2017	FY 2016	**FY 2018**	FY 2017	FY 2016
ASSETS		(Restated)				
Non-current assets						
Property, Plant and Equipment	**4,942**	5,509	7,929	**144**	42	87
Subsidiaries	**–**	–	–	**35,393**	45,269	34,228
Investment properties	**65,228**	95,594	61,350	**–**	–	–
Trade receivables	**9,390**	5,200	1,272	**–**	–	–
Total non-current assets	**79,560**	106,303	70,551	**35,537**	45,311	34,315
Current Assets						
Development properties	**219,616**	208,521	246,225	**–**	–	–
Trade and other receivables	**15,865**	19,737	23,724	**35,652**	35,822	2,372
Cash and cash equivalents	**3,026**	21,072	16,524	**850**	3,395	3,624
	238,507	249,330	286,473	**36,502**	39,217	5,996
Total assets	**318,067**	355,633	357,024	**72,039**	84,528	40,311
EQUITY						
Capital and reserves:						
Share capital	**43,126**	43,126	131,618	**43,126**	43,126	131,618
Capital reduction reserve	**15,998**	15,998	15,998	**15,998**	15,998	15,998
Equity component of convertible loan	**13,150**	29,886	–	**13,150**	29,886	–
Capital reserve	**24,695**	24,249	2,278	**10,987**	4,057	–
Revaluation reserve	**299**	299	–	**–**	–	–
Share-based payment reserve	**730**	632	243	**730**	632	243
Warrant reserve	**–**	–	2,879	**–**	–	2,879
Foreign currency translation reserve	**(1,345)**	(3,952)	(44)	**–**	–	–
Accumulated profit/(losses)	**15,001**	11,572	(98,779)	**(13,274)**	(10,887)	(118,993)
Equity attributable to equity holders of the Company	**111,685**	121,810	54,193	**70,717**	82,812	31,745
Non-controlling interests	**4,737**	8,723	39,232	**–**	–	–
Total equity	**116,422**	130,533	93,425	**70,717**	82,812	31,745
LIABILITIES						
Non-current liabilities						
Provisions	**23**	30	30	**23**	30	30
Deferred tax liabilities	**26,283**	31,447	34,177	**–**	–	–
Borrowings	**35,005**	20,700	61,021	**–**	–	7,229
Accrued land lease premium	**24,920**	21,338	23,087	**–**	–	–
Advance consideration received from customers	**3,549**	4,039	7,385			
Total non-current liabilities	**89,780**	77,554	125,700	**23**	30	7,259
Current liabilities						
Borrowings	**13,188**	24,397	26,831	**80**	–	–
Accrued land lease premium	**3,842**	7,533	4,074	**–**	–	–
Trade and other payable	**68,395**	43,584	62,129	**1,219**	1,686	1,307
Advance consideration received from customers	**26,440**	67,845	41,756	**–**	–	–
Current tax payable	**–**	4,187	3,109	**–**	–	–
Total current liabilities	**111,865**	147,546	137,899	**1,299**	1,686	1,307
Total liabilities	**201,645**	225,100	263,599	**1,322**	1,716	8,566
Total equity and liabilities	**318,067**	355,633	357,024	**72,039**	84,528	40,311

CORPORATE MILESTONES

- **4 NOV 2015** – Acquisition of Daya Bay project
- **24 NOV 2015** – Release of Special Audit
- **31 MAR 2016** – Resumption of Trading
- **19 SEP 2016** – Completion of Rights Issue
- **21 NOV 2016** – Closure of Special Audit
- **5 DEC 2016** – Completion of Share Consolidation
- **20 DEC 2016** – Completion of Phase I Acquisition of Golden City project
- **3 JAN 2017** – Completion of Capital Reduction
- **25 JAN 2017** – Convertible Loan from Controlling Shareholder
- **27 FEB 2017** – Change of Company Name to "Emerging Towns & Cities Singapore Ltd."
- **27 FEB 2017** – Completion of Phase II Acquisition of Golden City project
- **5 JUN 2017** – Granting of Awards under the Performance Share Plan to Group Employees
- **2 OCT 2017** – Strategic Collaboration with Yoma Bank
- **14 NOV 2017** – Voluntary Suspension of Trading in relation to Legal Action in respect of Unauthorised Withdrawals from Daya Bay ("the Unauthorised Withdrawals")
- **18 JAN 2018** – Settlement Deed in relation to the Unauthorised Withdrawals
- **15 MAR 2018** – Completion of the proposed disposal of Cedar Properties
- **29 JUN 2018** – Resumption of Trading
- **10 AUG 2018** – Awarded four titles at the annual PropertyGuru Myanmar Property Awards Gala 2018
- **22 OCT 2018** – Signed agreement to lease out 147 residential apartments in the Golden City project to Huawei Technologies
- **27 FEB 2019** – Granting of Awards under the Performance Share Plan to Group Employees

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
A.	**Board Responsibilities – 35%**			
	Board size			
	Number of directors on board	0	1	Dr Choong was appointed as an independent director on 25 May 2018. He resigned as an independent director on 11 January 2019 due to health reasons and the board comprises 5 members following his resignation.
	Board independence			
	Proportion of independent directors on board	1	3	
	Number of directors on board			We do not have a majority of independent directors because there are sufficient checks and balances namely: we have strong independent directors and the Non-Executive Group Chairman and the Group CEO are separate persons.
	Number of independent directors on board			
	CEO-Chairman separation			
	Is the chairman an independent director?	3	3	
	If the answer to the above is "NO", is the chairman a non-executive director and not related to the CEO?			
	If chairman is the CEO, is related to the CEO, is a controlling shareholder or is an executive director, does the company have a Lead Independent director?			
	Board competencies			
	Does at least one of the independent directors have experience in the industry the company is in?	1	1	
	Does the company disclose a board diversity policy?	1	1	
	Does the company disclose the orientation programmes for new directors?	1	1	
	Board duties and responsibilities			
	Does the company clearly state the roles and responsibilities of the board of directors?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
A.	**Board and committee meetings**			
	How many times did the board meet during the year?	0	1	The board met 5 times during the year.
	How many times did the remuneration and nomination committee meet during the year?	1	1	
	How many times did the audit committee meet during the year?	0	1	3 audit committee ("AC") meetings were held during the year as the AC meeting scheduled to be held in May 2018 was not held, due to the AC not being duly constituted as at that date as it comprised only 1 member following the retirement of Mr Christopher Chong Meng Tak and Mr Peter Tan as independent directors of the Company on 26 April 2018 and their relinquishment of their positions as members of the AC.
	Is individual director attendance at board and committee meetings given?	1	1	
	Nominating Committee			
	Number of members in the committee	1	1	
	Number of independent members in the committee			
	Is the chairman independent?			
	Does the company set limits on the number of directorships that can be held?	1	1	
	Selection of directors			
	Is the skills/experience sought disclosed?	1	1	
	Is the process followed disclosed?	1	1	
	Board and individual director appraisal			
	For board appraisal, is the process disclosed in detail?	1	1	
	For board appraisal, is the criteria disclosed?	1	1	
	For individual director appraisal, is the process disclosed in detail?	1	1	
	For individual director appraisal, is the criteria disclosed?			
	Does the company conduct an annual performance assessment of the board committees?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
A.	**Remuneration Committee**			
	Number of members in the committee Number of independent members in the committee Is the chairman independent?	1	1	
	Executive director/Top 5 executives' remuneration			
	Is the remuneration of executive directors disclosed? (E = Exact, B1 = Bands of $100k or less with upper limit, B2 = Bands of between $100k-$250k with upper limit, B3 = Bands of $250k with upper limit, ND = Not Disclosed)	2	2	
	Is the remuneration of CEO disclosed? (E = Exact, B1 = Bands of $100k or less with upper limit, B2 = Bands of between $100k-$250k with upper limit, B3 = Bands of $250k with upper limit, ND = Not Disclosed)	1	1	
	Is the remuneration of top 5 executives disclosed? (E = Exact, B1 = Bands of $100k or less with upper limit, B2 = Bands of between $100k-$250k with upper limit, B3 = Bands of $250k with upper limit, ND = Not Disclosed) Are the names of the top 5 executives given? Is the aggregate remuneration paid to the top five key management personnel disclosed?	1	2	Exact remuneration is not disclosed for confidentiality reasons so as to prevent competitors from knowing salaries offered by the Company to its key management personnel of similar status in the Group.
	Are short-term incentives used?	1	1	
	Are long-term incentives used?	1	1	
	Does the company disclose information on the link between remuneration paid to the executive directors and key management personnel, and performance?	1	1	
	Does the Remuneration Committee periodically seek remuneration consultants' advice on remuneration matters for directors?	0	1	The assessment is conducted by the management together with the Remuneration Committee currently.
	Non-Executive director fees			
	Is the fees of Non-Executive directors disclosed? (E = Exact, ND = Not Disclosed)	1	1	
	Is the fee structure disclosed?	1	1	
	Total: Section A	28	35	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
B.	**Rights of Shareholders – 20%**			
	Fundamental shareholder right			
	Does the company pay dividend (final/annual/ interim/special dividends) to all its shareholders within 30 days after the declaration of dividends and/or after shareholders; approval of final dividends at shareholder general meetings?	0	1	The Company did not pay any dividends for FY2018.
	Right to participate effectively and vote in general shareholder meetings			
	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors?	1	1	
	Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	1	1	
	Do shareholders have opportunities to ask questions in the latest Annual General Meeting (AGM), and does the meeting minutes record details of shareholders' questions and answers?	1	1	
	Does the company disclose the appointment of an independent party (scrutineers/inspectors) to count and validate the votes at the AGM?	2	2	
	Does the company disclose the attendance of the Chairman of the Board at the latest AGM?	1	1	
	Does the company disclose the attendance of the CEO/Managing Director at the latest AGM?			
	Is poll voting used, instead of show of hands, for all resolutions at the latest AGM?	2	2	
	Conduct of interested person transactions (IPTs) and management of conflicts of interest			
	Does the company disclose policy that requires directors of the board to refrain from participation in board discussions and decision making process on a particular agenda when they have conflicts of interest?	1	1	
	Does the company ensure the IPTs are conducted fairly and on arm's length basis?	2	2	
	Institutional investors			
	Does the share ownership of institutional investors, other than controlling shareholders, exceed 5%?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
B.	**Shareholder participation**			
	Does the company disclose that it allows shareholders who hold shares through nominees to appoint more than two proxies or to attend AGMs as observers without being constrained by the two-proxy rule?	1	1	
	Does the company disclose detailed information on each agenda item for the AGM in the Notice?	1	1	
	Does the company publish detailed information of the vote results?	1	1	
	Are all the directors required to stand for re-election at least once every three years?	1	1	
	Do shareholders or the board of directors approve the remuneration of the executive directors and/or senior executives?	1	1	
	Dividend payment			
	If dividends are paid, is there disclosure of company's policy on payment of dividends?	2	2	
	If dividends are not paid, is there disclosure of reasons for not paying out dividends during the financial year?			
	Total: Section B	19	20	
C.	**Engagement of Stakeholders – 10%**			
	Rights of stakeholders established through law and mutual agreements upheld			
	Does the company disclose a policy and its relevant activities that:			
	Specify company's efforts to ensure customers' health and safety?	1	1	
	Demonstrate the company's attempts to employ eco-friendly and sustainable value chain processes?	1	1	
	Describe the company's interaction and cooperation with the relevant communities?	1	1	
	Describe the company's anti-corruption programmes and procedures?	1	1	
	Explain how the company protects creditors' rights?	1	1	
	Stakeholders' avenue for redress for violation of rights			
	Performance enhancing mechanisms for employee participation			

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
C.	Does the company disclose relevant policy to ensure the health, safety and welfare of its employees?	1	1	
	Does the company provide training and development programmes for its employees?	1	1	
	Does the company publish relevant results of such training and development programmes that its employees participated in?			
	Stock options			
	Is the vesting period for stock options / PSP (Performance Share Plan) 3 years or more?	0	1	There were no stock options / PSP issued during the year.
	Whistleblowing policy			
	Does the company have a whistleblowing policy?	1	1	
	If the answer to the above is "Yes", are key details of the policy disclosed and is anonymous reporting allowed?	1	1	
	Total: Section C	9	10	
D.	**Accountability and Audit – 10%**			
	Composition of the audit committee			
	Are all the audit committee members independent?	1	2	
	If the answer to the above is "No", are all the audit committee members non-executive with an independent chairman?			The audit committee comprises of 2 independent directors and a non-executive director.
	Does the majority of the audit committee members have an accounting or finance background?	1	1	
	Does the audit committee chairman have an accounting or finance background?	1	1	
	Risk management and internal control systems			
	Is there disclosure of the process and framework used to assess the adequacy of risk management and internal control systems?	1	1	
	Is there disclosure that the internal auditor meets or exceeds IIA standards?	1	1	
	Does the annual report have a statement by the board or audit committee on the adequacy of the risk management and internal control systems (including operational, financial compliance, and information technology)?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
D.	Does the company identify the in-house head/ team of internal audit or the name of external firm that conducts its internal audit?	1	1	
	Is there a CEO/CFO certification of financial statements?	1	1	
	Is there an assurance from the CEO and the CFO regarding the effectiveness of the company's risk management and internal control systems?			
	External auditor and auditor Report			
	Is the Audit Committee primarily responsible for proposing the appointment and removal of the external auditor?	1	1	
	Total: Section D	9	10	
E.	**Disclosure and Transparency – 25%**			
	Transparent ownership structure			
	Does the company disclose the direct and indirect (deemed) shareholdings of directors?	1	1	
	Quality of Annual Report			
	Does the company's annual report disclose the following items:			
	Corporate objectives	1	1	
	Financial performance indicators	1	1	
	Non-financial performance indicators	1	1	
	Key risks (including operational risks) and how these risks are assessed and managed	1	1	
	Disclosure of Related Party Transactions (RPTs) and Interested Person Transactions (IPTs)			
	Does the company disclose a detail policy that sets out procedures for the review and approval of material/significant IPTs?	1	1	
	For each material/significant IPT, does the company identify all related parties and its relationship with each party?	1	1	
	For each material/significant IPT, does the company disclose the nature and value of each transaction?			
	Does the company discloses the type of material transactions that require board approval?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
E.	**Directorships/Chairmanships in listed companies**			
	Is there disclosure of all the directorships and chairmanships held by its directors at present and over the past 3 years?	2	2	
	Is there disclosure of only the current directorships and chairmanships held by its directors?			
	Timeliness of release of results			
	Financial year end	2	3	As the Board requires that the results be checked by the Auditors prior to announcement, it is highly unlikely that the Group's results will be announced within 30 days.
	Results release date			
	Number of days taken to release the results			
	Does the company release its audited annual/ financial report on later than 60 days from the company's financial year end?	0	1	The results, though not audited, were checked by the auditors prior to announcement.
	Medium of communication			
	Does the company use the following modes of communication?			
	Analyst's briefing	1	1	
	Media briefings/press conferences			
	Corporate website			
	Are details of its code of conduct or ethics disclosed?	1	1	
	Is the link provided on the SGX website and/or annual report?	1	1	
	Does the website have a clearly dedicated IR link instead of providing the financial information under links such as "News" or "Announcements"?	1	1	
	Are the latest financial results available on the website?	1	1	
	Is the latest annual report available on the website?			
	Is the IR contact given on the website/annual report?	1	1	

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
E.	**Does the company have a website disclosing up-to-date information on the following?**			
	Group corporate structure	1	1	
	Clear vision and mission statements	1	1	
	Does the company demonstrate email responsiveness to investor relations function promptly and effectively (i.e. within a week)?	1	1	
	Results briefings			
	In the company's annual report, are there commentaries of the board on steps and measures being taken to understand shareholders' viewpoints and concerns, e.g. through analyst briefings, investor roadshows or Investors' Day briefings?	1	1	
	Does the company carry out an adequate investor relations policy in order to ensure regular and effective convey of pertinent information to shareholders?	1	1	
	Total: Section E	23	25	
	Total: Base Score	88	100	

SUSTAINABILITY REPORT

BOARD'S STATEMENT

Dear Stakeholders

It has been a remarkable year for ETC. We are pleased to present our sustainability report for 2018, which outlines how sustainability is embedded in our business operations and practices. We adopt the Global Reporting Initiative ("GRI") standards of reporting to approach key material aspects on sustainability and how they impact on Environment, Social and Governance ("ESG") factors. In this report, stakeholders can find disclosures on our sustainability efforts, progress and targets as we strive towards greater value creation.

Our Sustainability Journey

Our energy conservation effort defines our commitment towards a long-term sustainable business goal. Our Golden City Project in Yangon, Myanmar is fitted with integrated Light-Emitting Diode ("LED") lightings, which have proven to be more energy efficient and durable compared to traditional incandescent bulbs. Additionally, we have also engaged third party waste management vendors at our construction site in Myanmar to reduce environmental pollution. We believe in becoming the change we seek to achieve.

Key Milestones

Within a short span of two years since our entrance into the Myanmar market, we are proud to announce that our property development project in Myanmar have attained the Best Condo Development (Residential) and Best Mixed Use Development (Commercial) at the fourth annual PropertyGuru Myanmar Property Awards 2018.

In addition, we have also clinched a contract with Huawei Technologies (Yangon) Co., Ltd to lease out 147 residential apartments from the Golden City Project for a total term of three years generating total rental income of USD7.7 million over the period. This lease agreement with a multinational conglomerate such as Huawei validates the Group's track record as our team on the ground strives towards achieving the highest quality and standards a developer can offer.

Acknowledgements

The success of our sustainability journey requires collaboration and continued efforts from everyone. We would like to express our gratitude towards the Board, Management and Staff for their boundless support and commitment to our sustainability goals. We aim to create greater value for all our stakeholders in the year ahead.

Our Vision

Building infrastructure using sustainable methods for our existing and future generations.

Our Mission

We are dedicated to making the world a better place to live in. Our mission is to:

- Enhance stakeholders' value through sustainable business practices.
- Offer employees competitive benefits, a safe work environment and honouring their rights as our employees.
- Empowering our communities to advance and prosper.
- Protect limited resources and actively seek ways to reduce our environmental footprint.

ABOUT THIS REPORT

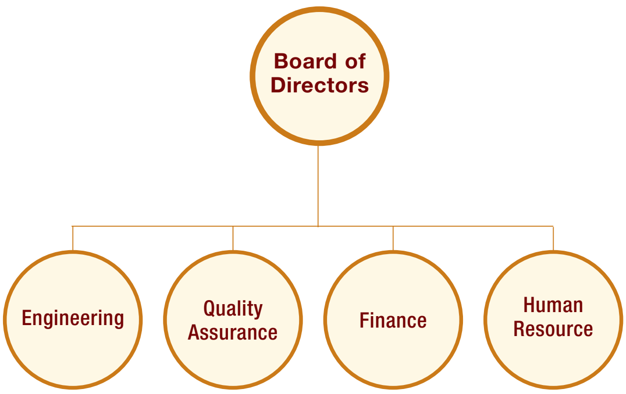
Emerging Towns & Cities Singapore Ltd ("the Company") is listed on the Catalist of the SGX-ST. This sustainability report provides an annual update on important non-financial topics within the Company's operations for the financial year ended 31 December 2018.

The scope of this report covers the financial year from January to December 2018. As Global Reporting Initiative ("GRI") standards is the global standard for sustainability reporting, our sustainability report has been prepared in accordance with the GRI standards, Core. Unless otherwise stated, the report covers the ESG performance of the Company across its core operations in Myanmar and Singapore.

This report serves multiple communication functions. It enhances our internal efforts towards transparency and disclosure and supports communication with many of our stakeholders. As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their feedback to info@etcsingapore.com.

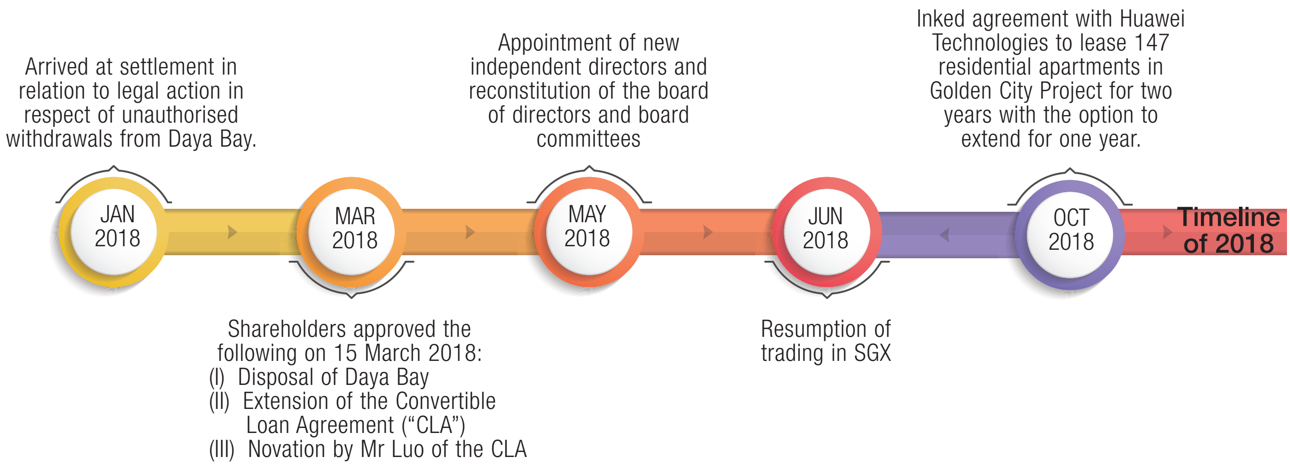
MANAGING SUSTAINABILITY AT ETC

ETC's Corporate Sustainability Agenda is headed by the Board of Directors and managed by the department heads from Finance, Engineering, Quality Assurance, and Human Resource departments.



SUSTAINABILITY REPORT

OUR KEY HIGHLIGHTS



MANAGING SUSTAINABILITY AT ETC

ROLES
The Board oversees and provides input to management on the Company's policies, strategies and programs related to matters of sustainability and corporate social responsibility. This includes, but is not limited to, matters related to environment, local community, employment practices, labour rights, workplace health and safety, corporate accountability, public affairs and philanthropy.

PERFORMANCE GOALS
The Board sets and reviews the goals established for its performance with respect to matters of sustainability and corporate social responsibility and monitors the Company's progress against those goals.

PERIODIC FEEDBACK
The Board receives periodic feedbacks from the Company's management regarding relationships with key stakeholders that may have a significant impact on the Company's business activities and performance.

REPORTING AND DISCLOSURE
The Board reviews sustainability and corporate responsibility reports issued from time to time by the Company.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Stakeholder	Platforms	Frequency	Key Feedback/Issue	Commitments to Sustainability
Employees	Performance appraisal	Annual	• Employee safety and welfare • Staff training and development opportunities • Work-life balance • Remuneration and benefits • Fair and competitive employment practices	• Provide fair and equal opportunities to all employees • Create a safe and cohesive working environment • Improve job satisfactions and rewarding performances
	Employee training and development	Ad-hoc		
	Platform for submission of feedback	Perpetual		
	Dialogue session with senior management	Annual		
Customers	Quality assurance programs	Perpetual	• Quality properties sold and leased to customers • Timely response to customer feedbacks and complaints	• Build properties with high standard of quality and safety • Formalize a customer feedback handling process
	Project progress monitoring	Monthly		
	Customer feedback channels	Ad-hoc		
Investors	Annual/ Extraordinary general meetings	Annual	• Return on investment • Business growth • Risk management • Corporate governance • Compliance to listing requirements • Timely and transparent reporting	• Strive to generate sustainable long-term returns on investment • Adhere to timely and transparent dissemination of accurate and relevant information to the market
	Financial result announcements	Quarterly		
	SGX announcements	Ad-hoc		
	Annual report	Annual		
	Company website	Perpetual		
	Shareholders' dialogue sessions	Annual		
Government/ regulatory authorities	Sustainability reporting	Ad-hoc	• Compliance with regulatory requirements • Corporate Governance • Safe working environment	• Strict compliance with relevant laws and regulations • Fair and reasonable business practices • Place employees' health and safety as priority
	Meetings, briefings and regular reporting	Ad-hoc		
	Correspondences through emails and letters	Ad-hoc		
The Community	Community outreach initiatives	Ad-hoc	• Eco-sustainable business practices • Safe environment • Contribution to local community	• Management of impacts on the community • Understand and support initiatives by local community/government

SUSTAINABILITY REPORT

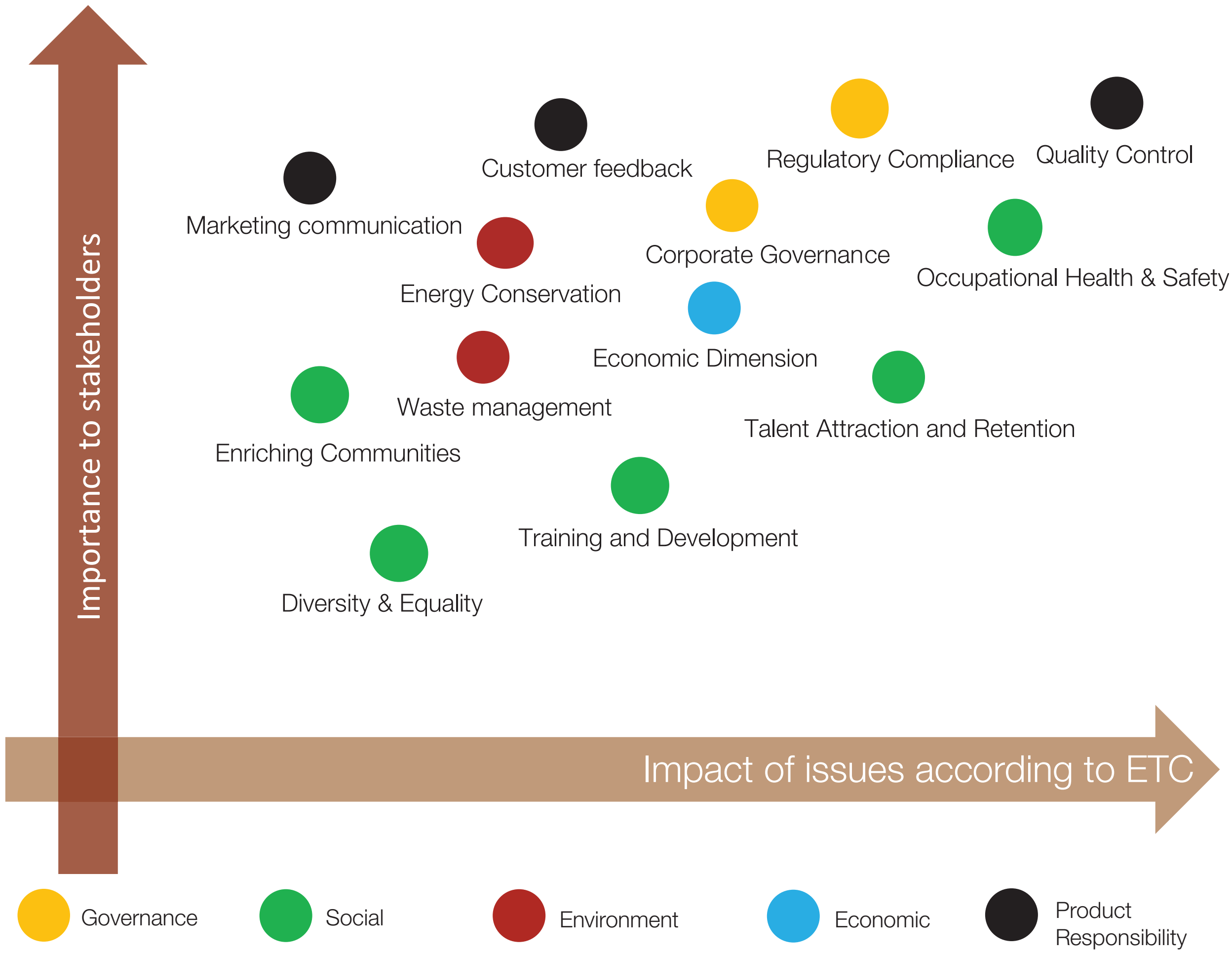
MATERIALITY ASSESSMENT

A materiality analysis was performed to identify sustainability issues that are of importance to our business and stakeholders. This assessment helps us focus on key areas that we seek to improve on as we progress in achieving long-term sustainability of our business.

The materiality review considered under the GRI guidelines and the topics are prioritised using a materiality matrix. The matrix considers the potential impact of each topic on our business and its significance to stakeholders. In the conduct of the assessment, inputs from stakeholders and independent sustainability consultant were considered.

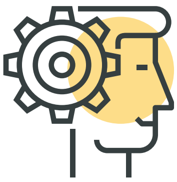
Our review focuses on 5 key aspects with 13 identified material topics. For each material topic, we report on the relevance of it to our business and stakeholders, and the measures in place to address it.

2018 SUSTAINABILITY MATERIALITY ASSESSMENT

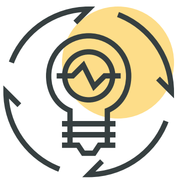
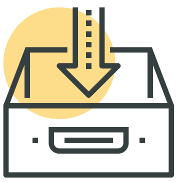


SUSTAINABILITY REPORT

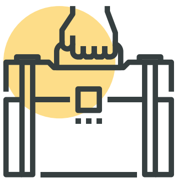
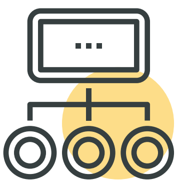
MATERIAL TOPICS- AT A GLANCE

Material Topics	Relevance	How are we addressing issue
Economic Dimension		
Economic Performance 	The property investment and development market we are in is inherently risky. Each project requires immense capital commitment and involves uncertainty in reaping the returns. Less than optimal balancing of the risks and rewards of one project has the potential of affecting the viability of the entire business. Many parties, such as creditors, investors, contractors, governments are involved in and affected by our property development business. Thus, we are responsible to our stakeholders who rely on us in ensuring that the business is properly managed and economically viable.	We adopt a systematic and dynamic approach to risk management, so as to ensure that existing and emerging risks are properly managed throughout the entire business. Our management is very experienced in their relevant fields and highly involved in the operations of the Company. For example, they are prudent in evaluating the feasibility and viability of new opportunities, and diligent in monitoring the financial sustainability of existing projects.
Social Dimensions		
Talent Attraction and Retention 	Employees are the key to long-term success and sustainability of our business. We recognise the importance of a competitive compensation and benefits scheme in attracting and retaining talents.	We ensure that competitive compensation packages including basic salaries, welfare benefits, annual bonuses and increments are provided to employees.
Occupational Health & Safety 	Health and safety of our employees as well as the contractors of our property development projects are our priority. Outbreak of diseases, severe injuries and fatalities affecting our employees and contractors would be detrimental to our operations.	We perform weekly safety inspections on construction sites to identify safety hazards and suggestions for rectification actions. We purchase insurances to cover illness and injury of our employees.
Training and Development 	We believe that investing in training and development programmes is crucial to enhance the human capital capacity of our company. Skilled and competent employees create long-term value for our company.	We conduct orientation, on-job supervision, and in-house training programmes for our employees.

SUSTAINABILITY REPORT

Material Topics	Relevance	How are we addressing issue
Diversity and Equality 	We believe that workforce diversity and harmony is fundamental. An equitable and collaborative working environment help to enhance employee efficiency and productivity.	We adopt fair employment practices and recruit employees based on merit, regardless of their age, gender, nationality, religion and sexual orientation.
Enriching Communities 	We are aware that the success our company cannot be achieved without the continued support of people in the local communities. We seek to express our gratitude by contributing back to the community.	We strive to be a socially responsible corporation by giving back to the local community on an ongoing basis. We made several donations in 2018 to local non-profit organizations.
Environmental Dimensions		
Energy Efficiency 	We rely on resources such as water, land, electricity, concrete and wood in our property investment and development activities. As a business that relies critically on these resources to operate and grow, we recognize the obligation to monitor and reduce our consumption. We also recognize that energy conservation has the added benefit of cost savings for our business. We are committed to taking measures in minimising our energy wastages and improving energy efficiency.	We acknowledge that managing resources start from the design and material selection. We have chosen to fit our buildings with LED lightings that improve energy efficiency and reduce the consumption of electricity. We also perform continuous monitoring of electricity and water consumption in our business. Employees and contractors are constantly reminded and educated to minimize resource wastages.
Waste management 	Unsustainable amounts of waste output have resulted in land scarcity for waste disposal. Furthermore, the increasing cost of waste treatment will have a significant impact on the long-term viability of our business. Therefore, it is vital that we have a proper waste management programme in place to reduce waste output.	We have engaged third party vendors to ensure all wastes at the construction sites are properly disposed and treated. We actively promote “reduce, reuse and recycle” efforts to our employees in managing wastes at our offices.

SUSTAINABILITY REPORT

Material Topics	Relevance	How are we addressing issue
Governance Dimension		
Corporate Governance 	As a listed entity accountable to our shareholders and the wider community, we understand the importance of establishing a strong corporate governance with zero tolerance towards unethical practices.	We seek to uphold the highest standard of corporate governance and transparency, ensuring full compliance to the Singapore Code of Corporate Governance. We have implemented a code of conduct that employees of all levels are expected to abide by. We also hold zero tolerance for corruption and have a whistle blower policy in place to report any instances of non-compliance.
Legal Compliance 	As a business with operations in Singapore and Myanmar, we are required to comply with the regulatory framework in these countries. Any failure to do so could result in financial and legal consequences, and in the worst-case scenario, threaten the continuity of our business.	We engage dedicated legal counsels with the requisite expertise and specializations in the jurisdictions that we operate in. We are kept abreast of changes in regulatory requirements. Material contracts are reviewed by the legal counsel.
Product Responsibility		
Quality Control 	Quality and safety of our properties are of paramount importance to our customers and form the foundation of our reputation in the property market. Thus, we seek to develop buildings with high standards of quality and safety.	Our Quality Assurance department is made up of skilled and experienced employees. Daily site inspection is performed by the Quality Assurance department on matters of regulatory compliance and quality concerns. Pre-handover testing and commissioning are conducted on all items installed in the building.
Customer Feedback 	Customer service forms an important part of our business operations. The quality of our property management services depends on how responsive we are to customers' expectations, resolve customers' problems and complaints.	Feedback channels are available for our customers to communicate and provide prompt feedback to property management representatives. We have formalized processes in place to receive, escalate, follow-up, report customer feedbacks.
Marketing Communication 	The effectiveness of marketing activities affects the sales performance of our business. We wish to achieve ethical and responsible marketing. Any misrepresentation of information and unsubstantiated claims made by aggressive marketing efforts will have adverse impact on our reputation as a property developer.	We conduct trainings and periodic meetings with third-party agents to educate them on our marketing agenda, sales and pricing policies, as well as standards of ethics and integrity.

SUSTAINABILITY REPORT

ELEMENTS FOR SUSTAINABILITY

Based on the materiality aspects that have been identified, we have categorised them into the 4 pillars that contribute to our sustainability strategy.

SUSTAINABILITY REPORT

ECONOMIC

Our Objective

We strive to create long-term value for our stakeholders through sustainable investment and development of properties in emerging economies.

Our Approach

We adopt a prudent and purposeful approach in our business activities. As our property investment and development projects are mainly in emerging countries, we have in place a systematic and dynamic approach in assessing and managing the portfolio of risks involved in potential opportunities and existing projects to protect the long-term financial interests of the Company.

Potential opportunities will be evaluated by the management and Board of Directors based on in-depth due diligence processes and feasibility studies. The financial viability and investment return of potential opportunities will be comprehensively measured. We will also collaborate with local partners and legal counsel to ensure that the new projects will be smoothly executed and comply with regulatory requirements of the jurisdictions that we operate in.

Periodic meetings are held by the management team to monitor the financial sustainability of existing projects, such as capital and cashflow adequacy, sales achievement, revenue collectability and cost control. We strive to forge close relationship with banks and financial institutions to gain access to funding for our projects; liaise with suppliers and contractors to secure better payment terms; as well as practice robust credit management policies to ensure timely collection of proceeds.

OUR PERFORMANCE

Our property development project – Golden City in Yangon, Myanmar has been providing employment for local communities, contracts for local suppliers and contractors, and revenue for local government.

PropertyGuru Myanmar Property Awards Gala 2018

Four titles awarded to our Golden City Project

As at 31 December 2018, we have sold a total of 564 residential units from the Golden City Project. We also managed to generate revenue from leasing some residential units to large corporations such as Huawei Technologies, CITIC Group and E-Sun Bank.

The total revenue recognized for the financial year 2018 is approximately USD42.9 million, of which USD1.9 million is from leasing of residential units to corporate customers. Of notable significance, is the contract with Huawei Technologies in 2018 to lease 147 residential apartments in Golden City project which will generate a total rental income of USD7.7 million over the three-year term.

In addition, our Golden City project has been awarded four titles at the annual PropertyGuru Myanmar Property Awards Gala 2018, being the Best Condo Development, Best Mixed Use Development, Best Landscape Architectural Design, and Special Recognition in Corporate Social Responsibility Award.

TARGETS & PLANS

We will continue to be prudent in the management of our financial positions and set realistic goals for our economic performance. Financial budgets, cashflow forecasts and project plans, made in consideration of current business climate and the foreseeable future, are set on a yearly basis. We review our financial performance against targets on a periodic basis and continue to identify, monitor and mitigate the portfolio of risks for the Golden City project in Yangon, Myanmar.

SUSTAINABILITY REPORT

SOCIAL

Our Objective

We seek to empower our employees and be socially responsible to the communities we operate in.

Our Approach

(a) Talent Attraction and Retention

The long-term sustainability of our business is dependent on our ability to attract and retain talent. Employee compensation packages are set in line with job requirements as well as qualifications and experiences. We review our compensation packages on a yearly basis to ensure that they remain competitive within industry standards.

Apart from basic compensation, we also provide welfare and benefits to employees, such as free accommodation and meals, transport allowances, holiday benefits, reimbursement of medical, dental claims, and annual leaves. Additional types of leaves that are given to employees include medical leave, marriage, maternity, parental and compassionate leaves.

Decisions for bonus, promotions and increments are given based on meritocracy. We have in place a systematic performance appraisal approach that provide a two-way evaluation for both employees and management team based on a comprehensive set of KPI (Key Performance Indicators). The results of the annual performance appraisal have a direct impact on the employees' annual variable bonus, salary increment and promotion opportunities.

In addition, we hold an annual performance recognition event that celebrates long service and outstanding performance. Our appreciation goes out to this group of valued and loyal employees.

We are also committed to building stronger relationship with our employees, holding many get-together and bonding sessions with our staff.

(b) Training and Development

We conduct internal training and development programs to educate our employees about company processes and industry standards. New employees are required to undergo an orientation programme to be briefed on employee benefits and corporate policies. We also conduct on-job trainings to build up employees' skills, knowledge and expertise required of their job role. Our annual performance appraisal system helps employees to identify their professional needs and goals, strengths and weaknesses, knowledge and skill gaps.

(c) Occupational Health & Safety

We are committed to cultivating a safe and respectful work environment for our employees. We have zero-tolerance towards workplace harassment. Our anti-workplace harassment policy aims to protect employees of both genders against any form of workplace harassment.

The health and safety of our contractors at the construction site of Golden City project is of crucial importance to us. Our engineering department conducts weekly safety inspections on the project site. Areas of safety concern identified by our engineers would be communicated to the main contractor for follow-up and rectification actions. We also have in place a formalized emergency response plan and annual table-talk of the emergency response drill with the main contractor to prepare the project site for crisis situations.

In addition, we have insurance in place for employees in Myanmar and Singapore, which cover any injury or illness in the course of employment that requires medical, surgical or hospital treatment.

Annual Performance Recognition Event in 2018

Annual Performance Recognition Event in 2018

SUSTAINABILITY REPORT

Annual Dinner & Dance Event in 2018

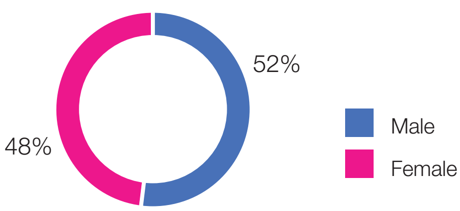
Annual Dinner & Dance Event in 2018

(d) Diversity and Equality

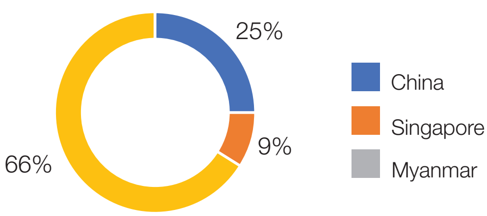
We believe that workforce diversity is vital to the enhancement of our human capital capacity. We are of the opinion that talent can be harnessed in any individual regardless of their gender, age, religion or ethnicity. As such, we engage in fair employment practices and recruit employees based on merits such as experiences, qualifications, skills and knowledge. We do not discriminate job applicants because of their gender, age, race, religion, family status, or sexual orientation.

We value diversity and respect the rights of each individual employee. We strive to create an equitable and harmonious working environment for all employees. There are a total of 9 new recruits and 20 resignations in 2018. As at 31 December 2018, we have in total 79 employees, with diversity in terms of gender, age, and nationality.

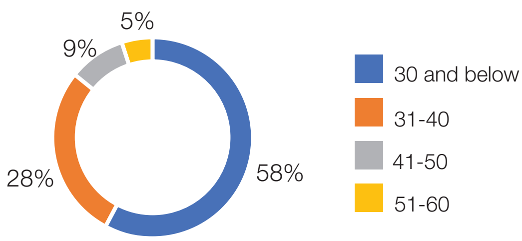
Gender



Nationality



Age



(e) Enriching Communities

We are committed to making positive contributions and caring for the less-privileged groups as part of how we express our gratitude to the community.

In 2018, we made the following donations to non-profit organizations:

Donation month	Donation title	Amount (USD)
May 2018	2018's Asia Dragon Boat Championship & Biton International Opening	15,000
Nov 2018	Myanmar Archery Foundation for the 7th South East Asia Open Archery Championship	680

We also co-organized a charity fundraising event on 20 November 2018 with Ariya Madgin Sarsana Temple in Yangon. A total donation amount of 500,000 Kyats had been raised and contributed to the temple.

SUSTAINABILITY REPORT

Fund-raising event for Ariya Madgin Sarsana Temple

Fund-raising event for Ariya Madgin Sarsana Temple

OUR PERFORMANCE

For the year of 2018, there were no instances of non-compliance, fines or penalties relating to labour laws and regulations in the jurisdictions we operate in. There were no occurrence of serious workplace injuries, fatalities and occupational diseases in our reporting period. In addition, we have not received any reports of unfair treatment or workplace harassment from our employees.

We are also proud to have been awarded the "Special Recognition in Corporate Social Responsibility" at the annual PropertyGuru Myanmar Property Awards Gala 2018.

TARGETS & PLANS

We aim to establish a budget for external training and development programmes and will embark on tracking the training hours for employees in 2019. We wish to maintain our record of zero cases of non-compliance with local labour laws and regulations, and zero instances of workplace injuries and fatalities in 2019.

ENVIRONMENTAL

Our Objective

As a property investor and developer, we are fully aware of the importance of environmental protection and responsible use of resources. The Company is committed in managing and minimising the ecological footprint created by our operational activities. We take it as our responsibility to educate our employees, contractors and customers, taking on measures to efficiently manage resources consumption and reduce environmental pollution.

Our Approach

(a) Energy efficiency and conservation

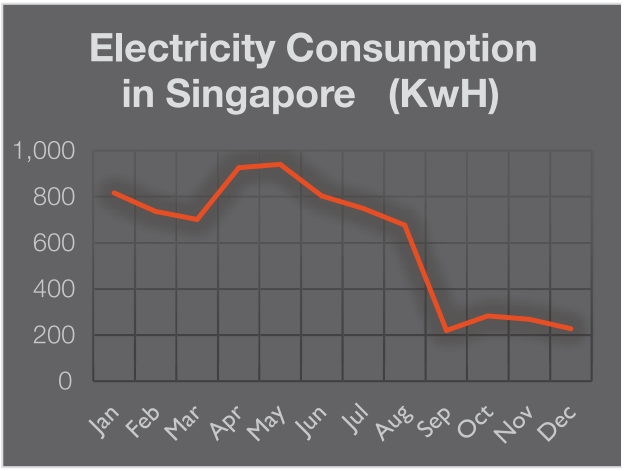
The key to enhance environmental performance of our property development projects lies on good design and eco-friendly materials. Our Golden City project is designed to incorporate eco-efficient features and concepts that improve the usability and desirability of our properties. The entire buildings were fitted with energy efficient LED bulbs which minimize energy consumption from lighting usages without affecting the lighting levels.

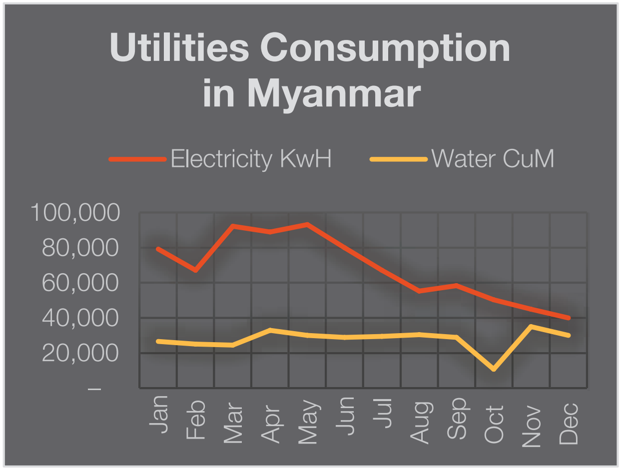
Shortage of electricity supplies is a common issue in Myanmar. Our Golden City project has installed back-up power generators to resume electricity supply within a minute in times of power failure. This makes electricity accessible at all times for our project development site, residential customers living in our properties, and office users in our office building.

We also continuously raise and promote awareness of saving electricity and water in our Company. Examples include reminding employees through emails and instant messages to switch off the lights when they are no longer in use, as well as educating the contractors during periodic site visits to minimize water wastage at the construction sites. Electricity and water saving efforts has also translated into cost savings for the Company.

SUSTAINABILITY REPORT

We have begun tracking consumption of utilities with effect from January 2018. The electricity and water consumption of our Singapore office and Golden City project in Myanmar for the year of 2018 is as follows:





(b) Waste management

Due to the inherent nature of our business, it is inevitable that waste is generated from our properties. We are continuously working to reduce and minimize the impact that waste brings to the environment.

Currently we have engaged a waste management company to collect and dispose of all waste generated from the construction sites of our Golden City project, preventing any leakage of waste that are harmful to the environment and community. In addition, designated areas of waste disposal with separation according to the type of wastes have been put in place at the construction sites. This systematic waste management process has helped to minimize disposal costs and alleviate safety concerns.

For the residential properties developed by us, we have in place properly functioning pump houses to regulate the wastes (i.e. water, food, human wastes) generated by our residential customers.

At our administrative offices in Singapore and Myanmar, we practice "reduce, reuse, and recycle" to minimize paper usages and office waste. We have opted for electronic modes of sending and receiving documents to and from customers and suppliers. Employees are frequently reminded to reuse unwanted paper should they be only printed on one-side. We have also installed a recycling corner next to our printing facilities to encourage recycling of waste papers.

OUR PERFORMANCE

One measure of the success of our attempt to incorporate eco-efficiency in our development design is the achievement of the Best Landscape Architectural Design by our Golden City project in PropertyGuru Myanmar Property Awards Gala 2018.

There were no instances of non-compliance, fines or sanctions relating to environmental regulations being imposed on the Company in year of 2018.

TARGETS & PLANS

Moving forward, we target to maintain our record of zero incidents of penalties for non-compliance to all relevant environmental regulations of the jurisdictions that we operate in. We will strengthen the efforts to raise awareness of electricity and water conservation among employees, residential customers and project contractors. We will also be looking into monitoring our waste output to improve the effectiveness of waste management.

GOVERNANCE

Our Objective

We seek to uphold the highest standard of corporate governance, which is vital to protect the long-term interest of our stakeholders. We are also committed to comply with all legal and regulatory requirements in the jurisdictions we operate in.

SUSTAINABILITY REPORT

Our Approach

(a) Corporate Governance

Board composition

As a listed company, we endeavour to ensure alignment of our corporate governance framework with the principles and guidelines of the Code of Corporate Governance issued by the Monetary Authority of Singapore.

We are committed to maintain a strong independent element in the Board of Directors, with the ability to exercise objective judgement in corporate decisions. We also recognise the importance of progressive renewal of the Board composition. In May 2018, our Board of Directors were renewed and reconstituted. We currently have two independent Directors, including the Chairman.

Our Board and its committees (i.e. Audit Committee, Remuneration Committee, Nominating & Corporate Governance Committee) as a collective whole, possess an appropriate balance and diversity of skills, experiences and knowledge in guiding the Company to achieve its long-term strategic goals. An annual performance evaluation process is carried out to review the independence and effectiveness of the Board as a whole and each individual Director of the Board.

Ethics and Integrity

We are dedicated to conducting our business with integrity and honesty. A corporate code of ethics has been established to provide guidance on the standard of behaviour expected from employees of all levels. All employees are required to acknowledge their abidance to the code of ethics. The following principles form the basis of our corporate code of ethics:

SUSTAINABILITY REPORT

We adopt a zero-tolerance approach towards corruption as reflected in our anti-corruption policy. A whistle blower policy has also been established to encourage employees to report any suspicious activities without fear of reprisal. Our anonymous whistle blower channels remove informal pressure exerted on the whistle blower.

Risk Management

To thrive in today's dynamic business climate, it is vital to identify, measure, prioritise and respond to the risks that threaten the achievement of Company's strategic objectives. We understand the significance of evaluating overall business risks and operating controls based on COSO ERM – integrated framework.

We carry out an Enterprise Risk Assessment on an annual basis to identify and respond to emerging new risks, and to ensure that existing risks that the Company are exposed to are well managed and adequately mitigated.

(b) Regulatory Compliance

Regulatory compliance is of paramount importance to our Company as it serves to protect our integrity and foster trust among our stakeholders. The impact of any failure to comply with the regulatory requirements in the jurisdictions we operate in is not limited to the direct legal and financial consequences of the breach, but more importantly the damage to the reputation of our Company.

As our current property development project – Golden City is located in Myanmar, the Company is required to comply with relevant laws and regulations in Myanmar, such as the following:

- The Myanmar Investment Law 2016 ("MIL")
- Myanmar Investment Rules 2017 (Myanmar)
- Condominium Law (Myanmar)
- Social Security Law (2012)
- Employment and Skill Development Law (2013)
- Minimum Wages Law (2013)
- Payment of Wages Law (2016)
- Myanmar Corporate Income Tax (CIT)

Additionally, as the Company is listed on the Catalist Board (SGX:1C0) of the SGX-ST, we are also required to comply with Catalist listing rules in Singapore.

We have engaged a legal counsel in Myanmar that has a good track record of experience and specialization in the laws and regulations that a foreign property investor/ developer need to be compliant with. The legal counsel notifies us of any changes in the laws and regulations that are relevant and might have direct impact on our business. The management team, together with the Finance and Admin department would study the implications of any new regulatory requirements and adopt pro-active responses to ensure full compliance.

For material transactions such as leasing agreements with corporate customers, loans agreements with the financial institutions, and legal letters issued to our debtors, we will engage our legal counsel or other specialized legal counsels to review the terms and conditions to ensure that all interests and rights of our Company are protected and addressed in the contracts.

OUR PERFORMANCE

We have established and maintained a good corporate culture in the Company. There were no instances of employee dismissal or disciplinary relating to corruption and fraud in our reporting period. There were also no significant whistle blower complaints received in 2018.

In 2018, there were not many changes in laws and regulations in Myanmar. Some changes in the Taxations Law and Companies Act have been understood and abided to in a timely manner. There were no instances of fines or penalties for regulatory non-compliances being imposed on the Company in our reporting period.

TARGETS & PLANS

Effective from financial year 2019, all SGX listed companies are required to comply with a new set of Code of Corporate Governance published on 6 August 2018. We will study the principles and guidelines in the new Code and take steps to comply with the guidelines.

We will also remain vigilant in monitoring our compliance with all relevant laws and regulations in the jurisdictions we operate in (i.e. Myanmar and Singapore). We wish to maintain our records of zero instances of non-compliance in financial year 2019.

SUSTAINABILITY REPORT

PRODUCT RESPONSIBILITY

Our Objective

We put the health and safety of the occupants of our buildings as first priority in our property developments. We desire to deliver quality properties to our customers in accordance to the timelines and conditions of the contract. We also aim to provide satisfactory sales and property management services to our residential customers.

Our Approach

(a) Quality Control

We have appointed reputable contractors with many years of experience in construction industry and good track records of property projects in emerging economies for our Golden City project. The contractors appointed also have adequate insurance cover and sufficient financial resources to ensure commitment to our Golden City project.

We have been stepping up efforts to enhance the quality of residential blocks from Phase 2 of our Golden City project. To bolster our efforts, we appointed a Vice President of Quality Assurance who has more than 20 years of experience working in the construction industry for reputable main contractors in Singapore.

Our Quality Assurance department has been performing periodic checks on the construction site conditions to ensure there have not been any violations of building regulations in Myanmar.

Apart from meeting the requirements of the local building authorities, we also strive to ensure that all works carried out are in accordance to well established standards of quality and safety. The Quality Assurance department visits the construction site on a daily basis and communicate the areas of improvement such as methods of installation and materials used in construction to the engineers and the main contractor for follow-up. Prior to handover of the properties to customers, testing and commissioning would be thoroughly performed for all items installed in the residential building, such as the lifts, air conditionings, smoke detectors, and fire alarm systems.

(b) Customer Feedback

We have a property management representative for each block of our residential buildings, serving customers' repairs and maintenance needs, complaints and feedbacks. Customers can also file verbal or written complaints to the management office for any serious issues.

We have established a process to receive, escalate, follow-up, report and file all customer complaints. We strive to close each customer case on a timely basis. Examples of complaints received in 2018 relate to installation of kitchen appliances and video intercom, water leakages, air-conditioning and mechanical ventilation system. All complaints were resolved on a timely basis and to the satisfaction of the customers.

We have distributed customer satisfaction surveys to gather feedback from our residential customers staying in Golden City. In the customer satisfaction survey, customers were asked to evaluate overall satisfaction, community cleanliness, property maintenance, safety & security, maintenance amenities, recreation facility, car parking, structure and health & safety as examples. Customers were approached to complete the satisfaction surveys in the months of January, May and August 2018 and the feedbacks received were largely positive.

(c) Marketing Communication

Ethical and responsible marketing is important. As sales and marketing activities are partially outsourced to third-party agents, any misrepresentation of information about the properties may lead to customer complaints and reputational damage. To better manage and control our marketing channels, we conduct trainings for the agents to familiarise themselves with the Company's standard operating procedures and code of conduct. We also arrange periodic

Meeting with third party marketing agents

SUSTAINABILITY REPORT

Media conference for Phase 2 handover ceremony

meetings with all third-party agents to update them on the Company's sales policy, pricing guidelines, information that should or should not be communicated to customers.

We also invited the local media to witness the handover ceremony for Phase 2 of our Golden City project. We presented the Golden City project to the local media, provided them with our marketing brochures and took them on a tour of the project.

OUR PERFORMANCE

There were no instances of non-compliance, fines or sanctions from building regulatory authorities being imposed on the Company in 2018. We successfully delivered Phase 2 of our Golden City project to customers in 2018 with few complaints being received from residential customers regarding the quality of our Phase 2 properties.

We have fully resolved all customer feedbacks and problems received by our property management in 2018. Customers have shown overall satisfaction with the quality of our residential units and property management services.

There were no complaints received relating to marketing information for our Golden City project.

TARGETS & PLANS

The Myanmar government is planning to release a new Construction Industry Development Board Law ("CIDBL") in the upcoming years, and a Construction Industry Development Board may be formed with inspection teams responsible for performing safety, quality control, fire protection inspections on property development projects.

When the CIDBL is published, we will study the regulatory requirements and establish formalized framework and processes for implementation and compliance, including training and education for our employees and contractors. We will also ensure that the law is complied with when enacted. We will continue to reinforce the importance of quality control measures for our Golden City project to ensure consistent and constant high standards of quality and safety.

We will continue to deliver high quality services of property management to our residential customers. In the coming year, we seek to achieve a customer satisfaction rating of at least 80%.

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GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
General Standards Disclosure				
1. Organizational profile	Disclosure 102-1	Name of the organization	AR-Corporate Profile	01
	Disclosure 102-2	Activities, brands, products, and services	AR-Corporate Profile	01
	Disclosure 102-3	Location of headquarters	AR-Corporate Profile	01
	Disclosure 102-4	Location of operations	AR-Corporate Profile	01
	Disclosure 102-5	Ownership and legal form	AR-Corporate Profile	01
	Disclosure 102-6	Markets served	AR-Corporate Profile	01
	Disclosure 102-7	Scale of the organization	AR-Corporate Profile	01
	Disclosure 102-8	Information on employees and other workers	SR-Social	36
	Disclosure 102-9	Supply chain	AR-Group Chairman's Statement	02
	Disclosure 102-10	Significant changes to the organization and its supply chain	AR-Group Chairman's Statement	02
	Disclosure 102-11	Precautionary Principle or approach	SR-Governance	39
	Disclosure 102-12	External initiatives	None in our reporting period.	–
	Disclosure 102-13	Membership of associations	None in our reporting period.	–
2. Strategy	Disclosure 102-14	Statement from senior decision-maker	AR-Group Chairman's Statement	02
	Disclosure 102-15	Key impacts, risks, and opportunities	SR-Materiality Assessment	29
3. Ethics and integrity	Disclosure 102-16	Values, principles, standards, and norms of behaviour	SR-Governance	39
	Disclosure 102-17	Mechanisms for advice and concerns about ethics	SR-Governance	39
4. Governance	Disclosure 102-18	Governance structure	AR-Director's Profile	06-07
	Disclosure 102-19	Delegating authority	AR-Key Management	08
	Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	Chief Financial Officer (CFO)	–
	Disclosure 102-21	Consulting stakeholders on economic, environmental, and social topics	SR-Stakeholder Engagement	28
	Disclosure 102-22	Composition of the highest governance body and its committees	AR-Director's Profile	06-07
	Disclosure 102-23	Chair of the highest governance body	AR-Director's Profile	06-07
	Disclosure 102-24	Nominating and selecting the highest governance body	AR-Corporate Governance Report	51-77
	Disclosure 102-25	Conflicts of interest	AR-Corporate Governance Report	51-77

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
	Disclosure 102-26	Role of highest governance body in setting purpose, values, and strategy	AR-Director's Profile	06-07
	Disclosure 102-27	Collective knowledge of highest governance body	AR-Director's Profile	06-07
	Disclosure 102-28	Evaluating the highest governance body's performance	SR-Corporate Governance	39
	Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	SR-Material Topics at a Glance	30-32
	Disclosure 102-30	Effectiveness of risk management processes	SR-Corporate Governance	40
	Disclosure 102-31	Review of economic, environmental, and social topics	SR-Managing Sustainability at ETC	27
	Disclosure 102-32	Highest governance body's role in sustainability reporting	SR-Managing Sustainability at ETC	27
	Disclosure 102-33	Communicating critical concerns	SR-Managing Sustainability at ETC	27
	Disclosure 102-34	Nature and total number of critical concerns	No critical concerns in our reporting period.	–
	Disclosure 102-35	Remuneration policies	AR-Corporate Governance Report	51-77
	Disclosure 102-36	Process for determining remuneration	AR-Corporate Governance Report	51-77
	Disclosure 102-37	Stakeholders' involvement in remuneration	AR-Corporate Governance Report	51-77
	Disclosure 102-38	Annual total compensation ratio	AR-Corporate Governance Report	51-77
	Disclosure 102-39	Percentage increase in annual total compensation ratio	AR-Corporate Governance Report	51-77
5. Stakeholder engagement	Disclosure 102-40	List of stakeholder groups	SR-Stakeholder Engagement	28
	Disclosure 102-41	Collective bargaining agreements	Not applicable as there are no collective bargaining agreements in our reporting period.	–
	Disclosure 102-42	Identifying and selecting stakeholders	SR-Stakeholder Engagement	28
	Disclosure 102-43	Approach to stakeholder engagement	SR-Stakeholder Engagement	28
	Disclosure 102-44	Key topics and concerns raised	SR-Materiality Assessment	29
6. Reporting practice	Disclosure 102-45	Entities included in the consolidated financial statements	AR-Corporate Profile	01
	Disclosure 102-46	Defining report content and topic Boundaries	SR-About this Report	26

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
	Disclosure 102-47	List of material topics	SR-Materiality Assessment	29
	Disclosure 102-48	Restatements of information	No restatement of information in our sustainability report.	–
	Disclosure 102-49	Changes in reporting	No change to our sustainability report.	–
	Disclosure 102-50	Reporting period	SR-About this Report	26
	Disclosure 102-51	Date of most recent report	05 April 2018 (AR 2017)	–
	Disclosure 102-52	Reporting cycle	Annual	–
	Disclosure 102-53	Contact point for questions regarding the report	SR-About this Report	26
	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	SR-About this Report	26
	Disclosure 102-55	GRI content index	SR-GRI Content Index	43-49
	Disclosure 102-56	External assurance	None during the reporting period	–
Topic-specific disclosures				
GRI201: Economic Performance	Disclosure 201-1	Direct economic value generated and distributed	AR-Operation and Financial Review	09-12
	Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	Not applicable as the impact of business on climate change is insignificant.	–
	Disclosure 201-3	Defined benefit plan obligations and other retirement plans	Not applicable	–
	Disclosure 201-4	Financial assistance received from government	No financial assistance received in our reporting period.	–
GRI 202: Market Presence	Disclosure 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not reported as the salaries of all employees exceed the local minimum wages	–
	Disclosure 202-2	Proportion of senior management hired from the local community	AR-Key management	08
GRI 203: Indirect Economic Impacts	Disclosure 203-1	Infrastructure investments and services supported	None in our reporting report.	–
	Disclosure 203-2	Significant indirect economic impacts	Not applicable as our business does not have significant indirect economic impact.	–
GRI 204: Procurement Practices	Disclosure 204-1	Proportion of spending on local suppliers	AR-Operation and Financial Review	09-12
GRI 205: Anti-Corruption	Disclosure 205-1	Operations assessed for risks related to corruption	SR-Governance	40
	Disclosure 205-2	Communication and training about anti-corruption policies and procedures	SR-Governance	40
	Disclosure 205-3	Confirmed incidents of corruption and actions taken	No reported cases during the reporting period.	–
GRI 206: Anti-Competitive Behaviour	Disclosure 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No reported cases during the reporting period.	–

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
GRI 301: Materials	Disclosure 301-1	Materials used by weight or volume	Not applicable, as the material in use is monitored by the main contractor of our property development projects.	–
	Disclosure 301-2	Recycled input materials used	Not applicable as the Company's property development projects do not use recycled materials.	–
	Disclosure 301-3	Reclaimed products and their packaging materials	Not applicable to the Company's business.	–
GRI 302: Energy	Disclosure 302-1	Energy consumption within the organization	SR-Environment	38
	Disclosure 302-2	Energy consumption outside of the organization	Not applicable to the Company's business.	–
	Disclosure 302-3	Energy intensity	SR-Environment	38
	Disclosure 302-4	Reduction of energy consumption	SR-Environment	38
	Disclosure 302-5	Reductions in energy requirements of products and services	Not applicable to the Company's business	–
GRI 303: Water	Disclosure 303-1	Water withdrawal by source	Not applicable as water use in our operations is not considered significant.	–
	Disclosure 303-2	Water sources significantly affected by withdrawal of water		
	Disclosure 303-3	Water recycled and reused		
	Disclosure 303-4	Water discharge		
	Disclosure 303-5	Water consumption	SR-Environment	38
GRI 304: Biodiversity	Disclosure 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable as our offices and project development sites are not carried out in protected areas and areas of high biodiversity.	–
	Disclosure 304-2	Significant impacts of activities, products, and services on biodiversity		
	Disclosure 304-3	Habitats protected or restored		
	Disclosure 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
GRI 305: Emissions	Disclosure 305-1	Direct (Scope 1) GHG emissions	Not applicable as our offices and project development sites do not produce significant levels of GHG and other hazardous emissions.	–
	Disclosure 305-2	Energy indirect (Scope 2) GHG emissions		
	Disclosure 305-3	Other indirect (Scope 3) GHG emissions		
	Disclosure 305-4	GHG emissions intensity		
	Disclosure 305-5	Reduction of GHG emissions		
	Disclosure 305-6	Emissions of ozone-depleting substances (ODS)		
	Disclosure 305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions		

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
GRI 306: Effluents and Waste	Disclosure 306-1	Water discharge by quality and destination	Not reported as our business does not have significant water discharge	–
	Disclosure 306-2	Waste by type and disposal method	SR-Environment.	38
	Disclosure 306-3	Significant spills	Not applicable as our business does not have significant spills.	–
	Disclosure 306-4	Transport of hazardous waste	Not applicable as our business does not generate hazardous wastes.	–
	Disclosure 306-5	Water bodies affected by water discharges and/or runoff	Not applicable as there are no water bodies affected by water discharge from our operations.	–
GRI 307: Environmental Compliance	Disclosure 307-1	Non-compliance with environmental laws and regulations	No reported cases in the reporting period.	–
GRI 308: Supplier Environmental Assessment	Disclosure 308-1	New suppliers that were screened using environmental criteria	No new contractors/suppliers during the reporting period.	–
	Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken		
GRI 401: Employment	Disclosure 401-1	New employee hires and employee turnover	SR-Social	36
	Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR-Social	35
	Disclosure 401-3	Parental leave	SR-Social	35
GRI 402: Labour/ Management Relations	Disclosure 402-1	Minimum notice periods regarding operational changes	Not applicable as there are not any significant operational changes during the reporting period.	–
GRI 403: Occupational Health and Safety	Disclosure 403-1	Workers representation in formal joint management-worker health and safety committees	Not applicable as the Company does not have a health and safety committee.	–
	Disclosure 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	No reported cases of workplace injury or casualty during the reporting period.	–
	Disclosure 403-3	Workers with high incidence or high risk of diseases related to their occupation	Not applicable as our business do not expose workers to high risk of diseases	–
	Disclosure 403-4	Health and safety topics covered in formal agreements with trade unions	Not applicable as there are no formal agreement with trade unions.	–
	Disclosure 403-5	Worker training on occupational health and safety	SR-Social	35
	Disclosure 403-6	Promotion of worker health	SR-Social	35
	Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR-Social	35

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
	Disclosure 403-8	Workers covered by an occupational health and safety management system	SR-Social	35
	Disclosure 403-9	Work-related injuries	No reported cases of work-related injuries during the the reporting period.	–
	Disclosure 403-10	Work-related ill health	No reported cases of work-related ill health during the reporting period.	–
Disclosure 404-1 GRI 404: Training and Education	Disclosure 404-1	Average hours of training per year per employee	Not reported as the employees receive on-the-job training.	–
	Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	SR- Social	35
	Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	SR- Social	35
GRI 405: Diversity and Equal Opportunity	Disclosure 405-1	Diversity of governance bodies and employees	AR-Director's profile and Key Management	06-08
	Disclosure 405-2	Ratio of basic salary and remuneration of women to men	Not reported as the nature of construction industry is male-dominated	–
GRI 406: Non-discrimination	Disclosure 406-1	Incidents of discrimination and corrective actions taken	No indication of occurrence during the reporting period.	–
GRI 407: Freedom of Association and Collective Bargaining	Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No indication of occurrence during the reporting period.	–
GRI 408: Child Labour	Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labour	No indication of occurrence during the reporting period	–
GRI 409: Forced or Compulsory Labour	Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No indication of occurrence during the reporting period	–
GRI 409: Forced or Compulsory Labour	Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour.	We have not identified this risk in our course of normal operations.	–
GRI 410: Security Practices	Disclosure 410-1	Security personnel trained in human rights policies or procedures.	Not applicable as security is outsourced and not relevant to our operations.	–
GRI 411: Rights of Indigenous Peoples	Disclosure 411-1	Incidents of violations involving rights of indigenous peoples	Not applicable as our Company do not involve interactions with indigenous people.	–
GRI 412: Human Rights Assessment	Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments	SR-Social	36
	Disclosure 412-2	Employee training on human rights policies or procedures	SR-Social	36
	Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	No such agreements during the reporting period.	–

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
GRI 413: Local Communities	Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs	SR-Social	36
	Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	Our business operations do not have significant negative impacts on local communities.	–
GRI 414: Supplier Social Assessment	Disclosure 414-1	New suppliers that were screened using social criteria	No new contractors/suppliers during the reporting period.	–
	Disclosure 414-2	Negative social impacts in the supply chain and actions taken	No negative social impacts occurred during the reporting period.	–
GRI 415: Public Policy	Disclosure 415-1	Political contributions	None during our reporting period.	–
GRI 416: Customer Health and Safety GRI 416: Customer Health and Safety	Disclosure 416-1	Assessment of the health and safety impacts of product and service categories	SR-Product Responsibility	41
	Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No indication of occurrence during the reporting period.	–
GRI 417: Marketing and Labeling	Disclosure 417-1	Requirements for product and service information and labeling	Not applicable to our business	–
	Disclosure 417-2	Incidents of non-compliance concerning product and service information and labelling	No reported cases during the reporting period.	–
	Disclosure 417-3	Incidents of non-compliance concerning marketing communications		
GRI 418: Customer Privacy	Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No reported cases during the reporting period.	–
GRI 419: Socioeconomic Compliance	Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	No reported cases during the reporting period.	–

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Listing Manual – Section B: Rules of Catalist ("**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") require an issuer to describe its corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**") in its annual report. An issuer is also required to disclose any deviation from any guideline of the Code together with an appropriate explanation for such deviation in the annual report.

The Board of Directors ("**Board**") and the management of Emerging Towns & Cities Singapore Ltd. ("**ETC**" or the "**Company**") wish to assure its shareholders that they are committed to maintaining a high standard of corporate governance to protect the interests of shareholders, employees and customers, and to promote investors' confidence.

In accordance with Rule 710 of the Catalist Rules, this Corporate Governance Report dated 26 March 2019 (this "**Report**") sets out the Company's corporate governance practices, which have been adopted based on the Code. The Company believes that it has largely complied with the spirit and intent of the Code and in areas where the Company's practices have deviated from the Code, rationale for the same is provided herein.

In addition to the Code, the Company has also adopted a code of ethics ("**Ethics**") to provide its employees with guidance on how to act in ways to prevent the Group, its employees and all those who come into contact with the Group from being exposed to harm. Copies of the Company's Ethics have been circulated to the Group's employees and may also be found at the Company's registered office.

BOARD MATTERS

Board's Conduct of Its Affairs

Principle 1: Effective Board to lead and control the Company

The Board's principal roles include promoting long-term shareholder value, ensuring that the businesses of the Company and its subsidiaries (collectively referred herein as the "**Group**") are effectively managed and properly conducted by management and ensuring proper observance of corporate governance practices.

In addition to statutory duties and responsibilities, the Board's duties include the following:

a) reviewing and approving the annual budget;

b) reviewing and approving key business and financial strategies and objectives for the Group;

c) reviewing and approving major corporate and/or financial restructuring and/or share issuance;

d) reviewing and approving major transactions, including acquisitions, divestments, investments and capital expenditure;

e) ensuring internal controls are in place and functional for the Group's continuing operations and which enables risks to be assessed and managed;

f) overseeing risk management strategies;

g) reviewing and approving quarterly and annual results announcements;

h) reviewing and approving the annual report and audited financial statements;

i) reviewing and providing guidance to the management of the Company;

CORPORATE GOVERNANCE REPORT

j) ensuring the adequacy of necessary financial and human resources to meet the Group's objectives;

k) providing entrepreneurial leadership and setting strategic directions;

l) establishing and maintaining the Company's values and standards and ensuring obligations to shareholders and others are understood and met;

m) approving nominations to the Board and appointments of key personnel;

n) ensuring the Group's compliance with all relevant and applicable laws and regulations; and

o) assuming responsibility for the corporate governance of the Group.

The Board has set up three committees to assist in the execution of the Board's responsibilities. These committees ("**Board Committees**") include the Nominating and Corporate Governance Committee ("**NCGC**"), Remuneration Committee ("**RC**") and Audit Committee ("**AC**"). Each Committee functions within clearly defined terms of its respective charter. In particular, the NCGC reviews the effectiveness of the Board, AC, and RC, as well as each individual Director annually, while the Board reviews the effectiveness of the NCGC annually.

Directors' Attendance at Board, Board Committee Meetings and other Additional Meetings

The Board meets at least four times each year and at other times as and when required. Board Committees meet at certain time periods in accordance with their respective Charters or as needed. Meetings are held in person and by telephone conference to enable the widest possible participation by Directors, taking into account those who may be in different geographical locations. The Directors also engage in discussions via email correspondence. Where a decision has to be made before a Board meeting is convened, directors' resolutions in writing are circulated in accordance with the Constitution of the Company and the Directors are also provided with all relevant information and documents to allow them to make informed decisions.

The attendance of the Directors at meetings of the Board and Board Committees in the financial year ended 31 December 2018 ("**FY2018**") is tabulated on the next page:

Directors' Attendance at Board, Board Committee Meetings and other Additional Meetings held during the financial year ended 31 December 2018

	Board of Directors	Audit Committee	Nominating & Corporate Governance Committee	Remuneration Committee
Number of Meetings per Charter	4	4	2	2
Number of Meetings Held	5	3[A]	2	2

CORPORATE GOVERNANCE REPORT

Name of Directors	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Christopher Chong Meng Tak[1]	2[B]	1[B]	1[B]	1[B]
Ang Mong Seng[2]	2[C]	2[C]	1[C]	1[C]
Tan Thiam Hee	5[D]	3 (attended as invitee)	2 (attended as invitee)	2 (attended as invitee)
Zhu Xiaolin	5[E]	3[E] (attended as invitee)	2[E]	2[E] (attended as invitee)
Wong Pak Him Patrick[3]	2[F]	1[F] (attended as invitee)	1[F] (attended as invitee)	1[F] (attended as invitee)
Peter Tan[4]	2[G]	1[G]	1[G]	1[G]
Lim Jun Xiong Steven[5]	2[H]	2[H]	1[H]	1[H]
Choong Chow Siong[6]	1[I]	1[I]	–[I]	–[I]
Teo Cheng Kwee[7]	5[J]	3[J] (attended as invitee)	2[J] (attended as invitee)	2[J]

A Three meetings were held in FY2018 as the AC Meeting scheduled to be held in May 2018 was not held, due to the AC not being duly constituted as at that date as it comprised only 1 Member following the retirement of Mr Christopher Chong Meng Tak and Mr Peter Tan as Independent Directors of the Company on 26 April 2018 and their relinquishment of their positions as Members of the AC.

B Attended 1 Board of Directors' Meeting via teleconference. As Mr Christopher Chong Meng Tak retired as a Director on 26 April 2018, he did not attend any Board or Board Committee Meetings held after his retirement.

C As Mr Ang Mong Seng was only appointed as a Director on 25 May 2018, he did not attend any Board, Board Committee Meetings or other Additional Meetings held prior to his appointment.

D Attended 1 Board of Directors' Meeting via teleconference.

E Attended 2 Board of Directors' Meetings, 1 AC Meeting, 1 RC Meeting and 1 NCGC Meeting via teleconference.

F Attended 1 Board of Directors' Meeting via teleconference. As Mr Wong Pak Him Patrick resigned as a Director on 26 April 2018, he did not attend any Board or Board Committee Meetings held after his resignation.

G Attended 1 Board of Directors' Meeting via teleconference. As Mr Peter Tan retired as a Director on 26 April 2018, he did not attend any Board or Board Committee Meetings held after his retirement.

H As Mr Lim Jun Xiong Steven was only appointed as a Director on 25 May 2018, he did not attend any Board, Board Committee Meetings or other Additional Meetings held prior to his appointment.

I As Dr Choong Chow Siong was only appointed as a Director on 25 May 2018, he did not attend any Board, Board Committee Meetings or other Additional Meetings held prior to his appointment.

J Attended 2 Board of Directors' Meetings, 1 AC Meeting, 1 RC Meeting and 1 NCGC Meeting via teleconference. As Mr Teo Cheng Kwee stepped down as a Member of AC on 25 May 2018, he attended 2 AC Meetings as an invitee after 25 May 2018.

CORPORATE GOVERNANCE REPORT

Notes:

1. Retired as the Non-Executive Group Chairman and an Independent Director of the Company and stepped down as Chairman of NCGC and RC and a Member of AC on 26 April 2018. Announcement in relation to cessation of appointment as an Independent Director was released via SGXNET on 26 April 2018.
2. Appointed as the Non-Executive Group Chairman, an Independent Director of the Company, Chairman of NCGC and a Member of AC and RC on 25 May 2018. Announcements in relation to the appointment as an Independent Director and reconstitution of the Board and Board Committees were released via SGXNET on 25 May 2018.
3. Resigned as an Executive Director of the Company on 26 April 2018. Announcement in relation to cessation of appointment as an Executive Director was released via SGXNET on 27 April 2018.
4. Retired as an Independent Director of the Company and stepped down as Chairman of AC and a Member of NCGC and RC on 26 April 2018. Announcement in relation to cessation of appointment as an Independent Director was released via SGXNET on 26 April 2018.
5. Appointed as an Independent Director of the Company, Chairman of AC and RC and a Member of NCGC on 25 May 2018. Announcements in relation to the appointment as an Independent Director and reconstitution of the Board and Board Committees were released via SGXNET on 25 May 2018.
6. Appointed as an Independent Director of the Company and a Member of AC on 25 May 2018. Announcements in relation to the appointment as an Independent Director and reconstitution of the Board and Board Committees were released via SGXNET on 25 May 2018. Resigned as an Independent Director of the Company and stepped down as a Member of AC on 11 January 2019. Announcements in relation to cessation of appointment as an Independent Director and reconstitution of AC were released via SGXNET on 11 January 2019.
7. Stepped down as a Member of AC on 25 May 2018 and re-designated as a Member of AC on 11 January 2019. Announcements in relation to the reconstitutions of the Board and Board Committees were released via SGXNET on 25 May 2018 and 11 January 2019.

The Board's approval is required for all major matters such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends. All other matters are delegated to committees whose actions are reported to and monitored by the Board. The matters delegated are listed out in the charter of each committee.

The Board noted that formal documents have been adopted to set out the following:

(a) the approval matrix;

(b) delegation of limits of authority;

(c) the matters reserved for the Board's decision; and

(d) clear directions to management on matters that must be approved by the Board.

The Company has a training budget for its Directors to attend courses and seminars, which is utilised as and when needed. The Company relies on and encourages its Directors to update themselves on new laws, regulations and changing commercial risks in the industry. Accordingly, information on courses or seminars in relation to the roles and responsibilities as a director of a listed company as well as revisions to laws or regulations (which are applicable to the Group) are disseminated to Directors.

The Company also has in place orientation programs for newly-appointed Directors to ensure that they are familiar with the Group's structure, the Group's business, and its operations. New Directors will be expected to undergo orientation with the Company which includes meeting with the Group Chairman and/or the Executive Director for an introduction to the business of the Group. Newly appointed Directors are encouraged to attend formal courses to familiarise themselves with the regulatory environment in Singapore and the roles and responsibilities as a director of a listed company. The external auditors also briefed the AC members on the developments in accounting standards (where applicable) during AC meetings whilst the Company Secretary periodically updates the Board on any changes in the regulatory environment in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company. Newly-appointed directors are provided with formal letters of appointment (setting out the directors' duties and obligations) at their appointment.

In the event that a Director is interested in any transactions of the Group, he shall be obliged to inform the Board accordingly and abstain from making any recommendations or decisions in relation to that transaction.

CORPORATE GOVERNANCE REPORT

Board Composition & Balance

Principle 2: Strong and independent element on the Board

As at the date of this Report, the Board comprises the following members:

Ang Mong Seng BBM	Non-Executive and Independent Group Chairman
Tan Thiam Hee	Executive Director and Group Chief Executive Officer
Zhu Xiaolin	Executive Director and Group President
Lim Jun Xiong Steven	Independent Director
Teo Cheng Kwee	Non-Executive Director

Under the Constitution of the Company, the Board must comprise a minimum of two members. However, the Constitution of the Company does not impose any limit on the maximum number of Directors the Company may appoint. The composition of the Board is also reviewed on an annual basis by the NCGC to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for the effective functioning of and informed decision-making in the Company.

Pursuant to its review of the Board's size for FY2018, the NCGC is of the view that the Board's size of five Directors as at the date of this Report is appropriate and that the Board possesses the appropriate diversity – being a mix of nationality, skills, knowledge, expertise and experience to provide core competencies in areas such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and experience or knowledge that are relevant to the direction of the expansion of the Group.

The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment on the conduct of the Company's affairs. The Board and the NCGC are of the opinion that the Independent Directors satisfy the criteria.

As at least one-third of the Board is made up of Independent Directors, the Board and the NCGC are also of the view that the Board is able to exercise independent judgement on corporate affairs and that no one individual or group(s) of individuals dominates any decision-making process. As the Non-Executive and Independent Group Chairman is not the same person as the Group Chief Executive Officer ("**Group CEO**"), an immediate family member of the Group CEO or part of the management team, and he is an Independent Director, it is not a requirement for the Independent Directors to make up at least half of the Board pursuant to Guideline 2.2 of the Code.

There are no alternate directors appointed to the Board as at the date of this Report.

The Non-Executive Directors meet as and when required without the presence of management.

Key information on each Director is set on pages 6 to 7 of the Annual Report.

The Board has no dissenting views on the Group Chairman's statement for the year under review.

CORPORATE GOVERNANCE REPORT

Access to Information & Accountability

Principle 6: Board members to have complete, adequate and timely information

Principle 10: Board's accountability to the shareholders, management's accountability to the Board

Changes to regulations and accounting standards are monitored closely by the management of the Company. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or Director's disclosure obligations (as determined by the management of the Company in consultation with professional(s)), Directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals. Information relating to such regulatory changes is also circulated to the Board via email for their attention. Newly-appointed Directors will be briefed by the Group Chairman and Executive Director(s) on the business activities of the Group and its strategic directions.

In order to ensure that the Board is able to contribute in a meaningful manner during Board meetings, the management provides the members of the Board with management accounts at each quarterly Board meeting, as well as relevant background information and documents relating to the items of business to be discussed at each Board meeting, such as copies of disclosure documents, budgets, forecasts and monthly internal financial statements, before the scheduled meeting. Key information relating to the Group's operations and finances are also circulated to the Board via email so that the Directors may monitor with ease the Group's performance as well as the management's fulfilment of goals and objectives set by the Board.

The Directors are also regularly briefed by the management of the Company on the business activities of the Group. The Directors are responsible for the Group's strategic directions as well as its corporate practices, and are accordingly also regularly briefed by the management of the Company on the day-to-day implementation of such strategic directions and corporate practices.

The Directors have separate and independent access to the management of the Company, including the Group CEO, Group President ("**Group President**") and Group Chief Financial Officer ("**Group CFO**") and Company Secretary of the Group. The Company Secretary and/or representatives from the Company Secretary's office attends all meetings of the Board and the Board Committees and prepares the minutes of such meetings. The minutes of such meetings are then circulated to the Board and the Board Committees, as the case may be. The Company Secretary also advises the Board on governance matters and ensures that the procedures for such meetings are in accordance with the Constitution and all applicable rules and regulations (including the requirements of the Singapore Companies Act, Cap. 50 and the Catalist Rules) are complied with. Further to the above, the Company Secretary helps to facilitate communications within the Board and the Board Committees and between management and the Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Company allows Directors to take independent professional advice on matters affecting the Group, and such costs will be borne by the Company. Further to the above, Directors have, at all times, unrestricted access to the Company's records and information.

The Group has also adopted the Ethics which sets out the principles and guidelines relating to, among other things, conflict of interests, transactions with suppliers and customers, transactions with related persons, confidentiality, and insider trading.

One of the Board's principal duties is to protect and enhance the long-term value and returns to the Company's shareholders. This accountability to shareholders is demonstrated through the provision of quarterly announcements on the financial results of the Group as well as timely announcements on news releases of significant corporate developments and activities of the Group such that shareholders will have information to evaluate and assess the Group's financial position and prospects.

The quarterly financial statements were signed by two Directors, thereby confirming that, to the best of the Board's knowledge, nothing had come to the attention of the Board which may render the unaudited interim financial results contained in that announcement to be false or misleading in any material aspect.

Further to the above, the Company also completes and submits compliance checklists to its Sponsor (if applicable and when required) to ensure that all announcements, circulars or letters to our shareholders comply with the requirements set out in the Catalist Rules.

Non-Executive Group Chairman, Executive Director and Group CEO

Principle 3: Clear division of responsibilities at the top of the Company

As at the date of this Report, the Company has a Non-Executive and Independent Group Chairman, an Independent Director, a Non-Executive Director, an Executive Director/Group CEO and an Executive Director/Group President. In addition, the Company also has a Group CFO with specific areas of responsibility within the Company. There is a clear division of responsibilities between the Non-Executive Group Chairman, the other Independent Director, and the management of the Company, who are also not related to each other.

The responsibilities of the Non-Executive Group Chairman include the following:

a) leading the Board, ensuring its effectiveness in all aspects of its role, and setting out its agenda;

b) ensuring that the Directors receive complete, adequate, accurate, timely and clear information;

c) critiquing key proposals by management before they are presented to the Board;

d) ensuring effective communication with shareholders;

e) encouraging constructive relations between the Board and management;

f) facilitating the effective contribution of the Non-Executive/Independent Directors towards the Company;

g) encouraging constructive relations between the Executive Directors and Non-Executive/Independent Directors; and

h) promoting high standards of corporate governance.

The Group CEO is engaged in the overall management of the Group. The Group CEO's responsibilities pertaining to the Board include the following:

a) scheduling meetings that enable the Board to perform its duties responsibly;

b) preparing meeting agendas in consultation with the Non-Executive Group Chairman;

c) ensuring quality, quantity and timeliness of the flow of information between the management and the Board; and

d) assisting to ensure compliance with the Company's guidelines on corporate governance.

The Group CEO manages the business of the Company, implements the Board's decisions and monitors the translation of the Board's decisions into executive action. He reviews and approves the agendas for the Board meetings. He exercises control over the quality, quantity and timeliness of information flow between the Board and management.

Mr Zhu Xiaolin, the Executive Director/Group President is engaged in the overall management of the Group's property business. In addition to managing the business of the Company, the Executive Director/Group President also implements the Board's decisions and monitors the translation of the Board's decisions into executive action.

CORPORATE GOVERNANCE REPORT

The Group CFO is engaged to oversee the finance, accounting and treasury functions of the Group's businesses. In addition to overseeing the finance responsibilities in the Group, the Group CFO also assists the Group CEO in the day-to-day management of the Group.

The Board is of the view that the roles of the Non-Executive Group Chairman, other Independent Director, Executive Director/Group CEO, Executive Director/Group President and Group CFO are separate, thereby ensuring an appropriate balance of power between them and creating increased accountability in both the Board and management, as well as enabling greater capacity of the Board for independent decision-making.

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

Nominations

Principle 4: Formal and transparent process for appointment of new Directors and requirement for re-nomination and re-election of Directors

The NCGC comprises the following members:

Ang Mong Seng BBM (Chairman)	Non-Executive and Independent Group Chairman
Lim Jun Xiong Steven	Independent Director
Zhu Xiaolin	Executive Director and Group President

The NCGC meets twice each year in accordance with its Charter and at other times as required. The NCGC performs a dual function as set out in its Charter. It provides assistance to the Board of Directors in the selection and assessment of Directors, and it has oversight of the Group's corporate governance practices.

The responsibilities of the NCGC in relation to Board appointments include the following:

a) recommending to the Board the appropriate structure, size and composition of the Board, taking into account the size and needs of the Group, as well as the skill mix, qualities and experience required of Directors (including the recommendation of personal professional development programs for the Directors, as the case may be) to advance the business interests of the Group and to promote long-term shareholder value;

b) recommending to the Board the size and composition of Board Committees that would enable each Committee to function competently and effectively;

c) considering the suitability of nominees for appointment as new Directors, having regard to each nominee's background, potential contribution to the Group based on his experience and expertise, and his ability to exercise independent business judgment;

d) considering the suitability of Directors for re-nomination, having regard to their past contributions and performance, including their attendance and degree of participation at meetings;

e) assessing, on an annual basis, the independence of the Directors;

f) evaluating, on an annual basis, the performance of each individual Director, the performance of each Board Committee, and the performance of the Board as a whole, as well as the development and review of the actual process for such evaluation;

CORPORATE GOVERNANCE REPORT

g) recommending to the Board the termination of membership of individual Directors in accordance with corporate policy on terminations for cause or other appropriate reasons; and

h) reviewing and recommending to the Board other policies and succession plans related to the Board from time to time.

In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NCGC will review the change to be implemented and make recommendations to the Board accordingly. For the appointment of new Directors, the NCGC will, in consultation with the Board, examine the existing Board's strength, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. The NCGC will take into account the future needs of the Group and together with the Board, it will seek candidates who are able to contribute to the Group. The NCGC seeks candidates widely and beyond persons directly known to the existing Directors. The NCGC recommends suitable candidates to the Board and if such candidates are appointed, announcements relating to their appointment shall be released via SGXNET. In the event of cessation of any individuals as Director or executive officer, the Chairman of the NCGC will conduct exit interviews with the Director or executive officer, as the case may be, and announcements, where required pursuant to the Catalist Rules, relating to such cessation will also be released via SGXNET.

The dates of initial appointment and last re-election of each Director are set out as follows:

Name of Directors	Appointment	Date of Initial Appointment	Date of last re-election/ re-appointment
Ang Mong Seng[1]	Non-Executive and Independent Group Chairman	25 May 2018	–
Tan Thiam Hee	Executive Director and Group Chief Executive Officer	24 June 2015	28 April 2016
Zhu Xiaolin	Executive Director and Group President	30 March 2017	26 April 2017
Lim Jun Xiong Steven[2]	Independent Director	25 May 2018	–
Teo Cheng Kwee	Non-Executive Director	21 July 2015	26 April 2017

Notes:

1. On 25 May 2018, Mr Ang Mong Seng was appointed as the Non-Executive and Independent Group Chairman.
2. On 25 May 2018, Mr Lim Jun Xiong Steven was appointed as an Independent Director.

The NCGC also reviews the composition of the Board and the independence of each Director annually. To determine the independence of the Independent Directors, the NCGC reviews disclosures/declarations made by the Independent Directors. The forms for these disclosures/declarations are drawn up based on the guidelines in the Code. Pursuant to its review, the NCGC is of the view that Mr Ang Mong Seng and Mr Lim Jun Xiong Steven do not have any relationships, including immediate family relationships, with the other Directors, the Company, its related corporations or its 10% shareholders and are deemed to be independent of the Group and its management.

CORPORATE GOVERNANCE REPORT

A list of directorships of the Directors of the Board in other listed companies, as well as their interests in the Company and related corporations (if any) as at the date of this Report are set out below:

<table>
<tr><th rowspan="2">Name of Directors</th><th colspan="2">Directorship in Listed Company</th><th rowspan="2">Principal Commitments</th><th colspan="2">Shareholding in the Company and related corporations</th></tr>
<tr><th>Present</th><th>Past Preceding 5 years</th><th>Direct</th><th>Indirect</th></tr>
<tr><td>Ang Mong Seng</td><td>Chip Eng Seng Corporation Ltd.

Hoe Leong Corporation Ltd.</td><td>AnnAik Limited

Gaylin Holdings Limited

United Fiber System Limited</td><td>Director of Chinese Opera Institute and Vice Chairman of Pei Hwa Foundation</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td>Tan Thiam Hee</td><td>Nil</td><td>GPS Alliance Holdings Limited</td><td>Executive Director and Group Chief Executive Officer of ETC</td><td>360,000 ordinary shares[1]</td><td>N.A.</td></tr>
<tr><td>Zhu Xiaolin</td><td>Nil</td><td>Nil</td><td>Executive Director and Group President of ETC</td><td>151,120,969 ordinary shares</td><td>49,269,895 ordinary shares[2]</td></tr>
<tr><td>Lim Jun Xiong Steven</td><td>Bund Center Investment Ltd

Mirach Energy Limited

Keong Hong Holdings Limited

Hong Fok Corporation Limited</td><td>Sapphire Corporation Limited</td><td>Nil</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td>Teo Cheng Kwee</td><td>Nil</td><td>Sapphire Corporation Limited

China Vanadium Titano-Magnetite Mining Company Limited</td><td>Nil</td><td>59,281,760 ordinary shares[3]</td><td>N.A.</td></tr>
</table>

Notes:

1. Mr Tan Thiam Hee has interests in 5,000,000 options granted under the CSH Employee Share Option Scheme 2009.
2. Mr Zhu Xiaolin is deemed interested in 49,269,895 ordinary shares held by Phillip Securities Pte. Ltd. as his nominee.
3. Mr Teo Cheng Kwee has interests in 2,000,000 options granted under the CSH Employee Share Option Scheme 2009.

CORPORATE GOVERNANCE REPORT

The Board has determined that each Director may only hold a maximum of 6 board directorships in public listed companies, although the limit may vary in accordance to each Director's contribution and individual circumstances (e.g. if a Director is transitioning out of a board). The NCGC also has in place internal guidelines to address the competing time commitments of Directors serving on multiple boards. If a Director is on the board of other companies, the NCGC shall consider whether adequate time and attention have been devoted to the affairs of the Company. In the event there are sufficient grounds for complaint, the Chairman of the Board will discuss the issue with the Director, and if necessary, remind him of the consequences of failure to rectify the situation within the period required.

After conducting reviews, the NCGC is satisfied that the current Directors have been able to devote adequate time and attention to the affairs of the Company and that they are able to satisfy their duties as Directors of the Company.

In its selection and appointment of new Directors, the NCGC receives recommendations from existing Directors and the Company's professional advisors. At least two members of the NCGC will conduct interviews with the potential new Director before recommending their appointments to the Board for approval.

The NCGC also recommends all appointments and re-nominations of Directors to the Board. Regulation 87 of the Company's Constitution provides *inter alia* and subject to the other provisions in the Constitution, that at each annual general meeting ("**AGM**") of the Company, one-third of the Directors for the time being, or, if their number is not three or multiples of three, then the number nearest one-third (rounded upwards where necessary) shall retire from office at least once every three years by rotation from the date of his appointment or last re-election, but he shall also be eligible for re-election. The Directors to retire in every year shall be those who have been in office for the longest period since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Pursuant to Regulation 94 of the Company's Constitution, any Director appointed within a financial year shall hold office only until the next AGM, but shall then be eligible for re-election and shall not be taken into account in determining the Directors who are to retire by rotation pursuant to Regulation 87 of the Company's Constitution, at that meeting.

Based on the above, Mr Tan Thiam Hee and Mr Teo Cheng Kwee are required to retire pursuant to Regulation 87 of the Company's Constitution at the forthcoming AGM and Mr Ang Mong Seng and Mr Lim Jun Xiong Steven are required to retire pursuant to Regulation 94 of the Company's Constitution at the forthcoming AGM.

It be noted that Mr Tan Thiam Hee, Mr Teo Cheng Kwee, Mr Ang Mong Seng and Mr Lim Jun Xiong Steven have given their consent to stand for re-election as Directors of the Company at the forthcoming AGM. The NCGC and the Board have recommended Mr Tan Thiam Hee and Mr Teo Cheng Kwee, who shall be retiring pursuant to Regulation 87 of the Company's Constitution at the forthcoming AGM, and Mr Ang Mong Seng and Mr Lim Jun Xiong Steven, who shall be retiring pursuant to Regulation 94 of the Company's Constitution at the forthcoming AGM, to be re-elected.

Consistent with the spirit of the Constitution, the NCGC has also determined that commencing from January 2004, members of the Board Committees shall assume the chairmanship by rotation, and the term of office as Chairman shall not exceed five consecutive years. The Board Committees shall be re-constituted at a later date when required. The NCGC and RC were last re-constituted on 25 May 2018. The AC was last re-constituted on 11 January 2019.

CORPORATE GOVERNANCE REPORT

Corporate Governance

Principle 5: Formal assessment of the effectiveness of the Board and contributions of each Director

In addition to the above, the NCGC is also responsible for adopting and implementing corporate governance measures to achieve good stewardship of the Company. In this respect, its responsibilities include:

a) proposing objective performance criteria which incorporates qualitative and quantitative factors to evaluate on an annual basis the performance of the Board as a whole and that of each Director (other than Executive Directors, who are evaluated by the RC);

b) implementing appropriate programmes for orientation and training of new Directors, and to update the Board on relevant new laws, regulations, and changing commercial risks in the industry, from time to time;

c) advising the Board on corporate governance issues, generally where they are not covered by other Board Committees, including but not limited to shareholders' issues; and

d) performing other functions assigned by law, the Company's Constitution, or by the Board from time to time.

In assessing the performance and effectiveness of the Directors in fulfilling their duties, the NCGC takes into account, among other factors, the Director's qualifications in relation to general commercial knowledge, specific industry experience, political and social knowledge of the countries the Group operates in, attendance at Board or Board Committee meetings in person or via teleconference, availability at all reasonable times and the degree of participation at Board and Board Committee meetings, quality of interventions or difference of opinion expressed, and any special contributions. The NCGC also considers whether the Director has a reasonable understanding of the Company's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.

In assessing the performance and effectiveness of the Board and its committees, the NCGC takes into account, among other factors, the Board Committees' and the Board's ability to work with the senior management of the Company, the discussions and due deliberations of the Board Committees and the Board, and whether objectives and targets set at the commencement of the relevant financial years have been met.

After evaluation, the NCGC considered the performance and effectiveness of each individual current Director and the Board as a whole, to be satisfactory. The Board as a whole considered the performance of the NCGC to be satisfactory. For the avoidance of doubt, each member of the NCGC abstains from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

Reviews of each individual Board member's performance and effectiveness, as well as the performance and effectiveness of the Board Committees and the Board are undertaken on a continuous basis by the NCGC with inputs from the various Board members. Renewals or replacements of Directors do not necessarily reflect their contributions to date but may be driven by the need to position and shape the Board in line with the medium-term needs of the Company and its business.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives

Principle 8: Remuneration of Directors should be adequate, not excessive and linked to performance

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration and procedure for setting remuneration

The RC comprises the following members:

Lim Jun Xiong Steven (Chairman)	Independent Director
Ang Mong Seng BBM	Non-Executive and Independent Group Chairman
Teo Cheng Kwee	Non-Executive Director

The RC is governed by its own Charter and its primary function is to advise the Board on compensation issues. In particular, in relation to the Directors and key management, the RC bears in mind that a meaningful portion of their compensation should be contingent upon the financial performance of the Company, in order to foster the creation of long-term shareholder value.

Its responsibilities include the following:

a) advising the Board of Directors on compensation theory and practice, as well as best practices with regard to non-cash compensation and trends;

b) reviewing management's appraisal on the current market situation (as it relates to compensation issues) and management's recommendation of the overall aggregate adjustments to be made at the next annual review of compensation for all staff, management, and Directors, including stock options and other equity incentive schemes;

c) recommending to the Board compensation packages for the Executive Directors, Non-Executive Directors, Group CEO, Group President and Group CFO;

d) determining the allocation of share options, performance shares and other equity incentives, if any, to Directors, management, and staff;

e) reviewing and assessing the performance of management and adopting appropriate measures to assess such performances; and

f) ensuring that appropriate structures for management succession and career development are adopted.

The RC meets twice each year and at other times as required, in accordance with its Charter.

The management, together with the RC, recommends the compensation for Non-Executive Director(s) and Independent Director(s), taking into account factors such as time spent and the responsibilities of the Directors, the current market circumstances, and the need to attract directors of experience and standing. The Directors' fees are compared against market standards to ensure that they are in line with market norms. As the members of the RC do not participate in any decisions concerning their own remuneration, management takes on that role and the Board accepts the management's recommendation. Payment of Directors' fees is subject to shareholders' approval at the AGM. The RC and the Board are of the view that the compensation of the current Non-Executive Director(s) and Independent Director(s) is adequate and not excessive.

CORPORATE GOVERNANCE REPORT

The RC administers the ETC Employee Share Option Scheme 2016 (previously known as the CSH Employee Share Option Scheme 2016) and the ETC Performance Share Plan 2016 (previously known as the CSH Performance Share Plan 2016), which were approved by the Company's shareholders at the Extraordinary General Meeting held on 21 November 2016. The performance-related elements of remuneration are designed to align the interests of Directors, management, and staff with those of shareholders and to link their rewards to corporate and individual performance. Details of the ETC Employee Share Option Scheme 2016 and the ETC Performance Share Plan 2016 including awards made are found on pages 78 to 81 of the Annual Report in the Directors' Statement and Note 25 of the financial statements as well as the Company's Circular to shareholders dated 28 October 2016 which may be found on SGXNET.

Non-Executive Directors receive basic Directors' fees and additional fees for serving as a Board Committee Chairman. Executive Directors do not receive Directors' fees. A long-term incentive scheme for Directors, management, and staff includes share options and share awards.

Directors' fees of S$200,000 for the financial year ending 31 December 2020, which are to be paid quarterly in arrears, will be recommended to the shareholders for approval at the forthcoming AGM. The actual Directors' fees paid out will be disclosed in the Company's Annual Report for the relevant financial year.

It was noted that Directors' fees of S$260,000 for the financial year ended 31 December 2019 have been approved by the shareholders during the last AGM held on 26 April 2018. It was also noted that Directors' fees of approximately S$170,000 for the financial year ended 31 December 2018 have been paid out.

The management, together with the RC, determines and recommends to the Board the compensation package of the Executive Directors, taking into account their experience and knowledge as well as the existing circumstances in the employment market.

With regard to the remuneration of other key management executives, the RC, together with the management, reviews proposals which are made by the Executive Directors. The remuneration policy for the key management executives is guided by the National Wage Council guidelines, and also takes into consideration the Company's performance as well as the responsibilities and performance of individual key management executives. The latter is measured by goals and objectives set for each key management executive in congruence with the Company's overall goals and objectives. None of the employees in the Company or any of its principal subsidiaries whose remuneration exceeds S$50,000 during the year is an immediate family member of a Director or substantial shareholder of the Company or any of its principal subsidiaries.

The NC and the RC have reviewed the terms of the service contracts for the Executive Directors and they are of the view that the Executive Directors have service contracts which include fair and reasonable terms for termination under appropriate notice and these service contracts are in line with market practices and are not overly generous.

The Board is of the view that it is not necessary to present its remuneration policy before shareholders for approval at the AGM as the remuneration policy for executives is a management decision that the Board is generally entitled to make.

In addition, the Board is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself of remedies against the Executive Directors in the event of such a breach of fiduciary duties.

Details of the Directors and key management executives' remuneration for FY2018 are set out on the next page. Disclosure of the Directors' remuneration is also made in Note 19 of the financial statements.

CORPORATE GOVERNANCE REPORT

Directors' Remuneration

	Fees %	Salary and Bonus %	Other Benefits* %	Total %
Directors				
Between S$500,000 – S$599,999				
Tan Thiam Hee[1]	–	81.02	18.98	100
Between S$300,000 – S$399,999				
Zhu Xiaolin[2]	–	96.45	3.55	100
Between S$0 – S$99,999				
Ang Mong Seng[3] (Appointed on 25 May 2018)	100	–	–	100
Lim Jun Xiong Steven[4] (Appointed on 25 May 2018)	100	–	–	100
Choong Chow Siong[5] (Appointed on 25 May 2018 and resigned on 11 January 2019)	100	–	–	100
Teo Cheng Kwee[6]	67.39	–	32.61	100
Christopher Chong Meng Tak[7] (Retired on 26 April 2018)	60.63	–	39.37	100
Peter Tan[8] (Retired on 26 April 2018)	50.66	–	49.34	100
Wong Pak Him Patrick[9] (Resigned on 26 April 2018)	84.47	–	15.53	100

Notes:

* Other benefits, where applicable, include granting of share options under the ETC Employee Share Option Scheme 2016, granting of awards under the ETC Performance Share Plan 2016 and/or employer's contribution to the Central Provident Fund.

1. Director's remuneration for FY2018 was S$552,978.
2. Director's remuneration for FY2018 was S$338,000.
3. Director's fees paid for FY2018 were S$32,400.
4. Director's fees paid for FY2018 were S$30,600.
5. Director's fees paid for FY2018 were S$21,600.
6. Director's fees paid for FY2018 were S$55,973.
7. Director's fees paid for FY2018 were S$46,365.
8. Director's fees paid for FY2018 were S$36,995.
9. Director's remuneration for FY2018 were S$64,085.

CORPORATE GOVERNANCE REPORT

Key Management Personnel's Remuneration

	Fees %	Salary and Bonus %	Other Benefits* %	Total %
Key Management Personnel				
Between S$200,000 – S$299,999				
Joseph Lim (Group CFO)	–	85.77	14.23	100
Between S$100,000 – S$199,999				
Lai Xuejun (SVP & Regional GM – Myanmar)	–	100	–	100
Li Bo (VP (Sales & Marketing) & Regional Sales & Marketing Director – Myanmar)	–	100	–	100
William Lau (VP (Investment) & Regional CFO – Myanmar)	–	100	–	100
Between S$0 – S$99,999				
Yang Cha (Group CDO) (Appointed on 8 December 2015 and resigned on 1 March 2018)	–	100	–	100

Notes:

* Other benefits, where applicable, include granting of share options under the ETC Employee Share Option Scheme 2016, granting of awards under the ETC Performance Share Plan 2016, benefits in kind and/or employer's contribution to the Central Provident Fund.

The total remuneration paid to the top key management personnel (who are not Directors or the Group CEO) in FY2018 is S$720,945.

The Company does not disclose the individual remuneration of the key management personnel to the nearest thousand but in bands of S$100,000 for confidentiality reasons so as to prevent competitors from knowing salaries offered by the Company to its key management personnel of similar status in the Group.

The Board confirms that the remuneration paid to the Executive Directors and key management personnel of the Group is based, *inter alia*, on the prevailing market forces, their qualification and expertise and their contribution to the Group.

For the purpose of Rule 704(10) of the Catalist Rules, the Company hereby confirms that there are no persons occupying managerial positions who are related to any Director, Group CEO or Substantial Shareholders of the Group.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 12: Establishment of Audit Committee with written terms of reference

To ensure that corporate governance is effectively practiced, the current Directors have established self-regulatory and monitoring mechanisms, including the establishment of the AC, which comprises the following members:

Lim Jun Xiong Steven (Chairman)	Independent Director
Ang Mong Seng BBM	Non-Executive and Independent Group Chairman
Teo Cheng Kwee	Non-Executive Director

The roles and responsibilities of the AC are established in accordance with the Code. The Charter provides for a minimum of four meetings a year, and at such other times as required. Three meetings were held in FY2018 as the AC Meeting scheduled to be held in May 2018 was not held, due to the AC not being duly constituted as at that date as it comprised only 1 Member following the retirement of Mr Christopher Chong Meng Tak and Mr Peter Tan as Independent Directors of the Company on 26 April 2018 and their relinquishment of their positions as Members of the AC.

The AC's primary function is to provide assistance to the Board of Directors by fulfilling its responsibilities relating to corporate accounting and auditing reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics as established by the management and the Board.

The responsibilities of the AC include the following:

a) recommending the appointment or dismissal of external auditors (subject to shareholders' approval) and in relation to this, the AC considers the independence and objectivity of the external auditors, reviews and recommends to the Board the compensation of the external auditors, and reviews the scope and results of the audit and its cost effectiveness. Where the auditors also supply a substantial volume of non-audit services to the Company, the AC reviews the nature and extent of such services with the objective of balancing between maintaining auditors' objectivity against cost-effectiveness;

b) considering, in consultation with the external auditors, the audit scope and the plans of external auditors on the coverage and effective use of audit resources;

c) reviewing, with the external auditors, their audit reports;

d) reviewing the assistance given by the Company's officers to the external auditors;

e) reviewing the quarterly announcements and annual financial statements of the Company;

f) reviewing and assessing management processes, including but not limited to strategic planning, operations, performance measurement, and reporting, in order to resist over-ambitious and unethical behaviour;

g) inquiring from management and external auditors about significant risks or exposures, and assessing steps taken by management to minimise or control the Company's exposure to such risks;

h) considering and reviewing with the external auditors and internal auditors (as the case may be) at least annually the adequacy, effectiveness, and efficiency of management processes, financial controls, operational controls, compliance controls, information technology controls, security, and risk management, and all other material controls, and any related significant findings and recommendations of the auditors, together with management's responses thereto;

CORPORATE GOVERNANCE REPORT

i) maintaining free and open communications between Directors, external auditors, and management;

j) meeting with the external auditors, management, and any others considered appropriate in separate executive sessions to discuss any matters that the AC believes should be discussed privately at least annually;

k) reviewing all non-audit services provided by the Group's external auditors, Foo Kon Tan LLP, if any;

l) recommending and approving the appointment or dismissal of the internal auditors and in relation to this, the AC considers the independence and objectivity of the internal auditors, reviews and recommends to the Board the compensation of the internal auditors; and

m) reviewing the adequacy and effectiveness of the internal audit function.

The AC has in place "Whistle Blowing" arrangements by which staff may, in confidence, raise concerns either verbally or in writing (via email) about possible improprieties in matters of financial reporting or other matters within the Company to the members of the AC directly. The objective is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up action to be taken. Copies of the "Whistle Blowing" policy have been circulated to the employees and are also available at the Company's registered office.

Foo Kon Tan LLP is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and its appointment as the Company's external auditors was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 August 2009. The AC noted that there were no non-audit services rendered by Foo Kon Tan LLP in FY2018. In accordance with Rule 1204(6) of the Catalist Rules, the audit fees paid to Foo Kon Tan LLP for their audit services in FY2018 are approximately S$148,000 (excluding disbursements and GST).

Foo Kon Tan LLP was also appointed in FY2018 to audit the accounts of the Company, its subsidiaries and its significant associated companies, if any. The Company has therefore acted in compliance with Rule 712 and Rule 715 of the Catalist Rules.

The AC reviewed the independence and objectivity of the external auditors as required under Section 206(1A) of the Companies Act and determined that the external auditors were independent in carrying out their audit of the Group's financial statements. None of the members of the AC are a partner or director of Foo Kon Tan LLP or any other auditing firm or auditing corporation. The AC had also reviewed the scope and quality of the external auditors' work before recommending the external auditors to the Board for re-appointment. After taking into account the resources and experience of Foo Kon Tan LLP and the audit engagement partner assigned to the audit, Foo Kon Tan LLP's other audit engagements, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by Foo Kon Tan LLP for the audit, the AC is of the view that Foo Kon Tan LLP is able to meet its audit obligations. Together with the Board, the AC recommends the re-appointment of Foo Kon Tan LLP at the forthcoming AGM.

The external auditors also brief the AC members on the developments in accounting standards (where applicable) during AC meetings to keep the AC members abreast of changes to the accounting standards and issues which have a direct impact on financial statements. The AC has full access to the external auditors and internal auditors without the presence of management and is authorised to have full and unrestricted access to management and all personnel, records, operations, properties, and other informational sources of the Company as required or desirable to properly discharge its responsibilities. The AC has met with the external auditors without the presence of management in FY2018. The AC has full discretion to invite any Director or executive officer to its meetings and has the authority to conduct or authorise investigations into any matters within its scope of responsibilities.

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The significant matters considered by the AC during FY2018 are detailed below, alongside the actions taken by the AC to address these matters.

Significant Matters	**Action**
Valuation of investment properties	The AC considered the approach and methodology applied to the valuation models in assessing the valuation of investment properties, which were conducted by independent international renowned valuers, at the Golden City project. The Committee reviewed the reasonableness of the cash flow forecasts, long-term growth rates and discount rates used in the valuation models and the external market indicators in the respective markets. The Group adopted the fair value model, under which an investment property is measured, after initial measurement, at fair value with changes in fair value recognised in profit or loss and the carrying values supported by the valuations. The valuation of investment properties was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in their audit report for FY2018, as referred to on pages 83 to 84 of this Annual Report.
Net realisable value of development properties	The AC considered the approach and methodology in determining the estimated net realisable value of the development properties, which is dependent upon the Group's expectations of future selling prices. In making its estimates of future selling prices, the Group takes into account the available recently transacted prices, prices of comparable properties located in the same vicinity as the development project, macroeconomic and real estate price trend. Senior management has applied its knowledge of the business in its regular review of the estimates. The AC also reviewed the development properties to ensure that they are correctly classified as development property, various transfers from development properties to investment properties for appropriateness and the adequateness of the disclosures made in the financial statements and as set out under Note 2(e) to the financial statements. The net realisable value of development properties was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in their audit report for FY2018, as referred to on page 84 of this Annual Report.

Internal Controls & Internal Audit

Principle 11: Sound system of internal controls

Principle 13: Setting up independent internal audit function

The Board acknowledges that it is responsible for the overall internal control framework but also recognises that all internal control systems contain inherent limitations and that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against misstatements or losses. The Board and AC review regularly the adequacy and effectiveness of the Group's risk management and internal control systems, including but not limited to financial, operational, and compliance controls. In particular, the Group has adopted the Ethics as well as a "Whistle Blowing" policy to ensure that there are no irregularities in the Company's business dealings and that there is a system of integrity and reliability.

CORPORATE GOVERNANCE REPORT

Whilst the Company recognises the importance of having a system of internal controls designed to provide reasonable assurance that assets are safeguarded and financial reporting is reliable, the Board recognises that no internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud and other irregularities. The system is designed to manage rather than eliminate all risks of failure in the Company's pursuit to achieve its business objectives.

The AC and management also review the Group's operational activities on an on-going basis to identify areas of material risks. The AC together with the management and the internal and external auditors will table all control issues and review the appropriate measures being recommended to mitigate areas of weaknesses highlighted to the Board during its quarterly meetings.

The Board has reviewed and evaluated the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. Internal controls have been put in place to safeguard the shareholders' investment and the Company's assets, and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances.

The Company has engaged Baker Tilly Consultancy (Singapore) Pte Ltd ("**Baker Tilly**"), a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, to conduct an internal audit of the Company as well as to implement enterprise risk management ("**ERM**") initiatives within the Group to assist in determining whether the Group's checks and balances and control systems are adequate. In addition, Baker Tilly assists on the implementation of sustainability practices throughout the Group to assess and disclose the environmental and social aspects of the Group's performance. Baker Tilly has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. Baker Tilly reports directly to the AC and provides reports to AC on a timely basis. The AC reviewed the independence, adequacy and effectiveness of the internal auditors as required under Rule 1204(10C) of the Catalist Rules and determined that the internal auditors are independent, effective and adequately resourced.

At present, the Board relies on external audit reports and management letters prepared by the external auditors, Baker Tilly's internal audit findings and ERM report on any material non-compliance or internal control weaknesses. Going forward, the Board would be able to, in addition to the aforesaid, rely on Baker Tilly's sustainability reporting to better determine whether the Group conducts its business responsibly, particularly the environmental and social aspects.

The Group's external auditors, Foo Kon Tan LLP, contribute by providing an independent perspective on the relevant internal controls arising from their audit, the findings of which are reported to the AC. The AC is satisfied that the independence of the external auditors is not compromised by any other material relationship with the Company.

The AC has also set in place certain internal controls (for example, setting limits on transactions amounts and having different bank signatories), risk management practices and sustainability practices, taking into consideration the risks which the Group is exposed to, the likelihood of occurrence of such risks, the costs of implementing the corresponding controls and the environmental and social interactions within the communities in which the issuers operate. Furthermore, as mentioned above, the Company is assisted by Foo Kon Tan LLP (in the course of their audit), and has engaged Baker Tilly to conduct an internal audit on the Group, to introduce ERM initiatives for the Group and to advise on the Group's corporate transparency on responsible business practices, particularly the environmental and social aspects.

The Board has received assurance from each of the Executive Directors (including the Group CEO and Group President) and Group CFO that the financial records of the Group for FY2018 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received assurance from each of the Executive Directors (including the Group CEO and Group President) and Group CFO that the Group's risk management and internal controls system are effective for FY2018.

CORPORATE GOVERNANCE REPORT

Taking into account the Company's corporate structure and scope of operations and based on the internal controls established and maintained by the Group, work performed by the external and internal auditors, and reviews performed by management, the AC and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operations, compliance and information technology risks, and risk management systems were adequate and effective as at 31 December 2018.

KEY OPERATIONAL RISKS

The Board is aware of the risk profiles which may adversely affect the Company's financial performance, financial position and cash flows in the event that any of these risk factors develop into actual events. The Board thinks that the following risks could affect the Company (please note that this is a non-exhaustive list):

General Country and Political Risks associated with the Company's business in Myanmar

Political, economic and social instability in Myanmar

The Group's Golden City project is based in Myanmar, which has the potential to be politically and economically unstable. The previous governing military regime was succeeded by a civilian government. The new government has already implemented a number of political, economic and social reforms. However, there is no certainty that the reform will continue or be successful, and there is no certainty that the business and investment environment in Myanmar will continue to improve or be sustainable. Various parts of the country are also experiencing a rise in ethnic and sectarian tensions, which, if escalated further, could hamper investor confidence, economic potential, and growth and stability of the construction industry. Any unfavourable changes in the political, economic and social conditions of Myanmar, and the existence of conditions impacting upon safety and security, may also adversely affect the Group's business and operations in Myanmar.

Further, any changes in the political, economic and social policies of the Myanmar government may lead to changes in the laws and regulations or the interpretation and application of the same, as well as changes in the foreign exchange regulations, taxation and land ownership and development restrictions, which may adversely affect the Group's financial performance.

The Myanmar legal system is still maturing and the interpretation and application of Myanmar laws and regulations involve uncertainty

The Group's operations in Myanmar is subject to the laws and regulations promulgated by the Myanmar legislature, and notifications and guidelines from various government authorities and bodies. These include the laws and regulations relating to labour (such as those dealing with subjects such as work hours, wages and overtime, minimum wage and workmen's compensation) and foreign ownership of land. The laws and regulations of Myanmar may be supplemented or otherwise modified by unofficial or internal guidelines and practices which exist but which are not documented or which are not generally available to the public or uniformly applied. Such guidelines and practices may not have been ruled upon by the courts or enacted by legislative bodies and may be subject to change without notice or adequate notice. There are also limited precedents on the interpretation, implementation or enforcement of Myanmar laws and regulations, and there is limited judicial review over administrative actions and decisions. Therefore, a high degree of uncertainty exists in connection with the application of existing laws and regulations to events, circumstances and conditions.

Myanmar laws and regulations are also undergoing extensive changes. Changes in the laws and regulations may however not adequately address shortcomings in the legal and regulatory regimes and even if they do, may not be successfully implemented or could be subjected to uncertainty and differences in application and interpretation. Further, changes in the laws may be unpredictable and may in some instances introduce conditions that will increase the costs of doing business in Myanmar and adversely affect the Group's financial performance.

CORPORATE GOVERNANCE REPORT

While Myanmar adopts a mixed legal system of common law, civil law and customary law, governmental policies play an overriding role in the implementation of the laws. Furthermore, the application and administration of Myanmar laws and regulations may be subject to a certain degree of discretionary determination by the authorities and may differ in implementation across various regional governments and government authorities and bodies.

In any event, the resolution of commercial and investment disputes by domestic tribunals, either through the courts or arbitration proceedings, is, at present, limited. Myanmar enacted the Arbitration Law 2016 (Law 5/2016 – the Arbitration Law) to replace the Arbitration Act 1944, thus implementing the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. Amongst other provisions, the Arbitration Law 2016 provides for enforcement of foreign arbitration awards in Myanmar, which may be refused by a court in the following circumstances:

(1) a party to the arbitration agreement was under some incapacity;

(2) the said agreement is not valid under the law to which the parties have subjected to it or, failing any indication thereon, under the law of the country where the award was made;

(3) the party against whom the award is invoked was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise unable to present his case;

(4) the award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration;

(5) the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or

(6) the award has not yet become binding on the parties or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.

Whilst Myanmar is also a party to the ASEAN Comprehensive Investment Agreement (2009), it is likewise unclear as yet how disputes covered by and the protections afforded under this agreement will be treated and resolved under Myanmar law or by the Myanmar courts.

Limited accessibility of publicly available information and statistics in Myanmar

Under the current business environment in Myanmar, it may be very difficult to obtain up-to-date information and statistics on other businesses in Myanmar that may be relevant to the Group in terms of, *inter alia*, business activities, geographical spread, track record, operating and financial leverage, liquidity, quality of earnings and accounting, economic outlook, growth statistics and other relevant data. As such it may be difficult for the Group to access the prospects and potential of any business opportunities available to the Group from time to time. Consequently, the investment and business decisions of the Group may not be in the future be based on accurate, complete and timely information. Inaccurate information may adversely affect the Group's business decisions, which could materially and adversely affect the business and financial condition of the Group.

CORPORATE GOVERNANCE REPORT

Foreign exchange control risks in Myanmar

In 2012, the Central Bank of Myanmar adopted a managed float for the Kyats after a 35-year fixed exchange rate regime. Although this policy shift is widely considered to be a positive development in the liberalisation of Myanmar's economy, the actual impact of such change is yet to be ascertained. Significant fluctuations of the Kyats against the United States dollar or the Singapore dollar could have a material adverse effect on the Group's operations and financial conditions and prospects.

The remittance of funds in and out of Myanmar is governed by the Foreign Exchange Management Law, 2012 and the implementing regulations being Notification No. 7/2014 and Criteria for Offshore Loan, published on the CBM website (collectively, "**FEML**"). Under FEML as it is applied in practice, the remittance of funds into Myanmar in the form of equity, working capital, or payments for trade or services are generally considered to be current account transfers and do not require approval of the Central Bank of Myanmar ("**CBM**").

However, capital account transfers into Myanmar require CBM approval, which includes offshore loans disbursed to Myanmar residents/companies. In order to apply for CBM approval for an offshore loan, the borrower must submit an application to CBM, which must include, amongst other things:

(1) cover page, addressed to CBM including a summary of the main points (lender, borrower, amount, interest rate – interest rate for intercompany loans generally cannot exceed 6-7% p.a., and third-party loans generally cannot exceed 13% p.a. as a matter of practice);

(2) repayment schedule;

(3) draft loan agreement;

(4) proof that the borrower has paid at least US$500,000 in equity into the company and that after the loan is disbursed, it will maintain a prescribed debt-to-equity ratio (in the Criteria for Offshore Loan, published on the CBM website, this is stated to be between 3:1 – 4:1, and we are aware that in practice, CBM will sometimes allow 5:1);

(5) if the borrower has a Myanmar Investment Commission ("**MIC**") permit, then it must establish that, of the equity proposed in the MIC proposal, that 80% of that equity has been paid-in; and

(6) other miscellaneous documents, such as corporate documents and audited accounts.

In remitting funds outside of Myanmar, if the payment is current account, including payments for trade and services, CBM approval is not required, although the local bank has discretion to refer the matter to the CBM, and in practice, local banks often require a number of documents and information, sometimes making these transfers difficult.

If an offshore loan into Myanmar has been approved by CBM, then the repayment of that loan offshore should not require further CBM approval. However, if the actual repayment deviates from the repayment schedule approved by CBM in the first instance, then the local bank may refer to the matter to CBM, although this can usually be managed with the local bank.

Repatriation of dividends should not require CBM approval provided that the equity brought into Myanmar in the first instance was reported to CBM. In practice, local banks may require CBM approval before repatriating dividends, and will in any case require proof that dividends come from profits and that the company has paid all income tax on profits in that year, which would usually come in the form of the audited accounts of the company (for the year in which that profit is made) and tax clearance. If the company has a MIC permit or endorsement order, MIC approval will be required before the bank will repatriate dividends.

CORPORATE GOVERNANCE REPORT

Mitigation of the Risks

The Group has retained the key management of the Golden City project for their relevant expertise and experience in managing the Golden City project in Myanmar in order to mitigate the abovementioned risks associated with the Group's operations in the Myanmar region. In particular, Mr Zhu Xiaolin, an Executive Director and Group President of the Company, is currently the chairman and director of Golden Land Real Estate Development Co. Ltd. and the chief executive officer and director of Uni Global Power Pte. Ltd. Together with Mr Lai Xuejun, Mr Zhu Xiaolin manages and operates the Golden City project. Mr Zhu Xiaolin and Mr Lai Xuejun hold interests in the Company and in Uni Global Power Pte. Ltd. which aligns the interests of Mr Zhu Xiaolin and Mr Lai Xuejun with the Group. Both Mr Zhu and Mr Lai are part of the founding investors and management of the Golden City project.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Recognise, protect and facilitate the exercise of shareholder' rights

Principle 15: Regular, effective and fair communication with shareholders

Principle 16: Shareholders participation at AGM

Information is communicated to shareholders on a timely basis. Where disclosure is inadvertently made to a selected group, the Company will make the same disclosure publicly as soon as practicable for it to do so. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual reports include all relevant information about the Group, including future developments and other disclosures required under the Catalist Rules and the relevant accounting standards;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of annual general meetings and extraordinary general meetings ("**Notices**");
- replies to email queries from shareholders;
- disclosures to the SGX-ST and the shareholders by releasing announcements via SGXNET; and
- circulars or letters to shareholders to provide the shareholders with more information on its major transactions.

The Group values dialogue with investors and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Group adopts the practice of regularly communicating major developments in its business and operations through SGXNET and news releases and where appropriate also directly to shareholders, other investors, analysts, the media, the public and its employees.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Quarterly, half yearly and full year results as well as the annual reports are announced or issued within the mandatory period. However, any information that may be regarded as undisclosed material information about the Group will not be given, The Group issues announcements and news releases on an immediate basis where required under the SGX-ST Catalist Rules. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the stakeholders and the public have fair access to the information.

Briefings and meetings for analysts and the media are held, generally coinciding with the release of the Group's quarterly, half yearly and full year results. Presentations are made, as appropriate, to explain the Group's strategies, performance and major developments.

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The Notices are advertised in the press and published via SGXNET. The results of all general meetings are also published via SGXNET. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders to attend and vote at all general meetings of the Company by proxies. Proxy forms can be sent to the Company's Share Registrar by mail. At all general meetings, each distinct issue is voted via a separate resolution.

The Board also regards the general meetings as opportunities to communicate directly with the shareholders and encourages greater shareholder participation. As such, the shareholders are encouraged to attend general meetings of the Company to grasp a better understanding of the Group's businesses and be informed of the Group's strategic goals and objectives. Notices of general meetings are dispatched to the shareholders at least 14 days before the meeting if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting.

General meetings of the Company will be chaired by the Group Chairman and are also attended by other Directors, the management, the Company Secretary and if necessary, the external and internal auditors. At all general meetings, shareholders are given the opportunity to air their views and to ask the Group Chairman, the individual Directors and the Chairmen of Board Committees questions regarding the Company. The external auditors are also present to assist the Board in answering the shareholders' queries, where they are able to do so. In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders are put to vote by poll, using polling slips, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders.

The Company Secretary and/or representatives from the Company Secretary's office prepares the minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the minutes are available to shareholders upon request.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

Shareholders and the public can access information on the Group via its website at: www.etcsingapore.com

INTERNAL COMPLIANCE CODE ON DEALINGS IN COMPANY'S SECURITIES

The Company has its own internal compliance code to provide guidance for both itself, and its Directors and employees (including employees with access to price-sensitive information on the Company's shares) on dealings in the Company's securities, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1204(19) of the Catalist Rule, the Company issues a directive informing the Directors and employees that they are not allowed to deal in the Company's shares during the period commencing two weeks before the date of the results announcement for each of the first three quarters of the Company's financial year and one month before the date of announcement of the annual results. These trading restrictions end on the date of the results announcement. Additionally, both Directors and employees are prohibited from dealing in securities of the Company while in possession of price-sensitive information. They are required to report to the Company Secretary whenever they deal in the Company's shares. The Company Secretary assists the AC and the Board to monitor such share transactions and to make the necessary announcements.

An officer of the Company should not deal in the Company's securities on short-term considerations.

The Board confirms that as at the date of this Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

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INTERESTED PERSON TRANSACTIONS

(Catalist Rule 907)

The Group has established procedures to ensure that all transactions with interested persons are properly documented and reported in a timely manner to the AC on a quarterly basis, and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders, in accordance with the internal controls set up by the Company on interested person transactions. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

The aggregate value of transactions entered into by the Group with interested persons and their associates for FY2018 are as follows:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Mr Luo Shandong	RMB81,000,000 (approximately S$16,937,000[1])[2]	–
Mr Zhu Xiaoli	US$1,187,404 (approximately S$1,557,000[3])[4]	–

Notes:

1. Based on the exchange rate of RMB1.00: S$0.2091 as at 13 February 2018.
2. The proposed disposal of the entire issued and paid-up share capital of Cedar Properties Pte. Ltd. to Mr Luo Shandong as an interested person transaction pursuant to the sale and purchase agreement dated 18 January 2018 entered into between the Company and Mr Luo Shandong was approved by the shareholders at the Extraordinary General Meeting held on 15 March 2018.
3. Based on the exchange rate of US$1.00: S$1.31127 as at 15 March 2018.
4. This relates to a loan agreement entered into between, *inter alia*, Uni Global Power Pte. Ltd. and Mr Zhu Xiaoli, pursuant to which Mr Zhu Xiaoli agreed to provide a loan to Uni Global Power Pte. Ltd. of a principal amount of US$1,500,000 at an interest rate of 18% per annum and a tenure of 6 months, and in connection therewith, a share pledge agreement entered into between, *inter alia*, DAS Pte. Ltd. and Mr Zhu Xiaoli, pursuant to which DAS Pte. Ltd. pledged its interest in 300 ordinary shares of Uni Global Power Pte. Ltd. to Mr Zhu Xiaoli. The aggregate value of the interested person transactions did not amount to 3% or more of the Group's audited net tangible assets of approximately S$94.2 million as at 31 December 2016. As such, the Company was not required to announce the details of the interested person transactions pursuant to Rule 905(2) of the Catalist Rules or seek shareholders' approval for the interested person transactions pursuant to Rule 906(1)(b) of the Catalist Rules.

Mr Luo Shandong was a controlling shareholder of the Company as at 18 January 2018. Accordingly, Mr Luo Shandong was an "interested person" for the purposes of Chapter 9 of the Catalist Rules. Details of the interested person transaction were announced via SGXNET on 18 January 2018 and 13 February 2018.

Mr Zhu Xiaolin is an Executive Director and Group President of the Company. He is the brother of Mr Zhu Xiaoli. Accordingly, Mr Zhu Xiaoli is an associate of Mr Zhu Xiaolin and thus an "interested person" under Chapter 9 of the Catalist Rules.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Catalist Rule 920.

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MATERIAL CONTRACTS

(Catalist Rule 1204(8))

There were no material contracts of the Company or its subsidiaries involving the interests of the Group CEO, any Director or controlling shareholders subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year, save for the following:

a) a sale and purchase agreement dated 18 January 2018 entered into between the Company and Mr Luo Shandong, a controlling shareholder of the Company as at 18 January 2018, pursuant to which the Company agreed to sell and Mr Luo Shandong agreed to purchase 1 ordinary share of Cedar Properties Pte. Ltd. representing the entire issued and paid-up share capital of Cedar Properties Pte. Ltd., as referred to in the "Interested Person Transactions" section above and Note C to the consolidated statement of cash flows; and

b) a loan agreement entered into between, *inter alia*, Uni Global Power Pte. Ltd. and Mr Zhu Xiaoli, pursuant to which Mr Zhu Xiaoli agreed to provide a loan to Uni Global Power Pte. Ltd. of a principal amount of US$1,500,000 at an interest rate of 18% per annum and a tenure of 6 months, and in connection therewith, a share pledge agreement entered into between, *inter alia*, DAS Pte. Ltd. and Mr Zhu Xiaoli, pursuant to which DAS Pte. Ltd. pledged its interest in 300 ordinary shares of Uni Global Power Pte. Ltd. to Mr Zhu Xiaoli, as referred to in the "Interested Person Transactions" section above.

RISK MANAGEMENT

(Catalist Rule 1204(4)(b)(iv))

The management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to manage and mitigate these risks. The management reviews all the significant control policies and procedures and highlights all significant findings to the Directors and the AC.

NON-SPONSOR FEES

(Catalist Rule 1204(21))

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The current Continuing Sponsor of the Company is RHT Capital Pte. Ltd. ("**RHT Capital**"). No non-sponsor fees were paid to RHT Capital by the Company for FY2018.

EMPLOYEE SHARE OPTION SCHEME

(Catalist Rule 1204(16))

On 21 November 2016, shareholders terminated the CSH Employee Share Option Scheme 2009 (previously known as CTL Employee Share Option Scheme and which was approved by the Company's shareholders at the Extraordinary General Meeting held on 21 August 2009) and approved the ETC Employee Share Option Scheme 2016 (previously known as the CSH Employee Share Option Scheme 2016) and the ETC Performance Share Plan 2016 (previously known as the CSH Performance Share Plan 2016). Information on the ETC Employee Share Option Scheme 2016 and the ETC Performance Share Plan 2016 can be found on pages 78 to 81 of the Annual Report in the Directors' Statement and Note 25 of the financial statements.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion,

(a) the accompanying statements of the Group and the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

NAMES OF DIRECTORS

The directors of the Company in office at the date of this statement are:

Ang Mong Seng (Non-Executive Group Chairman/Independent Director)
Tan Thiam Hee (Executive Director/Group Chief Executive Officer)
Zhu Xiaolin (Executive Director/Group President)
Lim Jun Xiong Steven (Independent Director)
Teo Cheng Kwee (Non-Executive Director)

DIRECTORS' INTEREST IN SHARES, DEBENTURES, WARRANTS OR OPTIONS

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, none of the directors who held office at the end of the financial year was interested in shares, debentures or warrants of the Company or its related corporations, except as follows:

	Number of ordinary shares				
	Holdings registered in the name of director			Holdings in which director is deemed to have an interest	
	As at 1.1.2018*	**As at 31.12.2018***	As at 21.1.2019*	As at 1.1.2018	**As at 31.12.2018**
The Company - Emerging Towns & Cities Singapore Ltd.					
Ordinary shares					
Tan Thiam Hee	360,000	**360,000**	360,000	–	**–**
Zhu Xiaolin	20,000,000	**151,120,969**	151,120,969	30,469,600	**49,269,895**
Teo Cheng Kwee	59,281,760	**59,281,760**	59,281,760	–	**–**
Share options					
Tan Thiam Hee	5,000,000	**5,000,000**	5,000,000	–	**–**
Teo Cheng Kwee	2,000,000	**2,000,000**	2,000,000	–	**–**

Save as disclosed above, the directors' interests of the ordinary shares, warrants and options of the Company as at 21 January 2019 were the same as at 31 December 2018.

* On 5 December 2017, the Company completed the share consolidation of 25 existing issued ordinary shares into 1 ordinary share and adjustments have been made to reflect the adjusted number of shares, warrants and options. Fractional entitlements are disregarded.

EQUITY COMPENSATION BENEFITS

At the date of this statement, the Company has the following employee share option scheme and performance share plan for granting share options and performance share plan for granting share awards to employees and directors of the Company and its subsidiaries:

(a) the Emerging Towns & Cities Singapore Ltd. Employee Share Option Scheme 2016 (the "2016 Scheme") which was approved at an Extraordinary General Meeting of the Company held on 21 November 2016; and

(b) the Emerging Towns & Cities Singapore Ltd. Performance Share Plan 2016 (the "Plan") which was approved at an Extraordinary General Meeting of the Company held on 21 November 2016.

The 2016 Scheme and the Plan are administered by the Company's Remuneration Committee which at the date of this statement comprises the following members:

Lim Jun Xiong Steven (Chairman)
Ang Mong Seng
Teo Cheng Kwee

Under the 2016 Scheme, the Company may grant options to employees and directors of the Company and its subsidiaries in recognition of their services and contributions to the growth and performance of the Group. Under the Plan, the Company may grant share awards to employees and directors of the Company and its subsidiaries to incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company. The 2016 Scheme and the Plan align the interest of the participants with those of shareholders so as to motivate them to contribute towards future growth and profitability of the Group and maximisation of shareholder value in the longer term.

The total number of new shares over which options or awards may be granted pursuant to the 2016 Scheme and the Plan respectively, when added to the number of shares issued and issuable under such other share-based incentive plans of the Company, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant.

Under the 2016 Scheme, options granted with exercise prices equal to the market price may be exercised after the first anniversary of the date of grant and will expire after ten years from the date of grant. Options with exercise prices which represent a discount to the market price may be exercised after the second anniversary of the date of grant and will expire after ten years from the date of grant.

Under the 2016 Scheme, a variation in the issued share capital of the Company (whether by way of a capitalisation of profits, reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued shares), subdivision, consolidation or distribution, or issues for cash or for shares or otherwise howsoever) shall take place, then (a) the exercise price in respect of the shares comprised in any option(s) to the extent unexercised; (b) the class and/or number of shares comprised in any option(s) to the extent unexercised and the rights attached thereto; and/or (c) the class and/or number of shares in respect of which additional options may be granted to participants of the 2016 Scheme may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate, including retrospective adjustments where such variation occurs after the date of the exercise of an option provided that the record date relating to such variation precedes such date of exercise.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Under the Plan, if a variation in the issued share capital of the Company (whether by way of a capitalisation of profits, reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued shares), subdivision, consolidation or distribution, or issues for cash or for shares or otherwise howsoever) shall take place, then (a) the class and/or number of shares which are the subject of an award to the extent not yet vested; and/or (b) the class and/or number of shares over which future awards may be granted under the Plan may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate, including retrospective adjustments where such variation occurs after the vesting date of an award provided that the record date relating to such variation precedes such date of vesting.

There were no options granted under the 2016 Scheme during the financial year under review. The Employee Share Option Scheme (the "2009 Scheme") approved in 2009 was terminated by the shareholders at an Extraordinary General Meeting of the Company held on 21 November 2016. Options already granted under the 2009 Scheme remain valid and exercisable until the end of the relevant exercise period.

Details of outstanding options granted under the 2009 Scheme as at the end of the financial year are as follows:

Date of grant	Balance* as at 1.1.2018	Options cancelled or lapsed	Options exercised	Balance* as at 31.12.2018	Exercise price* per share option	Exercisable period
17.5.2016	16,000,000	(1,000,000)	–	15,000,000	$0.075	17.5.2018 to 16.5.2026
	16,000,000	(1,000,000)	–	15,000,000		

* On 5 December 2017, the Company completed the share consolidation of 25 existing issued ordinary shares into 1 ordinary share and adjustments have been made to reflect the adjusted number of shares, warrants and options. Fractional entitlements are disregarded.

There were no options granted to the directors, controlling shareholders of the Company or their associates (as defined in the Listing Manual – Section B: Rules of Catalist ("Catalist Rules") of Singapore Exchange Securities Trading Limited) as at the end of the financial year under the Schemes, except as follows:

Name of participant	options* granted during financial year under review (including terms)	Aggregate Options* granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options* outstanding as at end of financial year under review
2009 Scheme				
Tan Thiam Hee	–	5,000,000	–	5,000,000
Teo Cheng Kwee	–	2,000,000	–	2,000,000

* On 5 December 2017, the Company completed the share consolidation of 25 existing issued ordinary shares into 1 ordinary share and adjustments have been made to reflect the adjusted number of shares, warrants and options. Fractional entitlements are disregarded.

There were no material conditions to which the options granted under the 2009 Scheme were subject.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Save for Mr Tan Thiam Hee, no director or employee the Company or any of its subsidiaries has received 5% or more of the total number of options available under the Schemes. No options have been granted to the directors and employees of the Company's subsidiaries since the commencement of the share option schemes to the end of the financial year under review.

There were no unissued shares of subsidiaries under option as at the end of the financial year. No shares have been issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company.

There were no awards granted to the directors, controlling shareholders of the Company or their associates (as defined in the Catalist Rules) as at the end of the financial year under the Plan, except as follows:

Name of participant	Total number of shares comprised in awards granted during the financial year under review (including terms)	Aggregate number of shares comprised in awards granted since commencement of the Plan to the end of the financial year under review	Aggregate number of shares comprised in awards released since the commencement of the Plan to the end of the financial year under review	Aggregate number of shares comprised in awards which have not been released as at the end of the financial year under review
Plan				
Tan Thiam Hee	–	360,000	360,000	–

No director or employee of the Company or any of its subsidiaries has received 5% or more of the total number of shares available under the Plan.

There were no awards granted to the directors and employees of the Company's subsidiaries for the financial year under review, and the aggregate number of shares comprised in awards granted to the directors and employees of the Company's subsidiaries since the commencement of the Plan to the end of the financial year under review is 2,261,000.

CHANGE OF COMPANY NAME

Pursuant to an Extraordinary General Meeting on 27 February 2017, the name of the Company was changed to Emerging Towns & Cities Singapore Ltd.

AUDIT COMMITTEE

The Audit Committee at the date of report comprises the following members:

Lim Jun Xiong Steven (Chairman)
Ang Mong Seng
Teo Cheng Kwee

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Chapter 50, the Catalist Rules and the Code of Corporate Governance. The functions performed are detailed in the Report on Corporate Governance set out in the Annual Report of the Company for the financial year ended 31 December 2018.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Foo Kon Tan LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

INDEPENDENT AUDITORS

The independent auditors, Foo Kon Tan LLP, Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Directors

....

ANG MONG SENG

....

TAN THIAM HEE

Dated: 26 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Emerging Towns & Cities Singapore Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties (Refer to Note 5 to the financial statements)

Risk:
These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement and estimation in determining the appropriate valuation methodology to be used, and in evaluating the underlying assumptions to be applied. The key assumptions used included price per square metre of market comparables, capitalisation rate, expected rental growth, and vacancy period.

Our response:
We assessed the Group's processes for the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We read the terms of engagement of the external valuers to consider the objectivity and independence of the external valuers, and also considered the qualification and competency of the external valuers engaged.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

Key Audit Matters (Continued)

We also evaluated the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the appropriateness of the valuation techniques used by the external valuers for the respective investment properties, taking into account the profile and type of these properties. We discussed with the external valuers on the results of their work, and compared the key assumptions used in their valuations by reference to internal historical data, and available benchmarks, and considered whether these assumptions were consistent with the current market environment.

We also considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between inputs and fair values.

Net realisable value of development properties (Refer to Note 6 to the financial statements)

Risk:
Properties (consisting of completed properties for sale, properties under development and land under development) represent the largest category of assets on the consolidated statement of financial position.

Management's assessment of the recoverable amounts of the properties, i.e. the lower of cost and net realisable value, is a judgemental process which requires the estimation of net realisable value, taking into account the future selling prices (net of all estimated selling expenses) and the anticipated costs to completion. The shortfall in the net realisable values over the costs of the properties is accounted for as a write-down on development properties recognised in the Group's profit or loss.

The determination of the estimated net realisable values of these development properties is dependent upon the Group's expectations of future selling prices which are affected by macro and micro influences, amongst other things, demand and supply, interest rates, government policies and economic conditions.

There is an inherent risk that the estimate of net realisable values may exceed future selling prices, resulting in a loss when these properties are sold.

Our response:
We reviewed reasonableness of the inputs used by management in assessing the estimated selling prices of properties under development and completed properties held for sale. The inputs used included recently transacted selling prices of these properties and comparable properties, and management's expectations based on the market and Group-specific factors.

We also evaluated the Group's estimated total development costs, taking into consideration costs incurred to date, estimated costs to completion, construction progress and any deviation in project cost components which could lead to cost overruns.

We considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The other information mainly comprises the Corporate Profile, Group Chairman's Statement, Audit Committee's Report, Operational and Financial Review, Corporate Milestones, Sustainability Performance Statement and Directors' Statement.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

Other Information (Continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 26 March 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	The Group 31 December 2018 $'000	The Group 31 December 2017 $'000 (Restated)	The Group 1 January 2017 $'000	The Company 31 December 2018 $'000	The Company 31 December 2017 $'000	The Company 1 January 2017 $'000
ASSETS							
Non-Current Assets							
Property, plant and equipment	3	**4,942**	5,509	7,929	**144**	42	87
Subsidiaries	4	**–**	–	–	**35,393**	45,269	34,228
Investment properties	5	**65,228**	95,594	61,350	**–**	–	–
Trade receivables	7	**9,390**	5,200	1,272	**–**	–	–
		79,560	106,303	70,551	**35,537**	45,311	34,315
Current Assets							
Development properties	6	**219,616**	208,521	246,225	**–**	–	–
Trade and other receivables	7	**14,450**	17,120	22,229	**35,629**	35,790	2,324
Prepayments		**1,415**	2,617	1,495	**23**	32	48
Cash and bank balances	8	**3,026**	21,072	16,524	**850**	3,395	3,624
		238,507	249,330	286,473	**36,502**	39,217	5,996
Total assets		**318,067**	355,633	357,024	**72,039**	84,528	40,311
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	9	**43,126**	43,126	131,618	**43,126**	43,126	131,618
Reserves	10	**68,559**	78,684	(77,425)	**27,591**	39,686	(99,873)
Equity attributable to owners of the Company		**111,685**	121,810	54,193	**70,717**	82,812	31,745
Non-controlling interests		**4,737**	8,723	39,232	**–**	–	–
Total equity		**116,422**	130,533	93,425	**70,717**	82,812	31,745
Non-Current Liabilities							
Provision for site restoration		**23**	30	30	**23**	30	30
Deferred tax liabilities	11	**26,283**	31,447	34,177	**–**	–	–
Borrowings	12	**35,005**	20,700	61,021	**–**	–	7,229
Accrued land lease premium	13	**24,920**	21,338	23,087	**–**	–	–
Advance consideration received from customers	15	**3,549**	4,039	7,385	**–**	–	–
		89,780	77,554	125,700	**23**	30	7,259
Current Liabilities							
Borrowings	12	**13,188**	24,397	26,831	**80**	–	–
Accrued land lease premium	13	**3,842**	7,533	4,074	**–**	–	–
Trade and other payables	14	**68,395**	43,584	62,129	**1,219**	1,686	1,307
Advance consideration received from customers	15	**26,440**	67,845	41,756	**–**	–	–
Current tax payable		**–**	4,187	3,109	**–**	–	–
		111,865	147,546	137,899	**1,299**	1,686	1,307
Total liabilities		**201,645**	225,100	263,599	**1,322**	1,716	8,566
Total equity and liabilities		**318,067**	355,633	357,024	**72,039**	84,528	40,311

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		$'000	$'000
			(Restated)
Revenue	16	**62,298**	57,907
Cost of sales		**(45,335)**	(42,275)
Gross profit		**16,963**	15,632
Other income	17	**11,642**	12,514
Distribution costs		**(1,981)**	(8,244)
Administrative expenses		**(8,228)**	(10,528)
Other operating expenses		**(1,158)**	(2,444)
Finance costs	18	**(6,339)**	(5,309)
Profit before taxation	19	**10,899**	1,621
Taxation	20	**(688)**	(1,295)
Profit for the year		**10,211**	326
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Effects on reclassification of property, plant and equipment to investment properties		**–**	299
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation of foreign operations		**2,216**	(7,851)
Reclassification of currency translation differences on disposal of subsidiaries		**271**	–
		2,487	(7,851)
Other comprehensive income/(loss) for the year, net of tax of nil		**2,487**	(7,552)
Total comprehensive income/(loss) for the year		**12,698**	(7,226)
Profit/(Loss) attributable to:			
Owners of the Company		**3,429**	(2,163)
Non-controlling interests		**6,782**	2,489
		10,211	326
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**5,796**	(5,772)
Non-controlling interests		**6,902**	(1,454)
		12,698	(7,226)
Earnings/(Loss) per share attributable to owners of the Company (Singapore cents)			
– basic	21	**0.36**	(0.24)
– diluted	21	**0.30**	(0.17)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital $'000	Capital reduction reserve $'000	Capital reserve $'000	Revaluation reserve $'000	Warrant reserve $'000	Share option reserve $'000	Equity component of convertible loan $'000	Foreign currency translation $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2017	131,618	15,998	2,278	–	2,879	243	–	(44)	(98,779)	54,193	39,232	93,425
(Loss)/Profit for the year	–	–	–	–	–	–	–	–	(2,163)	(2,163)	2,489	326
Other comprehensive income/(loss) for the year	–	–	–	299	–	–	–	(3,908)	(2,163)	(3,609)	(3,943)	(7,552)
Total comprehensive income/(loss) for the year	–	–	–	299	–	–	–	(3,908)	(2,163)	(5,772)	(1,454)	(7,226)
Contributions by and distributions to owners												
Issue of ordinary shares arising from:												
– Exercise of warrants (Note 9)	6,183	–	–	–	(2,365)	–	–	–	–	3,818	–	3,818
– Conversion of convertible loan (Note 9)	8,010	–	–	–	–	–	(8,010)	–	–	–	–	–
– Performance share plan (Note 9)	280	–	–	–	–	–	–	–	–	280	–	280
Issue of convertible loan	–	–	4,057	–	–	–	37,896	–	–	41,953	–	41,953
Expiry of warrants	–	–	–	–	(514)	–	–	–	514	–	–	–
Capital reduction (Note 9)	(112,000)	–	–	–	–	–	–	–	112,000	–	–	–
Share-based compensation (Note 19)	–	–	–	–	–	389	–	–	–	389	–	389
Changes in ownership interests in subsidiaries												
Acquisition of remaining interest in a subsidiary (Note 22)	9,035	–	17,914	–	–	–	–	–	–	26,949	(29,055)	(2,106)
Transactions with owners in their capacity as owners	(88,492)	–	21,971	–	(2,879)	389	29,886	–	112,514	73,389	(29,055)	44,334
Balance at 31 December 2017	43,126	15,998	24,249	299	–	632	29,886	(3,952)	11,572	121,810	8,723	130,533

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital $'000	Capital reduction reserve $'000	Capital reserve $'000	Revaluation reserve $'000	Share option reserve $'000	Equity component of convertible loan $'000	Foreign currency translation $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2018, as previously stated	43,126	15,998	24,249	299	632	29,886	(3,998)	14,150	124,342	11,364	135,706
Adoption of SFRS(I) (Note 2(b))	–	–	–	–	–	–	–	(928)	(928)	(971)	(1,899)
Effect of prior year adjustments (Note 31)	–	–	–	–	–	–	46	(1,650)	(1,604)	(1,670)	(3,274)
Balance at 1 January 2018, as restated	43,126	15,998	24,249	299	632	29,886	(3,952)	11,572	121,810	8,723	130,533
Profit for the year	–	–	–	–	–	–	–	3,429	3,429	6,782	10,211
Other comprehensive income	–	–	–	–	–	–	2,367	–	2,367	120	2,487
Total comprehensive income for the year	–	–	–	–	–	–	2,367	3,429	5,796	6,902	12,698
Contributions by and distributions to owners											
Interest incurred on convertible loan	–	–	–	–	–	201	–	–	201	–	201
Forfeit of share options within vesting period	–	–	–	–	(49)	–	–	–	(49)	–	(49)
Share-based compensation (Note 19)	–	–	–	–	147	–	–	–	147	–	147
Changes in ownership interests in subsidiaries											
Disposal of subsidiaries	–	–	446	–	–	(16,937)	271	–	(16,220)	(10,888)	(27,108)
Transactions with owners in their capacity as owners	–	–	446	–	98	(16,736)	271	–	(15,921)	(10,888)	(26,809)
Balance at 31 December 2018	43,126	15,998	24,695	299	730	13,150	(1,314)	15,001	111,685	4,737	116,422

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000 (Restated)
Cash Flows from Operating Activities			
Profit before taxation		**10,899**	1,621
Adjustments for:			
Share-based compensation		**98**	606
Depreciation of property, plant and equipment	3	**333**	404
Financing income on payments from customers	17	**(945)**	(277)
Write off of property, plant and equipment	3	**–**	244
Fair value gain on investment properties	17	**(10,661)**	(11,963)
Interest income	17	**(15)**	(75)
Finance costs	18	**6,339**	5,309
Operating profit/(loss) before working capital changes		**6,048**	(4,131)
Development properties		**(17,369)**	12,933
Trade and other receivables		**(5,655)**	(1,172)
Trade and other payables		**7,237**	(2,799)
Cash (used in)/generated from operations		**(9,739)**	4,831
Income tax paid		**–**	(808)
Net cash (used in)/generated from operating activities		**(9,739)**	4,023
Cash Flows from Investing Activities			
Acquisition of non-controlling interest in a subsidiary		**–**	(702)
Disposal of subsidiaries, net of cash disposed of (Note C)		**(10,709)**	–
Interest received		**15**	75
Purchase of property, plant and equipment (Note B)		**(564)**	(1,958)
Restricted cash		**10,193**	–
Sale of investment properties		**205**	–
Net cash used in investing activities		**(860)**	(2,585)
Cash Flows from Financing Activities			
Deposits pledged to financial institutions		**–**	(3,977)
Interest paid		**(1,513)**	(3,699)
Issue of ordinary shares		**–**	3,781
Proceeds from bank loans (Note A)		**3,328**	27,481
Proceeds from third party loan (Note A)		**20,449**	–
Proceeds from shareholder loans (Note A)		**9,326**	–
Repayment of bank loans (Note A)		**(19,897)**	(811)
Proceeds from other loans (Note A)		**126**	–
Repayment of other loans (Note A)		**(46)**	–
Repayment of shareholder loans (Note A)		**(8,637)**	(412)
Repayment of interest-free loans		**–**	(23,871)
Net cash generated from/(used in) financing activities		**3,136**	(1,508)
Net decrease in cash and cash equivalents		**(7,463)**	(70)
Cash and cash equivalents at beginning of year		**10,879**	10,308
Exchange differences on translation of cash and cash equivalents		**(390)**	641
Cash and cash equivalents at end of year	8	**3,026**	10,879

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Note A: Reconciliation of liabilities arising from financing activities

The following are the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

	As at 31 December 2017 $'000	Cash flows Proceeds from loans $'000	Cash flows Repayment of loans $'000	Exchange difference on re-translation $'000	As at 31 December 2018 $'000
Borrowings (Note 12):					
Bank loans	42,522	3,328	(19,897)	(1,155)	**24,798**
Loans from shareholders of a subsidiary	2,575	9,326	(8,637)	(40)	**3,224**
Amount due to a third party (non-trade)	–	20,449	–	(358)	**20,091**
Other loans	–	126	(46)	–	**80**
Total	45,097	33,229	(28,580)	(1,553)	**48,193**

	As at 31 December 2016 $'000	Cash flows -Proceeds from loans $'000	Cash flows -Repayment of loans $'000	Other non-cash flows $'000	Exchange difference on re-translation $'000	As at 31 December 2017 $'000
Borrowings (Note 12):						
Interest-free loans	23,231	–	(23,871)	1,139	(499)	–
Bank loans	19,618	27,481	(811)	–	(3,766)	42,522
Loans from shareholders of a subsidiary	2,892	–	(412)	–	95	2,575
Shareholder's loans	42,111	–	–	(41,358)	(753)	–
Total	87,852	27,481	(25,094)	(40,219)	(4,923)	45,097

Note B: Additions to property, plant and equipment (Note 3)

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $564,000 (2017: $6,280,000) of which $564,000 (2017: $1,958,000) was paid in cash.

Note C: On 15 March 2018, pursuant to an extraordinary general meeting, the shareholders of the Company approved the disposal of Cedar Properties Pte. Ltd. ("CPPL") to Mr Luo Shandong ("Mr Luo"), a then major shareholder of the Company, for a consideration of RMB81,000,000 (equivalent to $16,937,000). The disposal was completed on the same date and CPPL, together with its 60% owned subsidiary, Daya Bay, ceased to be subsidiaries of the Group. As the disposal constitutes a transaction with a shareholder of the Company, the resulting gain or loss on disposal is directly recognised in a separate reserve in equity.

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

	2018 $'000
Plant and equipment	**913**
Investment properties	**51,051**
Development properties	**1,721**
Trade and other receivables	**5,275**
Cash and bank balances	**10,709**
Deferred tax liabilities	**(6,330)**
Trade and other payables	**(10,590)**
Advances from customers	**(21,489)**
Current tax payable	**(4,152)**
Net assets disposed of	**27,108**
Foreign currency translation reserve	**271**
Non-controlling interests	**(10,888)**
Gain on disposal of subsidiaries, recorded in capital reserve	**446**
Total consideration	**16,937**
Amount set off against convertible loan	**(16,937)**
Cash and bank balances in subsidiaries disposed of	**(10,709)**
Net cash outflow arising from disposal	**(10,709)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1 GENERAL INFORMATION

The financial statements of Emerging Towns & Cities Singapore Ltd. (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore.

The registered office is located at 160 Robinson Road, #12-08 SBF Center, Singapore 068914.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are as stated in Note 4.

2(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") promulgated by the Accounting Standards Council ("ASC"). SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in preparing these financial statements. These are the first financial statements of the Group and the Company prepared in accordance with SFRS(I).

The financial statements until 31 December 2017 had been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). FRS differs in certain respects from SFRS(I). The financial statements for the financial year ended 31 December 2018 are prepared in accordance with SFRS(I). An explanation of how the transition to SFRS(I) has affected the reported financial position, financial performance and cash flows is provided in Note 2(b).

The financial statements have been prepared under the historical cost convention except as otherwise described in the notes below.

The preparation of financial statements in conformity with SFRS(I) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2(c).

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information is presented in Singapore dollar and rounded to the nearest thousand, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(B) ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)")

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures are made for specific transition adjustments if applicable.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers which includes clarifications to SFRS(I) 15 Revenue from Contracts with Customers;
- SFRS(I) 9 Financial Instruments which includes amendments arising from SFRS(I) 4 Insurance Contracts;
- requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and measurement of share-based payment transactions;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of investment property;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters;
- requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value; and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

Management did not elect any of the optional exemptions available under SFRS(I) 1. Therefore, the adoption of SFRS(I) does not have a material effect on the financial statements.

The accounting policies set out in note 2(d) have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions under SFRS(I) 1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(B) ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") (CONTINUED)

The effects of transition to SFRS(I) and initial application of SFRS(I) 15 are presented and explained below.

(I) Reconciliation of the Group's equity

Impact on the consolidated statements of financial position as at 31 December 2017 (end of last period reported under FRSs)

	Note	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	3	**5,509**	–	**5,509**
Subsidiaries	4	**–**	–	**–**
Investment properties	5	**95,594**	–	**95,594**
Trade receivables	7	**–**	5,200	**5,200**
		101,103	5,200	**106,303**
Current Assets				
Development properties	6	**208,521**	–	**208,521**
Trade and other receivables	7	**23,723**	(6,603)	**17,120**
Prepayment		**2,617**	–	**2,617**
Cash and bank balances	8	**21,072**	–	**21,072**
		255,933	(6,603)	**249,330**
Total assets		**357,036**	(1,403)	**355,633**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	9	**43,126**	–	**43,126**
Reserves	10	**79,612**	(928)	**78,684**
Equity attributable to owners of the Company		**122,738**	(928)	**121,810**
Non-controlling interests		**9,694**	(971)	**8,723**
Total equity		**132,432**	(1,899)	**130,533**
Non-Current Liabilities				
Provision for site restoration		**30**	–	**30**
Deferred tax liabilities	11	**31,447**	–	**31,447**
Borrowings	12	**20,700**	–	**20,700**
Accrued land lease premium	13	**21,338**	–	**21,338**
Advance consideration received from customers	15	**–**	4,039	**4,039**
		73,515	4,039	**77,554**
Current Liabilities				
Borrowings	12	**24,397**	–	**24,397**
Accrued land lease premium	13	**7,533**	–	**7,533**
Trade and other payables	14	**43,584**	–	**43,584**
Advance consideration received from customers	15	**71,388**	(3,543)	**67,845**
Current tax payable		**4,187**	–	**4,187**
		151,089	(3,543)	**147,546**
Total liabilities		**224,604**	496	**225,100**
Total equity and liabilities		**357,036**	(1,403)	**355,633**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(B) ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") (CONTINUED)

(I) Reconciliation of the Group's equity (Continued)

Impact on the consolidated statements of financial position as at 1 January 2017 (date of transition to (SFRS(I)))

	Note	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	3	**7,929**	–	**7,929**
Subsidiaries	4	**–**	–	**–**
Investment properties	5	**61,350**	–	**61,350**
Trade receivables	7	**–**	1,272	**1,272**
		69,279	1,272	**70,551**
Current Assets				
Development properties	6	**246,225**	–	**246,225**
Trade and other receivables	7	**23,675**	(1,446)	**22,229**
Prepayments		**1,495**	–	**1,495**
Cash and bank balances	8	**16,524**	–	**16,524**
		287,919	(1,446)	**286,473**
Total assets		**357,198**	(174)	**357,024**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	9	**131,618**	–	**131,618**
Reserves	10	**(77,046)**	(379)	**(77,425)**
Equity attributable to owners of the Company		**54,572**	(379)	**54,193**
Non-controlling interests		**39,626**	(394)	**39,232**
Total equity		**94,198**	(773)	**93,425**
Non-Current Liabilities				
Provision for site restoration		**30**	–	**30**
Deferred tax liabilities	11	**34,177**	–	**34,177**
Borrowings	12	**61,021**	–	**61,021**
Accrued land lease premium	13	**23,087**	–	**23,087**
Advance consideration received from customers	15	**–**	7,385	**7,385**
		118,315	7,385	**125,700**
Current Liabilities				
Borrowings	12	**26,831**	–	**26,831**
Accrued land lease premium	13	**4,074**	–	**4,074**
Trade and other payables	14	**62,129**	–	**62,129**
Advance consideration received from customers	15	**48,542**	(6,786)	**41,756**
Current tax payable		**3,109**	–	**3,109**
		144,685	(6,786)	**137,899**
Total liabilities		**263,000**	599	**263,599**
Total equity and liabilities		**357,198**	(174)	**357,024**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(B) ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") (CONTINUED)

Reconciliation of the Group's total comprehensive income
Consolidated statement of profit or loss and other comprehensive income

	Note	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Revenue	16	**59,310**	(1,403)	**57,907**
Cost of sales		**(42,275)**	–	**(42,275)**
Gross profit		**17,035**	(1,403)	**15,632**
Other income	17	**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	18	**(5,309)**	–	**(5,309)**
Profit before taxation	19	**2,747**	(1,126)	**1,621**
Taxation	20	**(1,295)**	–	**(1,295)**
Profit for the year		**1,452**	(1,126)	**326**
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Effects on reclassification of property, plant and equipment to investment properties		**299**	–	**299**
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences arising from consolidation of foreign operations		**(7,851)**	–	**(7,851)**
Reclassification of currency translation differences on disposal of subsidiaries		**–**	–	**–**
Other comprehensive loss for the year, net of tax of nil		**(7,552)**	–	**(7,552)**
Total comprehensive loss for the year		**(6,100)**	(1,126)	**(7,226)**
Profit/(Loss) attributable to:				
Owners of the Company		**(1,614)**	(549)	**(2,163)**
Non-controlling interests		**3,066**	(577)	**2,489**
		1,452	(1,126)	**326**
Total comprehensive loss attributable to:				
Owners of the Company		**(5,223)**	(549)	**(5,772)**
Non-controlling interests		**(877)**	(577)	**(1,454)**
		(6,100)	(1,126)	**(7,226)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(B) ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") (CONTINUED)

SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, and the information presented for 2017 has been restated.

Significant financing components arising from payments from customers

The Group receives payments from customers for the sale of development properties. Under the payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not coincide and where the difference between the timing of receipt of the payments and the transfer of goods and services is 12 months or more, there may exist a significant financing component arising from payments from buyers. A finance income or finance expenses will be recognised depending on the arrangement. The impact to the financial statements is as follows:

	31 December 2017 $'000	1 January 2017 $'000
Consolidated statement of financial position		
Decrease in trade receivables	**(1,403)**	(174)
Increase in advance consideration received from customers	**(496)**	(599)
Decrease in non-controlling interests	**(971)**	(394)
Decrease in retained earnings	**(928)**	(379)

	2017 $'000
Consolidated statement of profit or loss and other comprehensive income	
Decrease in revenue	**(1,403)**
Increase in finance income	**277**
Decrease in profit for the year	**(1,126)**

2(B) ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") (CONTINUED)

SFRS(I) 9

SFRS(I) 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. There are no differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, refer to Note 2(e).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(B) ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)") (CONTINUED)

SFRS(I) 9 (Continued)

Classification of financial assets and financial liabilities (Continued)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

			1 January 2018	
The Group	**Original classification under FRS 39**	**New classification under SFRS(I) 9**	**Original carrying amount under FRS 39 $'000**	**New carrying amount under SFRS(I) 9 $'000**
Trade and other receivables	Loans and receivables	Amortised cost	26,340	24,937
Cash and bank balances	Loans and receivables	Amortised cost	21,072	21,072
Total financial assets			47,412	46,009
The Company				
Trade and other receivables	Loans and receivables	Amortised cost	35,822	35,822
Cash and bank balances	Loans and receivables	Amortised cost	3,395	3,395
Total financial assets			39,217	39,217

Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Group and the Company measure the allowance for impairment is described in Note 27.1. The Group holds collateral in respect of its trade receivables and can repossess the properties from buyers if they default. Under SFRS(I) 9, the measurement of the ECLs will reflect the recovery expected from the collateral (adjusting for the costs of obtaining and selling the collateral) on the property and result in the ECLs on the Group's trade receivables being insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(C) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following are the new or amended SFRS(I) and SFRS(I) INT issued that are not yet effective but may be early adopted for the current financial year; however, the Group has not early adopted the new or amended SFRS(I) and SFRS(I) INT in preparing these financial statements:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 16	*Leases*	1 January 2019
SFRS(I) 17	*Insurance Contracts*	1 January 2021
SFRS(I) INT 23	*Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	*Definition of Material*	1 January 2020
Amendments to SFRS(I) 1-19	*Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to SFRS(I) 1-28	*Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to SFRS(I) 3	*Definition of a Business*	1 January 2020
Amendments to SFRS(I) 9	*Prepayment Features with Negative Compensation*	1 January 2019
Various	*Amendments to References to the Conceptual Framework in SFRS(I) Standards*	1 January 2020
Annual Improvements to SFRS(I)s 2015-2017 Cycle:		
– Amendments to SFRS(I) 3 and SFRS(I) 11	*Previously Held Interest in a Joint Operation*	1 January 2019
– Amendments to SFRS(I) 1-12	*Income Tax Consequences of Payments on Financial Instruments Classified as Equity*	1 January 2019
– Amendments to SFRS(I) 1-23	*Borrowing Costs Eligible for Capitalisation*	1 January 2019

Management does not anticipate that the adoption of the above SFRS(I) in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except for the following:

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. The Group has an office under operating lease, which the Group expects to be recognised as ROU asset with corresponding lease liability under SFRS(I) 16. This would increase the gearing ratio of the Group. It is currently impracticable to disclose any further information on the known or reasonable estimable impact to the financial statements.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(C) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

SFRS(I) INT 23

The interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are detailed below.

Significant judgements made in applying accounting policies

Determination of functional currencies

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Significant judgements made in applying accounting policies (Continued)

Deferred taxation on investment properties (Note 11)

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment properties portfolio and concluded that the Group's investment properties are held under the business model whose objective is to consume substantially all of the economic benefits embodied the investment properties over time, rather than through sale.

Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. The Group recognises deferred taxes on changes in fair value of investment properties.

Impairment of trade and other receivables (Note 7)

The impairment for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group has the right to repossess the property from the customer in the event of payment default, result in the expected credit loss on the Group's trade receivables being insignificant.

Income taxes (Note 20)

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Significant assumptions used and accounting estimates in applying accounting policies

Depreciation of property, plant and equipment (Note 3)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage, maintenance programmes, and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 3 to the financial statements. A 10% change in the depreciation expense of property, plant and equipment by one year would increase/decrease the Group's profit for the financial year by approximately $33,000 (2017: $40,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(D) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Significant assumptions used and accounting estimates in applying accounting policies (Continued)

Valuation of investment properties (Note 5)

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers using various valuation methods including the direct comparison method and a combination of discounted cash flows method and capitalisation method. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

The carrying amounts of investment properties at the end of the reporting period are disclosed in Note 5 to the financial statements. If the fair value of these assets from management's estimates were to increase/decrease by 5% (2017 – 5%), the Group's profit will increase/decrease by $3,261,000 (2017: $4,780,000).

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Thus, the Group controls an investee if and only if the Group has all of the following:

– power over the investee;

– exposure, or rights or variable returns from its involvement with the investee; and

– the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFRS(I) 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Disposal

When the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
– de-recognises the carrying amount of any non-controlling interest;
– de-recognises the cumulative translation differences recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss;
– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Subsidiaries

In the Company's separate financial statements, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Functional currencies and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conversion of foreign currencies

Transactions and balances
Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities
The results and financial position of all the Group entities *(none of which has the currency of a hyperinflationary economy)* that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of that statement of financial position;

(ii) Income and expenses for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment, and depreciation (Continued)

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

If the property was previously held for own use, then it is accounted for as property, plant and equipment up to the date of change in use before its reclassification to "investment properties". Any difference at the date of the change in use between the carrying amount of the property and its fair value is recognised as a revaluation reserve, even if the property was previously measured using the cost model. On subsequent disposal of the investment property, any existing revaluation surplus that was previously recognised is transferred to accumulated profits.

Depreciation on the property, plant and equipment is calculated using the straight-line method to allocate the depreciable amount over their estimated useful lives as follows:

Leasehold land	70 years from 15 October 2013
Leasehold building	70 years from 15 October 2013
Office equipment	5 to 8 years
Furniture and fittings	3 years
Renovations	5 years
Motor vehicles	1 to 8 years
Yacht	10 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

For acquisitions and disposals during the year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties and investment properties under development

Investment properties include those portions of commercial properties and apartments that are held for long-term rental yields and/or capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

Investment properties and investment properties under development are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties and investment properties under development are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, any gain or loss on disposal or retirement of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of owner occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer of investment properties to development properties; or
- commencement of an operating lease to another party, for a transfer from development properties or property, plant and equipment to investment properties.

When the use of a property changes such that it is reclassified as investment properties, its fair value at the date of transfer becomes its cost for subsequent accounting.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Borrowing costs that are directly attributable to the acquisition and development of a development property are capitalised as part of the development property during the period of development until the completion of development.

For a transfer to investment properties from development properties for sale, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Unsold completed development properties

Completed development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the completion of contract method. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense in profit or loss immediately. If the development properties are transferred to investment properties, the gain or loss on revaluation, based on the asset's carrying amount at the date of transfer, is recognised in profit or loss.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are capitalised as part of directly attributable cost when incurred.

Land held for development

Land held for development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment loss (if any).

Financial assets

Initial recognition and measurement

Financial assets are recognised when, only when the entity becomes party to the contractual provisions of the instruments. Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition. Refer to the accounting policy on "Revenue from contracts with customers".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group does not hold any financial assets at FVOCI or financial assets at FVTPL.

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost comprise trade and other receivables and cash and bank balances.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its debt instrument assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

For trade and other receivables, the Group measures the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At the end of each reporting period, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Group's financial liabilities comprise borrowings, accrued land lease premium, and trade and other payables.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from customer. If customer pays consideration before the Group transfers good or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract liabilities relate to advance consideration received from customers.

Cost to obtain a contract

The Group pays sales commission to its employee for each contract that they obtain for bundled sales of equipment and installation services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commission (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss, such as interest-bearing borrowings, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are recognised initially as liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantees.

Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with the impairment model under SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude bank balances restricted in use.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Convertible bonds

Convertible notes that can be converted into share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. The value of the conversion option, being the difference between the principal amount of the convertible bonds and its present value is taken to the capital reserve in the statement of changes in equity.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Where the Group and the Company is the lessee,

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Where the Group and the Company is the lessor,

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (Continued)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes are levied by the same fiscal authority.

Employee benefits

Pension obligations

The Group and the Company participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. In particular, (i) the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, (ii) the Myanmar incorporated company contributes to the Social Security Board in Myanmar and (iii) employees of the subsidiary in PRC are required to participate in a certain pension scheme operated by the local municipal government (the "Central Pension Scheme"), whereby the PRC subsidiary is required to contribute a certain percentage of the basic salaries of their employees to the Central Pension Scheme. These contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Employee Share Option Scheme

The Company has an employee share option plan for the granting of non-transferable options.

The Group issues equity-settled share options to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant.

Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve is credited to the share capital account when new ordinary shares are issued.

In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment

Performance Share Plan

The Performance Share Plan is accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based expense is amortised and recognised in profit or loss on a straight-line basis over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to profit or loss, with a corresponding adjustment to equity over the remaining vesting period.

The fair value of the options granted to employees of its subsidiaries is determined using the Black-Scholes valuation model as at the date of the grant and recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase recorded in equity of the vesting period.

There are group share-based payment arrangements in which employees of the Company's subsidiaries receive remuneration in the form of share-based payments and the Company settles these transaction for its subsidiary. These are regarded as capital contribution and added to cost of investment in subsidiaries in the Company's statement of financial position.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies: (Continued)

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

(viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss. An impairment loss is reversed in profit or loss if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. As the Group does not have an enforceable right to payment for performance completed to date, the Group accounts for revenue on the sale of development properties using the completion of contract method.

Revenue from the sale of development properties is recognised when the control of the properties has been transferred to the buyers, i.e. when the legal possessory right of the property passes to the buyer upon signing of the property handover notice by the buyer. Payments received from buyers prior to this stage are recorded as "advance consideration received from customers".

The Group receives payments from buyers for the sale of development properties. Under the payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer does not coincide and where the difference between the timing of receipt of the payments and the transfer of control of the property is 12 months or more, there exists a significant financing component arising from payments from buyers. A finance income or finance expenses will be recognised depending on the arrangement, whether payments are received from buyers after or before the properties are handed over and revenue is recognised, respectively.

In determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that include a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract.

Incremental costs of fulfilling a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Rental income

Rental income (net of any incentives given to the lessees) under operating leases are accounted for on a straight-line basis over the lease terms.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(E) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and warrants.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All operating segments' operating results are reviewed regularly by the Group's directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on operating segments are shown in Note 26 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land $'000	Leasehold building $'000	Office equipment $'000	Furniture and fittings $'000	Renovations $'000	Motor vehicles $'000	Yacht $'000	Assets under construction $'000	Total $'000
Cost									
At 1 January 2017	–	–	1,262	317	119	702	1,059	5,521	8,980
Additions	–	–	176	641	–	10	–	5,453	6,280
Effects on reclassification to investment properties (Note 10)	–	–	–	–	–	–	–	299	299
Transfer to investment properties (Note 5)	–	–	–	–	–	–	–	(1,343)	(1,343)
Transfer to development properties (Note 6)	–	–	–	–	–	–	–	(6,305)	(6,305)
Transfers	968	2,657	–	–	–	–	–	(3,625)	–
Write-offs	–	–	(567)	–	–	–	–	–	(567)
Exchange differences on translation	(152)	(417)	(92)	(16)	–	(42)	(14)	–	(733)
At 31 December 2017	**816**	**2,240**	**779**	**942**	**119**	**670**	**1,045**	**–**	**6,611**
Additions	**–**	**–**	**402**	**9**	**153**	**–**	**–**	**–**	**564**
Write-offs	**–**	**–**	**(5)**	**–**	**(119)**	**–**	**–**	**–**	**(124)**
Disposal of subsidiaries	**–**	**–**	**(21)**	**(130)**	**–**	**(176)**	**(1,038)**	**–**	**(1,365)**
Exchange differences on translation	**17**	**45**	**27**	**21**	**–**	**14**	**(7)**	**–**	**117**
At 31 December 2018	**833**	**2,285**	**1,182**	**842**	**153**	**508**	**–**	**–**	**5,803**
Accumulated depreciation									
At 1 January 2017	–	–	454	181	50	225	141	–	1,051
Depreciation charge for the year (Note 19)	–	–	110	88	40	74	92	–	404
Write-offs	–	–	(323)	–	–	–	–	–	(323)
Exchange differences on translation	–	–	(31)	(1)	–	3	(1)	–	(30)
At 31 December 2017	**–**	**–**	**210**	**268**	**90**	**302**	**232**	**–**	**1,102**
Depreciation charge for the year (Note 19)	**8**	**14**	**104**	**62**	**49**	**74**	**22**	**–**	**333**
Write-offs	**–**	**–**	**(5)**	**–**	**(119)**	**–**	**–**	**–**	**(124)**
Disposal of subsidiaries	**–**	**–**	**(15)**	**(113)**	**–**	**(80)**	**(244)**	**–**	**(452)**
Exchange differences on translation	**–**	**–**	**3**	**3**	**–**	**6**	**(10)**	**–**	**2**
At 31 December 2018	**8**	**14**	**297**	**220**	**20**	**302**	**–**	**–**	**861**
Net carrying amount									
At 31 December 2018	**825**	**2,271**	**885**	**622**	**133**	**206**	**–**	**–**	**4,942**
At 31 December 2017	816	2,240	569	674	29	368	813	–	5,509
At 1 January 2017	–	–	808	136	69	477	918	5,521	7,929

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Office equipment $'000	Renovations $'000	Total $'000
Cost			
At 1 January 2017	29	119	148
Additions	4	–	4
At 31 December 2017	**33**	**119**	**152**
Additions	**7**	**153**	**160**
Written off	**(5)**	**(119)**	**(124)**
At 31 December 2018	**35**	**153**	**188**
Accumulated depreciation			
At 1 January 2017	11	50	61
Depreciation for the year	9	40	49
At 31 December 2017	**20**	**90**	**110**
Depreciation for the year	**9**	**49**	**58**
Written off	**(5)**	**(119)**	**(124)**
At 31 December 2018	**24**	**20**	**44**
Net carrying amount			
At 31 December 2018	**11**	**133**	**144**
At 31 December 2017	13	29	42
At 1 January 2017	18	69	87

Included in "renovations" is a provision made for restoration cost of $23,000 (2017: $30,000) in respect of the Company's corporate office.

4 SUBSIDIARIES

The Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Unquoted equity investments, at cost	**39,993**	39,993	28,852
Amount due from a subsidiary (non-trade)	**–**	9,876	9,876
	39,993	49,869	38,728
Less: Allowance for impairment losses	**(4,600)**	(4,600)	(4,500)
	35,393	45,269	34,228

Movements in impairment losses are as follows:

The Company	2018 $'000	2017 $'000
At 1 January of year	**4,600**	4,500
Impairment losses recognised in profit or loss	**–**	100
At 31 December	**4,600**	4,600

As at 1 January 2017 and 31 December 2017, the non-trade amount of $9,876,000 due from a subsidiary forming part of the Company's net investment in the subsidiary was stated at cost. The amount was unsecured and interest-free, and settlement was neither planned nor likely to occur in the foreseeable future. The amount was settled on disposal of the subsidiary during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are:

Name of subsidiaries	Country of incorporation/ Principal place of business	Principal activities	Effective percentage of equity held by the Company			Cost of investment		
			31 December 2018 %	31 December 2017 %	1 January 2017 %	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Held by the Company								
Futura Asset Holdings Pte. Ltd. ("Futura") &	Singapore	Inactive	**100**	100	100	**100**	100	100
Trechance Holdings Limited ("Trechance") ^	Hong Kong	Investment holding	**100**	100	100	**4,500**	4,500	4,500
Cedar Properties Pte. Ltd. ("CPPL") @	Singapore	Investment holding	**–****	100	100	**–****	–*	–*
DAS Pte. Ltd. ("DAS") &	Singapore	Investment holding	**100**	100	75	**35,393**	35,393	24,252
						39,993	39,993	28,852
Held by CPPL								
Huizhou Daya Bay Mei Tai Cheng Property Development Co. Ltd. ("Daya Bay") @	PRC	Property development and investment	**–****	60	60	**–****	++	++
Held by DAS								
Uni Global Power Pte Ltd ("UGP") &	Singapore	Investment holding	**70**	70	52.5	**++**	++	++
Held by UGP								
Golden Land Real Estate Development Co. Ltd. ("GLRE") ^	Myanmar	Property development and investment	**49**	49	36.75	**++**	++	++

@ Audited by Foo Kon Tan LLP for consolidation purposes until disposal
^ Audited by Foo Kon Tan LLP for consolidation purposes
& Audited by Foo Kon Tan LLP for consolidation and statutory purposes
++ Interest held through subsidiaries
* Amount less than $1,000
** Disposed of on 15 March 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 SUBSIDIARIES (CONTINUED)

Disposal of CPPL Group

On 15 March 2018, pursuant to an extraordinary general meeting, the shareholders of the Company approved the disposal of CPPL to Mr Luo Shandong ("Mr Luo"), a then major shareholder of the Company, for a consideration of RMB81,000,000 (equivalent to $16,937,000). The disposal was completed on the same date and CPPL, together with its 60% owned subsidiary, Daya Bay, ceased to be subsidiaries of the Group.

Acquisition of DAS Group

On 27 February 2017, the shareholders of the Company approved the interested person transaction, as defined under Chapter 9 of the Catalist Rules, in respect of the acquisition of 6,225,000 ordinary shares in DAS, representing 25.025% of the total issued and paid-up shares in DAS, that it had not already owned from D3 Capital Limited ("D3"), an entity controlled by the immediate family members of Mr Teo Cheng Kwee, a non-executive director of the Company. The purchase consideration comprised cash of US$1,500,000 and the issuance of 65,469,600 consideration shares in the capital of the Company to D3 at an issue price of $0.138 per share.

On 20 December 2016, the Company completed the acquisition of 74.975% equity interest in DAS (excluding the D3 Acquisition) from (a) Strong Ever Limited, (b) Asiabiz Services Limited, (c) Sunshine Shimmer Limited, and (d) Consortium Investments Limited, for an aggregate cash consideration of US$8,500,000 and the issuance of 140,636,400 new ordinary shares in the Company at an issue price of $0.085 per share. DAS holds 2,800 ordinary shares (representing 70% equity interest) in UGP, which in turn holds 70% equity interest in GLRE, a company incorporated in Myanmar. GLRE owns the Golden City project, which is a mixed-used luxury property development project in Yankin Township of Yangon, Myanmar.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of interests and principal place of business	Proportion of ownership incorporation and voting rights held by non-controlling interests	Profit allocated to non-controlling interests $'000	Other comprehensive income/(loss) allocated to non-controlling interests $'000	Accumulated non-controlling interests $'000
2018					
DAS Group	**Singapore and Myanmar**	**51%**	**6,772**	**220**	**4,737**
Daya Bay **	**PRC**	**40%**	**10**	**(100)**	**–**
2017					
DAS Group	Singapore and Myanmar	51%	1,951	(3,806)	(1,955)
Daya Bay	PRC	40%	538	(137)	10,678

** Disposed of on 15 March 2018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 SUBSIDIARIES (CONTINUED)

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below. No dividend was declared during the financial year. The summarised financial information below represents amounts before intra-group eliminations.

Daya Bay

Summarised statement of financial position

The Company	**31 December 2018 $'000**	31 December 2017 $'000	31 January 2017 $'000
Non-current assets	**–**	51,463	56,961
Current assets	**–**	22,764	27,533
Non-current liabilities	**–**	(6,353)	(7,921)
Current liabilities	**–**	(40,984)	(50,684)
	–	26,890	25,889
Equity attributable to owners of the Company	**–**	16,212	15,612
Equity attributable to non-controlling interest	**–**	10,678	10,277
	–	26,890	25,889

Summarised statement of profit or loss and other comprehensive income

The Company	**2018 $'000**	2017 $'000
Revenue	**3,025**	25,341
Expenses	**(3,000)**	(23,997)
Profit for the period/year	**25**	1,344
Profit attributable to owners of the Company	**15**	806
Profit attributable to non-controlling interests	**10**	538
Profit for the period/year	**25**	1,344
Total comprehensive (loss)/income attributable to owners of the Company	**(150)**	600
Total comprehensive (loss)/income attributable to non-controlling interests	**(100)**	401
Total comprehensive (loss)/income for the period/year	**(250)**	1,001

Other summarised information

The Company	**2018 $'000**	2017 $'000
Net cash (outflow)/inflow from operating activities	**(1,654)**	30,148
Net cash outflow from financing activities	**–**	(24,280)
Net cash (outflow)/inflow for the year	**(1,654)**	5,868

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 SUBSIDIARIES (CONTINUED)

DAS Group

Summarised consolidated statement of financial position

	31 December 2018 $'000	31 December 2017 $'000	31 January 2017 $'000
Non-current assets	**80,835**	49,598	12,231
Current assets	**238,494**	230,563	254,285
Non-current liabilities	**(145,853)**	(67,132)	(103,135)
Current liabilities	**(89,257)**	(144,771)	(94,468)
	84,219	68,258	68,913
Equity attributable to owners of the Company	**79,482**	70,213	39,958
Equity attributable to non-controlling interests	**4,737**	(1,955)	28,955
	84,219	68,258	68,913

Summarised consolidated statement of profit or loss and other comprehensive income

	2018 $'000	2017 $'000
Revenue and other income	**70,869**	45,009
Expenses	**(57,599)**	41,595
Profit for the year/period	**13,270**	3,414
Profit attributable to owners of the Company	**6,498**	1,463
Profit attributable to non-controlling interests	**6,772**	1,951
Profit for the year/period	**13,270**	3,414
Total comprehensive income/(loss) attributable to owners of the Company	**9,030**	(1,940)
Total comprehensive income/(loss) attributable to non-controlling interests	**7,002**	(1,855)
Total comprehensive income/(loss) for the year/period	**16,032**	(3,795)

Other summarised information

	2018 $'000	2017 $'000
Net cash outflow from operating activities	**(5,782)**	(20,305)
Net cash outflow from investing activities	**(394)**	(1,954)
Net cash inflow from financing activities	**3,056**	22,521
Net cash (outflow)/inflow for the year/period	**(3,120)**	262

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 INVESTMENT PROPERTIES

The Group	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Investment properties	**65,228**	95,594	61,350

Movement in investment properties:

The Group	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
At beginning of year	**95,594**	61,350	57,868
Acquisition through business combination	**–**	–	5,455
Disposal of subsidiaries	**(51,051)**	–	–
Additions	**–**	6,573	4
Disposals	**(205)**	–	–
Transfer from property, plant and equipment (Note 3)	**–**	1,343	–
Transfer from development properties (Note 6)	**9,098**	16,459	–
Transfer to development properties (Note 6)	**(499)**	–	–
Fair value gain recognised in the profit or loss (Note 17)	**10,661**	11,963	622
Exchange differences on translation	**1,630**	(2,094)	(2,599)
At end of year	**65,228**	95,594	61,350

The investment properties are as follows:

Location	Description	Net floor area (sq. metres)	Tenure
2018			
Golden City Project No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	58 residential units, 3 retail units and 23 office units	15,275	70 years
2017			
Golden City Project No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	40 residential units, 1 retail unit and 27 office units	12,192	70 years
Daya Bay Project No. 3 Xiaguang Road West, Xia Chong Town, Daya Bay District, Huizhou City, Guangdong Province, PRC	399 holiday apartment units	18,822	70 years

The carrying amount of investment properties pledged to secure borrowings is $30,436,000 (2017: $20,737,000) (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2018, the fair values of investment properties are determined by C.I.M. Property Consultants Co., Ltd. (Colliers International Myanmar) ("CIM") for the Golden City Project. As at 31 December 2017, the fair values of investment properties are determined by Asia-Pacific Consulting and Appraisal Limited ("APA") and Colliers International Thailand Appraisal Co., Ltd. ("CIT") for the Daya Bay Project and Golden City Project, respectively. CIM, APA and CIT are independent firms of professional valuers, who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued.

The valuations of the investment properties are based on the properties' highest and best use. For all of the Group's investment properties, the current use is considered the highest and best use. Fair value measurements are disclosed in Note 30.

Golden City Project

A land lease agreement under a Build, Operate and Transfer ("BOT") arrangement was entered into between the Office of the Commander-in-Chief (Army) Quarter Master General Office ("QM Office") as lessor, and GLRE and one of its non-controlling shareholders as lessees, on 15 October 2013. GLRE received the Myanmar Investment Commission permit on 23 October 2013 and it grants GLRE to carry out the construction and operation of shopping mall, hotel, residences, services apartments and office tower. The project has an initial tenure of 50 years and is extendable for a further two terms of 10 years each. At the expiry of the BOT contract, GLRE is required to transfer the shopping mall, hotel, residences, service apartments and office tower along with all fixed assets back to the QM Office.

As at 31 December 2018

The investment properties within the Golden City Project comprised (i) 58 3-bedroom or 4-bedroom residential units with an average size of 167.9 square metres per unit, with an aggregated total area of 9,739 square metres, located between the 1st and 32nd floors of Block 1-4 of the project, and they are currently leased to local and PRC corporations for a lease term of 1 year; (ii) ground floor retail space located in Block 3 and 4 of the project and is currently leased to a lessee to operate a restaurant for a lease term of 3 years and an engineering corporation for a lease term of 1 year respectively; and (iii) 23 office units within the Golden City Business Centre with an aggregated total area of 4,885 square metres, held for long-term rental yields and/or capital appreciation.

CIM used the market approach to determine the market value of the 58 residential units based on the sale of similar substitute property while the market values of the 3 ground floor retail unit and 26 office units within Golden City Business Centre were determined using the income capitalisation approach by taking into account the rental income achievable in the current market, with a capitalisation rate of 10%.

As at 31 December 2017

The investment properties within the Golden City Project comprised (i) 40 3-bedroom or 4-bedroom residential units with an average size of 165.5 square metres per unit, with an aggregated total area of 6,621 square metres, located between the 6th and 30th floors of Block 1-4 of the project, and they are currently leased to two PRC corporations for a lease term of 1 year; (ii) a ground floor retail space located in Block 3 of the project and is currently leased to a lessee to operate a restaurant for a lease term of 3 years; and (iii) 27 office units within the Golden City Business Centre with an aggregated total area of 5,079 square metres, held for long-term rental yields and/or capital appreciation.

CIT used the market approach to determine the market value of the 40 residential units based on the sale of similar substitute property while the market values of the ground floor retail unit and 27 office units within Golden City Business Centre were determined using the income approach by taking into account the rental income achievable in the current market, with annual rental growth at 5% per annum with adjustment made to office occupancy rate ranging from 50% to 70% in the initial first 3 years and stabilising at 93% from the 4th year onwards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 INVESTMENT PROPERTIES (CONTINUED)

Daya Bay Project

As at 31 December 2017

The construction of the Daya Bay Project was completed in July 2015. As at 31 December 2017, management was still in the process of applying for the Registration of Construction Completion Acceptance from the relevant government authorities. Following which, management will proceed to register and obtain the house ownership certificates for its 399 holiday apartments with the Housing Administration Authority.

Based on the land use right certificate issued by the Municipal People's Government of Huizhou of Guangdong Province dated 24 August 2011, the land use rights of a parcel of land with a site area approximately 15,000 square metres was granted to Daya Bay for residential use for a term of 70 years, expiring on 10 August 2081. Pursuant to a tenancy agreement signed on 24 August 2015, the 399 holiday apartment units are leased to an unrelated hotel operator for a term, expiring on 21 July 2021.

In determining the fair value of the 399 units of holiday apartments, APA applied both the income and market approaches by first taking into account the net rental income of the properties derived from the existing leases as holiday apartments till the expiry of the lease at an appropriate capitalisation rate and subsequently assume the sale of the apartment units in its existing state with the benefit of immediate vacant possession based on comparable sale transactions as available in the relevant market.

The following amounts are recognised in profit or loss:

The Group	**2018** **$'000**	2017 $'000
Rental Income from investment properties (Note 16)	**3,038**	2,901
Direct operating expenses arising from investment properties that generated rental income	**(200)**	(386)

Direct operating expenses comprised mainly property tax of 12% and business tax of 5.6% applied on the rental income earned by the PRC subsidiary by the local tax authority and commercial tax of 5% applied on the rental income earned by the Myanmar subsidiary by the local tax authority.

On 15 March 2018, these investment properties constituted part of the net assets disposed of in the Disposal of CPPL Group (Note 4).

6 DEVELOPMENT PROPERTIES

The Group	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Land held for development, at cost	**30,960**	27,744	30,611
Properties under development, at cost	**–**	66,959	46,053
Completed properties held for sale, at cost	**188,656**	113,818	169,561
	219,616	208,521	246,225
Borrowing costs capitalised during the year	**2,764**	4,221	425

The amount of sales commissions incurred in securing sales which are capitalised in development properties and expensed upon delivery of the properties is $1,430,000 (2017: $2,040,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6 DEVELOPMENT PROPERTIES (CONTINUED)

The movement in development properties during the financial year is as follows:

The Group	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
At beginning of year	**208,521**	246,225	36,854
Acquisition through business combination	**–**	–	325,294
Disposal of subsidiaries	**(1,721)**	–	–
Additions	**58,839**	28,829	291
Transfer to investment properties (Note 5)	**(9,098)**	(16,459)	–
Transfer from investment properties (Note 5)	**499**	–	–
Transfer from property, plant and equipment (Note 3)	**–**	6,305	–
Units sold and recognised in profit or loss	**(42,017)**	(38,064)	(114,140)
Exchange differences on translation	**4,593**	(18,315)	(2,074)
At end of year	**219,616**	208,521	246,225

The completed properties held for sale are as follows:

Location	Description	Net floor area (square metre)	The Group's effective interest **31 December 2018**	31 December 2017	1 January 2017
2018					
Golden City Project No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	501 residential and 13 office units	69,698	**49%**	49%	36.75%
2017					
Golden City Project No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	214 residential and 6 office units	40,253	**N/A**	49%	36.75%
Daya Bay Project No. 3 Xiaguang Road West, Xia Chong Town, Daya Bay District, Huizhou City, Guangdong Province, PRC	33 apartment units	1,565	**N/A**	60%	60%

N/A: Not applicable

The carrying amount of development properties pledged to secure borrowings is $10,823,000 (2017: $19,712,000) (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6 DEVELOPMENT PROPERTIES (CONTINUED)

As at 31 December 2018, 144 out of 501 residential units and 4 out of 13 office units have been contracted for, with advances amounting to US$20,900,000 ($28,500,000) received from buyers. Land under development relates to Phases 3 and 4 of the Golden City Project, with an aggregate gross land area of 3,408 square metres.

As at 31 December 2017, 79 out of 214 residential units and 2 out of 6 office units have been contracted for, with advances amounting to US$13,000,000 ($17,400,000) received from buyers.

As at 31 December 2017, properties under development comprised residential units under construction in respect of Phase 2 of Golden City Project. Phase 2 had a net floor area of 55,157 square metres, comprising 561 units of which 201 units had been contracted for. Advances totalling US$21,400,000 ($28,600,000) had been received from buyers as at 31 December 2017. As at 31 December 2017, Phase 2 was 70% completed, and it was handed over by the second half of 2018. Land under development pertained to Phases 3 and 4 of the Golden City Project, with an aggregate gross land area of 3,408 square metres.

7 TRADE AND OTHER RECEIVABLES

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Trade receivables						
– Non-current	**9,390**	5,200	1,272	**–**	–	–
– Current	**10,084**	13,272	16,168	**–**	–	–
	19,474	18,472	17,440	**–**	–	–
Amount due from subsidiaries (non-trade)	**–**	–	–	**35,600**	35,716	844
Amounts due from shareholders of a subsidiary (non-trade)	**4,002**	3,264	3,765	**–**	–	–
Other receivables						
Advances to staff	**335**	381	694	**–**	–	–
– Other receivables	**–**	10	70	**–**	3	3
– Other deposits	**29**	193	135	**29**	71	80
	364	584	899	**29**	74	83
– Deposits paid to a vendor	**–**	–	1,397	**–**	–	1,397
	364	584	2,296	**29**	74	1,480
	23,840	22,320	23,501	**35,629**	35,790	2,324
Comprising						
– Non-current	**9,390**	5,200	1,272	**–**	–	–
– Current	**14,450**	17,120	22,229	**35,629**	35,790	2,324
	23,840	22,320	23,501	**35,629**	35,790	2,324

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables mainly comprise outstanding receivables from buyers of property units under instalment plans.

The non-trade amounts due from subsidiaries, which relate to advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand.

The non-trade amounts due from shareholders of a subsidiary relate to advances extended by the subsidiary to its non-controlling interests and are unsecured, interest-free and repayable on demand.

Deposits paid to a vendor related to acquisition of 25.025% equity interest in DAS Pte. Ltd which completed on 27 February 2018.

The ageing analysis of trade and other receivables at the end of the reporting period is as follows:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
No credit terms	**2,950**	5,486	6,055	**35,629**	35,790	2,324
Not past due	**17,887**	15,057	16,415	**–**	–	–
Past due but not impaired						
– Less than 12 months	**1,938**	1,213	–	**–**	–	–
– More than 12 months	**1,065**	564	1,031	**–**	–	–
	23,840	22,320	23,501	**35,629**	35,790	2,324

8 CASH AND BANK BALANCES

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Cash on hand	**813**	74	1,027	**–**	–	–
Cash at banks	**2,213**	10,805	9,281	**850**	3,395	3,624
Restricted bank balances	**–**	10,193	6,216	**–**	–	–
	3,026	21,072	16,524	**850**	3,395	3,624

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 CASH AND BANK BALANCES (CONTINUED)

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

The Group	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Cash and bank balances	**3,026**	21,072	16,524
Less: Restricted bank balances	**–**	(10,193)	(6,216)
	3,026	10,879	10,308

At 31 December 2018, the weighted average interest rate of interest-earning bank balances is 0.79% (2017: 0.44%) per annum.

Restricted bank balances represent bank balances pledged to financial institutions to release properties secured by banks upon sales of those properties to customers.

9 SHARE CAPITAL

The Group and the Company	**Number of ordinary shares ('000)**	**Amount $'000**
At 1 January 2017	762,645	131,618
Capital reduction	–	(112,000)
Acquisition of remaining non-controlling interest in a subsidiary (Note 4, 22)	65,470	9,035
Issue of ordinary shares under performance share plan	3,041	280
Issue of ordinary shares arising from exercise of warrants	42,011	6,183
Issue of ordinary shares arising from the conversion of convertible loan	89,000	8,010
At 31 December 2017 and 31 December 2018	**962,167**	**43,126**

Capital reduction exercise

On 3 January 2017, the Company completed the capital reduction exercise to partially write-off the accumulated losses of the Company amounting to $112,000,000 against the share capital of the Company in accordance with Section 78C (1)(c) of the Singapore Companies Act, Chapter 50.

Acquisition of remaining non-controlling interest in a subsidiary

On 27 February 2017, the Company issued 65,469,600 consideration shares at an issue price of $0.138 per share in connection with the acquisition of 6,225,000 ordinary shares, representing 25.025% of the total issued and paid-up share capital in DAS Pte. Ltd. from D3 Capital Limited.

Issue of ordinary shares under performance share plan

On 17 January 2017, the Company allotted 780,000 new ordinary shares in the capital of the Company to certain key management personnel at $0.081 per share under the Company's 2016 Performance Share Plan.

On 5 June 2017, the Company granted share-based payments consisting of 2,261,000 shares to eligible employees of the Group at $0.096 per share under the Company's 2016 Performance Share Plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 SHARE CAPITAL (CONTINUED)

Issue of shares through exercise of warrants

Between 10 February and 7 June 2017, an aggregate of 42,011,089 warrants were exercised at an exercise price of $0.09 per share, resulting in the issuance of 42,011,089 new ordinary shares of the Company. The Company raised $3,781,000 from these exercises.

Issue of ordinary shares through conversion of convertible loan

On 13 July 2017, the Company's then controlling shareholder converted US$5,640,000 (approximately $8,010,000) of the principal amount due to him under the Convertible Loan Agreement into 89,000,000 fully paid new ordinary shares in the Company at the conversion price of $0.09 per conversion share.

For the financial year ended 31 December 2017, cash proceeds received from the issuance of ordinary shares amounted to $3,781,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets. The ordinary shares have no par value.

10 RESERVES

	The Group			**The Company**		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Capital reduction reserve	**15,998**	15,998	15,998	**15,998**	15,998	15,998
Capital reserve	**24,695**	24,249	2,278	**10,987**	4,057	–
Revaluation reserve	**299**	299	–	**–**	–	–
Warrant reserve	**–**	–	2,879	**–**	–	2,879
Share option reserve	**730**	632	243	**730**	632	243
Equity component of convertible loan reserve	**13,150**	29,886	–	**13,150**	29,886	–
Foreign currency translation reserve	**(1,314)**	(3,952)	(44)	**–**	–	–
Retained earnings	**15,001**	11,572	(98,779)	**(13,274)**	(10,887)	(118,993)
	68,559	78,684	(77,425)	**27,591**	39,686	(99,873)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 RESERVES (CONTINUED)

Capital reduction reserve

Capital reduction reserve comprises the reduction in the par value of each ordinary share in the share capital of the Company which was approved by the Court of Singapore and became effective on 9 February 2004.

Capital reserve

The capital reserve represents (i) the additional investment in Daya Bay by certain related parties of Shenzhen Tong Ze, the non-controlling shareholder of Daya Bay, in connection with the interest-free loans extended to Daya Bay, (ii) the difference between the fair value at inception and the carrying amount of the convertible loan, recorded in capital reserve as a common control transaction, (iii) the difference between the price purchase consideration paid to D3 and the carrying amount of the non-controlling interest at the date of additional acquisition of 25.025% interest in DAS Group, and (iv) the gain on disposal of subsidiaries to a major shareholder of the Company.

Revaluation reserve

This relates to the gain arising from the re-measurement of property, plant and equipment at fair value following the change in use of the property, plant and equipment and transfer to investment properties in the Golden City Project.

Warrant reserve

Warrant reserve relates to the fair value ascribed to warrants issued, net of issue expenses. As and when the warrants are exercised, the related balance in the warrant reserve is transferred to the share capital account. At the expiry of the warrants, the balance in the warrant reserve is transferred to retained earnings. Each warrant carries the right to subscribe for one new ordinary share in the Company at an exercise price of $0.09 (after share consolidation). The warrants expired on 9 June 2017.

Share option reserve

The share option reserve represents the equity-settled share options granted to directors and employees of the Group. The reserve is made up of the cumulative value of services received from these directors and employees recorded on the grant of equity-settled share options.

Equity component of convertible loan reserve

This relates to the equity conversion feature of the convertible loan extended by the major shareholder of the Company amounting to US$29,125,000 (equivalent to $42,120,000), net of the amount that has already been converted, which can be repaid in cash or settled through the issuance of equity shares in the Company, at the Company's discretion.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from the translation of financial statements of foreign entities whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11 DEFERRED TAX LIABILITIES

The Group	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
At 1 January	**31,447**	34,177	9,836
Acquisition through business combination	**–**	–	37,662
Disposal of subsidiaries	**(6,330)**	–	–
Recognised in profit or loss	**680**	(625)	(13,321)
Exchange differences on translation	**486**	(2,105)	–
At 31 December	**26,283**	31,447	34,177
To be settled after one year	**26,283**	31,447	34,177

The balance comprises tax on the following temporary differences:

The Group	**Property, plant and equipment $'000**	**Investment properties $'000**	**Development properties $'000**	**Total $'000**
At 1 January 2017	492	7,055	26,630	34,177
Recognised in profit or loss	–	2,991	(3,616)	(625)
Exchange differences on translation	(37)	(200)	(1,868)	(2,105)
At 31 December 2017	455	9,846	21,146	31,447
Disposal of subsidiaries	**–**	**(6,330)**	**–**	**(6,330)**
Recognised in profit or loss	**–**	**2,665**	**(1,985)**	**680**
Exchange differences on translation	**7**	**150**	**329**	**486**
At 31 December 2018	**462**	**6,331**	**19,490**	**26,283**

Unrecognised temporary differences relating to investment in PRC subsidiary

As at 31 December 2017, no deferred tax liabilities have been recognised for withholding tax that would be payable on undistributed earnings of the PRC subsidiary as the Group had control over any distribution and had determined that portion of the undistributed earnings of the PRC subsidiary will not be distributed in the foreseeable future. As at 31 December 2017, such temporary differences for which no deferred tax liabilities had been recognised aggregate to $16,212,000 and the deferred tax liabilities were estimated at $811,000.

The PRC subsidiary was disposed of during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 BORROWINGS

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Non-current						
Bank loans (Notes (i), (ii) and (iii))	**19,004**	20,700	18,910	**–**	–	–
Shareholder's loans (Note (iv))	**–**	–	42,111	**–**	–	7,229
Amount due to a third party (non-trade) (Note (vi))	**16,001**	–	–	**–**	–	–
	35,005	20,700	61,021	**–**	–	7,229
Current						
Bank loans (Notes (i), (ii) and (iii))	**5,794**	21,822	708	**–**	–	–
Loans from shareholders of a subsidiary (Note (v))	**3,224**	2,575	2,892	**–**	–	–
Amount due to a third party (non-trade) (Note (vi))	**4,090**	–	–	**–**	–	–
Interest-free loans (Note (vii))	**–**	–	23,231	**–**	–	–
Other loan	**80**	–	–	**80**	–	–
	13,188	24,397	26,831	**80**	–	–
	48,193	45,097	87,852	**80**	–	7,229

Borrowings comprise the following:

(i) Bank loan 1 – ICBC

On 4 April 2016, GLRE entered into a facility agreement of US$15,000,000 with Industrial and Commercial Bank of China Yangon Branch ("ICBC Facility"). The proceeds of the ICBC Facility are used for the development of Golden City Phase 2 Project and the interest rate is based on six-month LIBOR plus a margin equal to 300 basis point. Under the ICBC Facility, GLRE will make repayment every six months, in tranches of US$10,000, US$90,000 and US$400,000, with the final repayment of US$14,500,000 by 28 March 2018. An arrangement fee of US$800,000 was paid by GLRE to ICBC upon the drawdown of the ICBC Facility. GLRE also separately entered into an agreement with Kanbawza Bank such that the latter will give a banker's guarantee to ICBC for any default or non-payment for any amounts due to ICBC under the ICBC Facility. A guarantee fee of US$300,000 was paid to Kanbawza Bank for the issuance of such banker's guarantee. The loan was fully repaid during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 BORROWINGS (CONTINUED)

(ii) Bank loan 2 – Maybank

On 3 July 2017, GLRE entered into a facility agreement of US$7,500,000 with Malayan Banking Berhad (Yangon Branch) ("Maybank Facility"). The proceeds of the Maybank Facility are used for the development of Golden City Project Phase 2 and the interest rate is based on Maybank's cost of funds plus a margin equals to 200 basis points. Under the Maybank Facility, GLRE will make repayment every six months, in tranches of US$100,000, US$100,000, US$1,800,000, US$2,500,000 and US$1,500,000, with the final repayment of US$1,500,000 by 29 June 2020. The loan is secured by bankers' guarantees, a corporate guarantee provided by the Company, and the Group's investment properties and development properties with a total carrying amount of $20,710,000 (2017: $20,303,000) as at 31 December 2018 (Note 5 and 6). The guarantee fee charged by the Company to the subsidiary are consistent with those charged by financial institutions.

(iii) Bank loan 3 – Esun

On 14 July 2017, GLRE entered into a facility agreement of US$15,000,000 with E.SUN Commercial Bank, Ltd. ("Esun Facility"). The proceeds of the Esun Facility are used for the development of Golden City Project Phases 2 and 3 and the interest rate is based on three-month LIBOR plus a margin equal to 230 basis point. Under the Esun Facility, the Group will make annual repayment of US$250,000 each by 30 June 2018 and 30 June 2019, with the final repayment of US$14,500,000 by 13 July 2020. The loan is secured by bankers' guarantees, a corporate guarantee provided by the Company, and the Group's investment properties and development properties with carrying amount of $20,549,000 (2017: $20,146,000) as at 31 December 2018 (Note 5 and 6). The guarantee fee charged by the Company to the subsidiary are consistent with those charged by financial institutions.

GLRE also separately entered into an agreement with Kanbawza Bank and Ayeyarwady Bank Limited, such that the respective banks will give banker's guarantee to Esun for any default or non-payment for any amounts due to Esun under the Esun Facility. A guarantee fee of US$225,000 and US$300,000 was paid to Kanbawza Bank and Ayeyarwady Bank, respectively, for the issuance of such banker's guarantee. The Company also provided a corporate guarantee to Esun in respect of the Esun Facility, and charged GLRE a guarantee fee of US$450,000 for the issuance of corporate guarantee.

(iv) Shareholder's loans

On 17 October 2016, the Company entered into a loan agreement with Mr Luo Shandong ("Mr Luo"), a then major shareholder of the Company, pursuant to which Mr Luo agreed to grant the Company a loan with a principal amount of US$5,000,000 at a fixed interest rate of 6% per annum. Prior to the acquisition of DAS by the Company, DAS had on 15 October 2016 entered into a loan agreement with Mr Luo, where the latter agreed to grant DAS a loan of approximately US$29,125,000 at an interest rate of 6% per annum. The loan was used to finance the acquisition of UGP.

On 25 January 2017, the Company entered into a convertible loan agreement with Mr Luo whereby he has the right at any time within 15 months from 25 January 2017 to convert the full amounts of the loans, including accrued interest, into fully paid new ordinary shares in the Company. In addition, the Company has the absolute and sole discretion to convert the full amounts of the loans, including accrued interest, into fully paid new ordinary shares in the Company. The number of new shares to be issued on conversion shall be based on $0.09 per share. Accordingly, the entire amount was reclassified to the "equity component of convertible loan reserve" in the consolidated statement of changes in equity.

12 BORROWINGS (CONTINUED)

(iv) Shareholder's loans (Continued)

An addendum deed was entered on 18 January 2018 between the Company and Mr Luo, pursuant to which the Company and Mr Luo agreed to extend the maturity date of the convertible loan by an additional 12 months, from 25 April 2018 to 25 April 2019.

(v) Loans from shareholders of a subsidiary

On 19 October 2016, GLRE entered into loan agreements with the non-controlling interests of UGP, pursuant to which the non-controlling interests agreed to grant GLRE unsecured loans at a fixed interest rate of 6% per annum for the development of the Golden City Project. The loan is repayable on demand.

(vi) Amount due to a third party (non-trade)

On 20 November 2018, GLRE entered into a financing arrangement with a third party. Pursuant to the terms of the agreement, the third party agreed to grant GLRE an amount of US$15,000,000 at a financing rate of 13% per annum for the development of the Golden City Project. The amount is repayable in three annual tranches with US$3,000,000 due on 20 November 2019, US$3,000,000 due on 20 November 2020 and US$9,000,000 due on 20 November 2021. The amount is collateralised against certain residential units in the Golden City Project.

(vii) Interest-free loans

These relate to unsecured and interest-free loans extended by related parties of Shenzhen Tong Ze Industrial Co., Ltd, the non-controlling shareholder of Daya Bay. A late penalty fee of 5% will be imposed if the interest-free loans are not repaid by 31 December 2017. The interest-free loans were fully repaid in 2017.

The carrying amounts and fair values of borrowings at the end of the reporting period are as follows:

	Carrying amount			**Fair value**		
The Group	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Bank loans (Notes (i), (ii) and (iii))	**24,798**	42,522	19,618	**22,212**	40,298	19,993
Shareholder's loans (Note (iv))	**–**	–	42,111	**–**	–	42,111
Loans from shareholders of a subsidiary (Note (v))	**3,224**	2,575	2,892	**3,224**	2,575	2,892
Amount due to a third party (non-trade) (Note (vi))	**20,091**	–	–	**19,934**	–	–
Other loan	**80**	–	–	**80**	–	–
Interest-free loans (Note (vii))	**–**	–	23,231	**–**	–	23,231
	48,193	45,097	87,852	**45,450**	42,873	88,227

The fair values are derived from the discounted cash flow analyses, using the discount rate based on the Group's incremental borrowing rate which the directors expect would be available to the Group at the end of the reporting period. The fair value hierarchy is Level 2.

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13 ACCRUED LAND LEASE PREMIUM

The Group	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
At beginning of year	**28,871**	27,161	–
Acquisition through business combination	**–**	–	27,161
Payment of land lease premium	**(4,481)**	–	–
Accreted interest (Note 18)	**3,801**	3,872	–
Exchange differences on translation	**571**	(2,162)	–
At end of year	**28,762**	28,871	27,161
Represented by:			
– Non-current	**24,920**	21,338	23,087
– Current	**3,842**	7,533	4,074
	28,762	28,871	27,161

The carrying amount and fair value of accrued land lease premium at the end of the reporting period is as follows:

	Carrying amount			**Fair value**		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Accrued land lease premium	**28,762**	28,871	27,161	**24,009**	23,538	25,465

The fair value is determined based on the discounted cash flow analysis using GLRE's incremental borrowing rate. The fair value hierarchy is Level 2.

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14 TRADE AND OTHER PAYABLES

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Trade payables	**53,427**	24,300	46,989	**–**	–	–
Accrued operating expenses	**–**	1,256	1,467	**596**	597	808
Accrued interest on deferred consideration	**–**	–	83	**–**	–	–
Accrued interest expenses	**–**	–	–	**–**	–	14
Amount due to a subsidiary (non-trade)	**–**	–	–	**–**	63	73
Salary and welfare payable	**–**	–	15	**–**	–	–
Land appreciation tax payable	**–**	5,516	4,936	**–**	–	–
Other payables	**6,378**	6,222	6,904	**156**	268	412
	59,805	37,294	60,394	**752**	928	1,307
Business and other tax payable	**8,590**	6,290	1,735	**–**	–	–
Intragroup financial guarantees	**–**	–	–	**467**	758	–
	68,395	43,584	62,129	**1,219**	1,686	1,307

The non-trade amount due to a subsidiary, comprising advances from and payments on behalf by the subsidiary, is unsecured, interest-free and repayable on demand.

As disclosed in Note 12 to the financial statements, the Company has provided corporate guarantee in respect of the bank loans of a subsidiary, and has charged that subsidiary guarantee fees consistent with those charged by financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

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15 ADVANCE CONSIDERATION RECEIVED FROM CUSTOMERS

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Advance consideration received from customers	**29,989**	71,884	49,141	**–**	–	–
Analysed as:						
Non-current liabilities	**3,549**	4,039	7,385	**–**	–	–
Current liabilities	**26,440**	67,845	41,756	**–**	–	–
	29,989	71,884	49,141	**–**	–	–

Advance consideration received from customers represents amounts of consideration billed to purchasers of development properties prior to completion of the performance obligation.

Revenue recognised during the year ended 31 December 2018 that was included in the advance consideration received from customers balance at the beginning of the year was $52,186,000 (2017: $25,786,000).

16 REVENUE

The Group	**2018 $'000**	2017 $'000
Revenue from contracts with customers		
– Sale of development properties	**59,218**	54,935
– Rental income from investment properties (Note 5)	**3,038**	2,901
– Other rental income	**42**	71
	62,298	57,907

17 OTHER INCOME

The Group	**2018 $'000**	2017 $'000
Interest income on cash and bank balances	**15**	75
Fair value gain on investment properties (Note 5)	**10,661**	11,963
Financing income on payments from customers	**945**	277
Others	**21**	199
	11,642	12,514

18 FINANCE COSTS

The Group	**2018 $'000**	2017 $'000
Accreted interest on accrued land lease premium (Note 13)	**3,801**	3,872
Interest expense on borrowings	**2,462**	1,437
Others	**76**	–
	6,339	5,309

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19 PROFIT BEFORE TAXATION

The Group	Note	2018 $'000	2017 $'000
Profit before taxation has been arrived at after charging:			
Depreciation of property, plant and equipment	3	**333**	404
Foreign exchange (gain)/loss, net		**(9)**	858
Operating lease expenses		**226**	354
Staff costs			
Directors of the Company:			
Directors' fees		**169**	206
Directors' remuneration other than fees			
– salaries and other related costs		**612**	732
– contributions to defined contribution plan		**17**	17
– equity-settled share-based payment transactions		**57**	316
		686	1,065
Directors of a subsidiary:			
– directors' fees		**–**	55
– directors' salaries		**433**	443
– remuneration shares		**–**	36
		433	534
Key management personnel (other than directors):			
– salaries and other related costs		**525**	766
– contributions to defined contribution plan		**17**	38
– equity-settled share-based payment transactions		**18**	73
– remuneration shares		**–**	88
		560	965
Other than directors and key management personnel:			
– salaries and other related costs		**1,927**	2,929
– contributions to defined contribution plan		**29**	48
– equity-settled share-based payment transactions		**23**	–
– remuneration shares		**–**	156
		1,979	3,133
		3,827	5,903

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20 TAXATION

The Group	2018 $'000	2017 $'000
Current taxation	**8**	1,920
Deferred taxation (Note 11)	**680**	(625)
	688	1,295

The Company, CPPL and Futura, which are established in Singapore, are subject to Singapore income tax at 17% (2017: 17%). Trechance, which is established in Hong Kong, is subject to Hong Kong income tax at 16.5% (2017: 16.5%). No provisions for Singapore and Hong Kong taxes have been made as the relevant group entities do not have assessable profits subject to Singapore and Hong Kong taxes.

The Group's former subsidiary in the PRC is subject to PRC income tax at 25% (2017: 25%).

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable tax rate on profit before tax as a result of the following:

The Group	2018 $'000	2017 $'000
Profit before taxation	**10,899**	1,621
Tax at Singapore tax rate of 17% (2017: 17%)	**1,853**	276
Effective of different tax rates in foreign jurisdictions	**1,106**	692
Tax effect on non-deductible expenses	**498**	3,315
Tax effect on non-taxable income	**(2,769)**	(2,988)
	688	1,295

Expenses not deductible for tax mainly include the operating expenses incurred by the Company, Futura, CPPL and Trechance that have no taxable income.

GLRE has obtained a five-year corporate tax exemption from the Myanmar Investment Commission and Inland Revenue of Myanmar up to 31 March 2021. Consequently, non-taxable income mainly relates to revenue generated by GLRE.

At the end of the reporting period, the Company has unused tax losses of $2,191,000 (2017: $2,191,000) allowed to be carried forward and used to offset against future taxable profits of the Company. The unused tax losses are subject to agreement by the Inland Revenue Authority of Singapore. Deferred tax assets have not been recognised in respect of the tax losses because there is no reasonable certainty that future taxable profits will be available against which the Company can utilise the benefits. The unused tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

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21 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share was based on the profit attributable to ordinary shareholders of $3,429,000 (2017: loss of $2,163,000), and a weighted average number of ordinary shares outstanding of 962,166,934 (2017: 897,664,000), calculated as follows:

Weighted average number of ordinary shares

The Group	**2018 ’000**	2017 ’000
Issued ordinary shares at beginning of year (Note 9)	**962,167**	762,645
Effect of ordinary shares issued during the year	**–**	135,019
Weighted average number of ordinary shares	**962,167**	897,664

Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share was based on the profit attributable to ordinary shareholders of $3,429,000 (2017: loss of $2,163,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,153,937,000 (2017: 897,664,000), calculated as follows:

Weighted average number of ordinary shares

The Group	**2018 ’000**	2017 ’000
Weighted average number of ordinary shares (basic)	**962,167**	897,664
Effect of convertible bonds	**191,770**	379,102
Weighted average number of ordinary shares (diluted)	**1,153,937**	1,276,766

As at 31 December 2018, the 15,000,000 share options outstanding do not have a dilutive effect because the average market price of the Company’s ordinary shares for the financial year ended 31 December 2018 and 2017 does not exceed the exercise price.

As at 31 December 2017, the 16,000,000 share options granted were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

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22 ACQUISITION OF SUBSIDIARIES

Acquisition of additional 25% interest in DAS (Note 4)

	2017 $'000
Consideration transferred in shares (Note 9)	9,035
Consideration transferred in cash	2,106
Total consideration	11,141
Less: Adjustment to non-controlling interests	(29,055)
Capital reserve	(17,914)

Transactions that result in changes in ownership interests while retaining control are accounted for as transactions with equity holders in the capacity as equity holders. Accordingly, no gain or loss on such changes is recognised. The difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid is recognised directly in equity and attributed to the owners of the parent.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

The Group	**2018 $'000**	2017 $'000
Rental income	**42**	71
Property management fees expense	**(586)**	(758)

The related parties are companies which are owned by the directors and key management personnel of the Company.

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24 COMMITMENTS

Operating lease commitments (non-cancellable)

Where the Group and the Company are the lessee,

At the end of the reporting period, the Group and the Company were committed to making the following payments in respect of non-cancellable operating leases of office premises with an original term of more than one year:

The Group and the Company	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Not later than one year	**105**	262	376
Later than one year and not later than five years	**167**	–	262
	272	262	638

The leases on the Company's office premises on which rentals are payable will expire on 7 August 2021.

Where the Group and the Company are the lessor,

At the end of the reporting period, the Group and the Company were committed to making the following payments in respect of non-cancellable operating leases of office premises with an original term of more than one year:

	The Group			**The Company**		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Not later than one year	**4,186**	3,422	1,966	**–**	50	71
Later than one year and not later than five years	**5,771**	5,357	7,046	**–**	–	50
	9,957	8,779	9,012	**–**	50	121

Capital commitments

The Group is committed to incurring capital expenditure as follows:

	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Capital expenditure	**–**	44,650	75,479

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25 SHARE-BASED PAYMENT TRANSACTIONS

The Company has the following employee share option scheme for granting share options and performance share plan for granting share awards to employees and directors of the Company and its subsidiaries:

(a) the Emerging Towns & Cities Singapore Ltd. Employee Share Option Scheme 2016 which was approved at an Extraordinary General Meeting of the Company held on 21 November 2016; and

(b) the Emerging Towns & Cities Singapore Ltd. Performance Share Plan 2016 which was approved at an Extraordinary General Meeting of the Company held on 21 November 2016.

At the Extraordinary General Meeting of the Company held on 21 November 2016, shareholders approved the Emerging Towns & Cities Singapore Ltd. Employee Share Option Scheme 2016 (previously known as Cedar Strategic Holdings Ltd. Employee Share Option Scheme 2016) (the "Scheme"). The Scheme is administered by the Company's Remuneration Committee whose members are all independent directors of the Company. Under the Scheme, the Company may grant options to group employees, group executive directors and non-executive directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The purpose of the Scheme is to provide an opportunity for the directors (including non-executive directors) and group employees to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Company and/or the Group.

The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable under such other share-based incentive plans of the Company, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant.

Options granted to both employees and directors (including non-executive directors) may be exercised one year after the date of grant. Options granted to both employees and directors (including non-executive directors) expire after ten years from the date of grant. However, the Scheme may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution at a general meeting of the Company, and any relevant authorities which may then be required.

If a variation in the issued share capital of the Company occurs (whether by way of a capitalisation or profits or reserves or a rights issue or the conversion of convertible loan stock or other debt securities or a reduction, subdivision or consolidation of shares), the subscription price in respect of shares comprised in an option to the extent unexercised, the class and/or number of shares comprised in an option to the extent unexercised or in respect of which additional options may be granted under the Scheme and the maximum entitlement in any financial period shall be adjusted in such a manner as the Remuneration Committee may determine to be appropriate.

Details of the share options based on (i) the report issued by an independent valuer dated 7 September 2016 and (ii) pre-consolidation of 25 existing issued ordinary shares into 1 ordinary share, completed on 5 December 2016 are as follows:

Weighted average exercise price	Date of grant	Balance at 1.1.2018	Options forfeited/ lapsed	Balance at 31.12.2018	Period exercisable
$0.003	17.5.2016	400,000,000	(25,000,000)	375,000,000	17.5.2018 to 16.5.2026
		400,000,000	(25,000,000)	375,000,000	

25 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Fair value of share options and assumptions

The fair value of services received in return for share options granted in 2016 are measured by reference to the fair value of share options granted. The fair value of share options is determined using the Binomial valuation model with the assumptions as set out below:

Weighted average fair value at measurable date	$0.00194542
Exercise price at date of grant	$0.003
Expected volatility	75.86%
Expected option life	10 years
Risk-free interest rate	1.945%
Expected dividend yield	0%

The exercise price at the grant date is based on the market price of the Company's shares on the valuation date of the options as at grant date.

The expected volatility is measured by the standard deviation of 36 months' average intra-day high and low share prices prior to the grant date.

The risk-free interest rate is based on the yield of the corresponding Singapore Sovereign Curve as at the valuation date.

Expected dividend yield is based on expected dividend pay-out over the one year volume-weighted average share price prior to the grant date.

There is no market condition associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

26 OPERATING SEGMENTS

For management purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units, as follows:

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

(i) Property development – relates to the development of properties for sale in Myanmar and the PRC;

(ii) Property investment – relates to the business of investing in properties to earn rentals and for capital appreciation in Myanmar and the PRC; and

(iii) Corporate – comprises the corporate office in Singapore which incurs general corporate expenses and the 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.

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26 OPERATING SEGMENTS (CONTINUED)

Segment revenue and expenses:

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

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 property, plant and equipment directly attributable to a segment.

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.

26 OPERATING SEGMENTS (CONTINUED)

	Property development		Property investment		Corporate		Eliminations		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
The Group	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Segment revenue	**59,218**	54,935	**3,038**	2,901	**42**	71	**–**	–	**62,298**	57,907
Results										
Segment (loss)/profit	**(493)**	(8,959)	**2,838**	2,515	**(3,088)**	(4,449)	**–**	–	**(743)**	(10,893)
Other income	**977**	534	**10,661**	11,963	**307**	163	**(303)**	(146)	**11,642**	12,514
Profit/(Loss) before taxation	**484**	(8,425)	**13,499**	14,478	**(2,781)**	(4,286)	**(303)**	(146)	**10,899**	1,621
Taxation	**1,977**	1,696	**(2,665)**	(2,991)	**–**	–	**–**	–	**(688)**	(1,295)
Profit/(Loss) for the year	**2,461**	(6,729)	**10,834**	11,487	**(2,781)**	(4,286)	**(303)**	(146)	**10,211**	326
Attributable to:										
Owners of the Company	**1,204**	(4,869)	**5,309**	7,138	**(2,781)**	(4,286)	**(303)**	(146)	**3,429**	(2,163)
Non-controlling interests	**1,257**	(1,860)	**5,525**	4,349	**–**	–	**–**	–	**6,782**	2,489
	2,461	(6,729)	**10,834**	11,487	**(2,781)**	(4,286)	**(303)**	(146)	**10,211**	326
Assets and liabilities										
Segment assets	**252,260**	257,254	**65,228**	95,594	**1,046**	3,543	**(467)**	(758)	**318,067**	355,633
Segment liabilities	**184,143**	213,564	**16,307**	9,849	**728**	929	**467**	758	**201,645**	225,100
Capital expenditure and significant non-cash items										
Capital expenditure on property, plant and equipment	**404**	6,276	**–**	–	**160**	4	**–**	–	**564**	6,280
Depreciation of property, plant and equipment	**278**	355	**–**	–	**55**	49	**–**	–	**333**	404

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26 OPERATING SEGMENTS (CONTINUED)

Geographical segments	China $'000	Myanmar $'000	Singapore $'000	Total $'000
2018				
Revenue	**3,025**	**59,231**	**42**	**62,298**
Non-current assets*	**–**	**70,026**	**144**	**70,170**
2017				
Revenue	25,341	32,495	71	57,907
Non-current assets*	51,463	49,598	42	101,103

* Excluding non-current trade receivables.

Geographically, the non-current assets and operations of the Group are primarily located in Myanmar for the financial year ended 31 December 2018, and the PRC and Myanmar for the financial year ended 31 December 2017.

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

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company have documented financial risk management policies. These policies set out the Group's and the Company's overall business strategies and their risk management philosophy. The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

There has been no change to the Group's and the Company's exposure to financial risks or the manner in which they manage and measure the risks. Market risk exposures are measured using sensitivity analysis indicated below.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

27.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

27.1 Credit risk (Continued)

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

There are no significant concentrations of credit risk through exposure to individual customers. Nonetheless, the Group is exposed to the real estate sector in Myanmar.

The Group applies the SFRS(I) 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables.

Exposure to credit risk

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

Trade receivables

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses. The ECL on trade receivables are estimated by reference to payment history, current financial situation of the debtor, debtor-specific information obtained directly from the debtor and public domain, where available, and an assessment of the current and future wider economic conditions and outlook for the industry in which the debtor operates at the reporting date.

For sales of residential properties, the Group is contractually entitled to retain all instalments payments received from the customer and repossess the sold property for resale, the credit loss risk in respect of outstanding instalment payments receivable from the customer is mitigated by these financial safeguards. Credit risk in respect of trade receivables related to property leasing is deemed to be low with security deposits received from tenants.

Other receivables

Loss allowance for other receivables is measured at an amount equal to lifetime expected credit losses which is consistent with the approach adopted for trade receivables. The ECL on other receivables is estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. At the reporting date, no loss allowance for other receivables was required except as disclosed.

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27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

27.1 Credit risk (Continued)

Exposure to credit risk (Continued)

Amounts due from related parties

The amounts due from subsidiaries are considered to have low credit risk as the Company has control or significant influence over the operating, investing and financing activities of these entities. The use of advances to assist with the related subsidiaries' cash flow management is in line with the Group capital management. Amounts due from shareholders of a subsidiary are recoverable from the undistributed profits of that subsidiary. There has been no significant increase in the credit risk of the amounts due from subsidiaries and shareholders of a subsidiary since initial recognition. In determining the ECL, management has taken into account the finances and business performance of the related parties, and a forward-looking analysis of the financial performance of investments and projects undertaken by the related parties.

Management has assessed that the Group and the Company are not exposed to significant credit loss in respect of the amounts due from the related parties.

At the end of the reporting period, the Company has issued corporate guarantees to banks for the borrowings undertaken by a subsidiary (Note 12). These borrowings amounted to $24,798,000 (2017: $42,522,000) at the end of the reporting period. The credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiary.

At the end of the reporting period, the Company has assessed and does not consider it probable that a claim will be made against it under the corporate guarantees, as the Company has assessed.

To mitigate credit risk arising from corporate guarantees, management continually monitors the risk and has established processes including performing credit evaluations of the parties for which the Group provides corporate guarantees. Corporate guarantees are only for intragroup financing purposes and given by the Company on behalf of its subsidiaries.

The Group's and the Company's major classes of financial assets are bank deposits and trade receivables. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 7.

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

27.2 Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

The Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
31 December 2018					
Non-derivative financial liabilities					
Borrowings (Note 12)	**48,193**	**56,166**	**13,544**	**42,622**	**–**
Accrued land lease premium (Note 13)	**28,762**	**249,026**	**3,841**	**15,366**	**229,819**
Trade and other payables (Note 14)	**59,805**	**59,805**	**59,805**	**–**	**–**
	136,760	**364,997**	**77,190**	**57,988**	**229,819**
31 December 2017					
Non-derivative financial liabilities					
Borrowings (Note 12)	45,097	50,049	23,866	26,183	–
Accrued land lease premium (Note 13)	28,871	249,064	8,024	15,065	225,975
Trade and other payables (Note 14)	37,294	37,294	37,294	–	–
	111,262	336,407	69,184	41,248	225,975
1 January 2017					
Non-derivative financial liabilities					
Borrowings (Note 12)	87,852	90,132	708	89,424	–
Accrued land lease premium (Note 13)	27,161	268,924	4,074	16,298	248,552
Trade and other payables (Note 14)	60,394	60,394	60,394	–	–
	175,407	419,450	65,176	105,722	248,552

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

27.2 Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

The Company	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
31 December 2018					
Non-derivative financial liabilities					
Borrowings (Note 12)	**80**	**80**	**80**	**–**	**–**
Trade and other payables (Note 14)	**752**	**752**	**752**	**–**	**–**
Intragroup financial guarantees (Note 14)	**467**	**24,798**	**9,097**	**15,701**	**–**
	1,299	**25,630**	**9,929**	**15,701**	**–**
31 December 2017					
Non-derivative financial liabilities					
Trade and other payables (Note 14)	928	928	928	–	–
Intragroup financial guarantees (Note 14)	758	42,522	17,724	24,798	–
	1,686	43,450	18,652	24,798	–
1 January 2017					
Non-derivative financial liabilities					
Borrowings (Note 12)	7,229	7,229	7,229	–	–
Trade and other payables (Note 14)	1,307	1,307	1,307	–	–
	8,536	8,536	8,536	–	–

Except for the Company's cash flows arising from its intra-group corporate guarantees (Note 27.1), it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the intra-group corporate guarantees.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The Group and the Company ensure that there are adequate funds to meet all its obligations in a timely and cost effective manner. The Group and the Company maintain sufficient level of cash and bank balances and have available adequate amount of committed credit facilities from financial institutions to meet their working capital requirements. The Group also relies on short-term funding from shareholders, non-controlling interests, other related parties or individuals, where necessary.

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

27.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from bank loans and bank balances at floating rates. Shareholder's loans, loans from shareholders of a subsidiary and non-trade amount due to a third party bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Fixed rate instruments						
Financial liabilities						
– shareholder's loans	**–**	–	(42,111)	**–**	–	(7,229)
– loans from shareholders of a subsidiary	**(3,224)**	(2,575)	(2,892)	**–**	–	–
– amount due to a third party (non-trade)	**(20,091)**	–	–	**–**	–	–
– other loan	**(80)**	–	–	**(80)**	–	–
	(23,395)	(2,575)	(45,003)	**(80)**	–	(7,229)
Variable rate instruments						
Financial assets						
– bank balances	**3,026**	21,072	16,524	**850**	3,395	3,624
Financial liabilities						
– bank loans	**(24,798)**	(42,522)	(19,618)	**–**	–	–
	(21,772)	(21,450)	(3,094)	**850**	3,395	3,624

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

27.3 Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates had been 100 (2017: 100) basis points higher/lower with all other variables held constant, the Group's profit net of tax and equity would have been $2,177,000 (2017: $2,145,000) lower/higher, arising mainly as a result of higher/lower interest expenses on floating rate bank loans, offset by higher/lower interest income from floating rate bank balances.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group's and the Company's policy is to obtain the most favourable interest rates available without increasing their interest rate exposure.

27.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company have transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of the group entities. The foreign currencies in which these transactions are denominated are primarily Singapore dollar, Myanmar kyat, Renminbi and United States dollar. The Group's and the Company's receivable and payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and bank balances denominated in Singapore dollar, Myanmar kyat, Renminbi and United States dollar for working capital purposes.

Consequently, the Group and the Company are exposed to movements in foreign currency exchange rates. The Group and the Company do not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

27.4 Foreign currency risk (Continued)

The Group's and the Company's exposures in financial instruments to the various foreign currencies are mainly as follows:

The Group	Singapore dollar $'000	Myanmar kyat $'000	Renminbi $'000	United States dollar $'000
31 December 2018				
Trade and other receivables	**–**	**–**	**18**	**920**
Cash and bank balances	**1,036**	**1,625**	**–**	**–**
Trade and other payables	**(752)**	**(370)**	**(213)**	**(467)**
Net exposure	**284**	**1,255**	**(195)**	**453**
31 December 2017				
Trade and other receivables	–	351	7,077	920
Cash and bank balances	3,745	3,221	12,363	19
Borrowings	–	–	(90)	–
Trade and other payables	(860)	(47)	(12,900)	(758)
Net exposure	2,885	3,525	6,450	181
1 January 2017				
Trade and other receivables	531	976	7,880	1,841
Cash and bank balances	4,668	1,718	6,546	–
Borrowings	–	–	(23,231)	(7,229)
Trade and other payables	(1,270)	(14)	(17,283)	(37)
Net exposure	3,929	2,680	(26,088)	(5,425)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

27.4 Foreign currency risk (Continued)

The Company	United States dollar $'000
31 December 2018	
Trade and other receivables	**920**
Cash and bank balances	**–**
Trade and other payables	**(467)**
Net exposure	**453**
31 December 2017	
Trade and other receivables	902
Cash and bank balances	19
Trade and other payables	(758)
Net exposure	181
1 January 2017	
Trade and other receivables	1,841
Borrowings	(7,229)
Trade and other payables	(37)
Net exposure	(5,425)

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

27.4 Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

A 5% strengthening of the above currencies against the functional currencies of the respective Group entities at the reporting date would have decreased equity and profit or loss before tax as follows:

		2018	2017
The Group		**$'000**	$'000
SGD	– strengthened 5% (2017: 5%)	**14**	144
MMK	– strengthened 5% (2017: 5%)	**63**	176
RMB	– strengthened 5% (2017: 5%)	**(10)**	323
USD	– strengthened 5% (2017: 5%)	**23**	9
The Company			
USD	– strengthened 5% (2017: 5%)	**23**	9

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effect.

A 5% weakening of the above currencies against the functional currencies of the respective Group entities would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

27.5 Market price risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group and the Company do not hold any quoted or marketable financial instruments, hence, are not exposed to any movement in market prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28 FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	Amortised cost $'000	Other financial liabilities (at amortised cost) $'000	Total carrying amount $'000
31 December 2018			
Financial assets			
Trade and other receivables (Note 7)	**23,840**	-	**23,840**
Cash and bank balances (Note 8)	**3,026**	-	**3,026**
	26,866	-	**26,866**
Financial liabilities			
Borrowings (Note 12)	–	**(48,193)**	**(48,193)**
Accrued land lease premium (Note 13)	–	**(28,762)**	**(28,762)**
Trade and other payables (Note 14)	–	**(59,805)**	**(68,395)**
	–	**(136,760)**	**(145,350)**

The Group	Loans and receivables (at amortised cost) $'000	Other financial liabilities (at amortised cost) $'000	Total carrying amount $'000
31 December 2017			
Financial assets			
Trade and other receivables (Note 7)	22,320	-	22,320
Cash and bank balances (Note 8)	21,072	–	21,072
	43,392	-	43,392
Financial liabilities			
Borrowings (Note 12)	–	(45,097)	(45,097)
Accrued land lease premium (Note 13)	–	(28,871)	(28,871)
Trade and other payables (Note 14)	–	(37,294)	(37,294)
	–	(111,262)	(111,262)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications of financial assets and financial liabilities (Continued)

The Group	Loans and receivables (at amortised cost) $'000	Other financial liabilities (at amortised cost) $'000	Total carrying amount $'000
1 January 2017			
Financial assets			
Trade and other receivables (Note 7)	23,501	-	23,501
Cash and bank balances (Note 8)	16,524	–	16,524
	40,025	-	40,025
Financial liabilities			
Borrowings (Note 12)	–	(87,852)	(87,852)
Accrued land lease premium (Note 13)	–	(27,161)	(27,161)
Trade and other payables (Note 14)	–	(60,394)	(62,129)
	–	(175,407)	(177,142)

The Company	**Amortised cost $'000**	**Other financial liabilities (at amortised cost) $'000**	**Total carrying amount $'000**
31 December 2018			
Financial assets			
Trade and other receivables (Note 7)	**35,629**	**-**	**35,629**
Cash and bank balances (Note 8)	**850**	**–**	**850**
	36,479	**-**	**36,479**
Financial liabilities			
Borrowings (Note 12)	**–**	**(80)**	**(80)**
Trade and other payables (Note 14)	**–**	**(1,219)**	**(1,219)**
	–	**(1,299)**	**(1,299)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications of financial assets and financial liabilities (Continued)

The Company	Loans and receivables (at amortised cost) $'000	Other financial liabilities (at amortised cost) $'000	Total carrying amount $'000
31 December 2017			
Financial assets			
Trade and other receivables (Note 7)	35,790	-	35,790
Cash and bank balances (Note 8)	3,395	–	3,395
	39,185	-	39,185
Financial liabilities			
Trade and other payables (Note 14)	–	(1,686)	(1,686)

The Company	Loans and receivables (at amortised cost) $'000	Other financial liabilities (at amortised cost) $'000	Total carrying amount $'000
1 January 2017			
Financial assets			
Trade and other receivables (Note 7)	2,324	-	2,324
Cash and bank balances (Note 8)	3,624	–	3,624
	5,948	-	5,948
Financial liabilities			
Borrowings (Note 12)	–	(7,229)	(7,229)
Trade and other payables (Note 14)	–	(1,307)	(1,307)
	–	(8,536)	(8,536)

29 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage their capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using gearing ratio, which is net debt divided by total capital plus debt. The Group and the Company include within net debt, borrowings and trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

	The Group			The Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Borrowings (Note 12)	**48,193**	45,097	87,852	**80**	–	7,229
Accrued land lease premium (Note 13)	**28,762**	28,871	27,161	**–**	–	–
Trade and other payables (Note 14)	**68,395**	43,584	62,129	**752**	928	1,307
Cash and bank balances (Note 8)	**(3,026)**	(21,072)	(16,524)	**(850)**	(3,395)	(3,624)
Net debt/(cash)	**142,324**	96,480	160,618	**(18)**	(2,467)	4,912
Equity attributable to the owners of the Company	**111,685**	121,810	54,193	**70,717**	82,812	31,745
Total capital	**111,685**	121,810	54,193	**70,717**	82,812	31,745
Total capital and net debt	**254,009**	218,290	214,811	**70,699**	80,345	36,657
Gearing ratio	**56%**	44%	75%	**0%**	N.M.	13%

N.M.: Not meaningful

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30 FAIR VALUE MEASUREMENT

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

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

(a) Level 1 : those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

(c) Level 3 : those derived from valuation technique that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Fair value measurement of financial assets

Bank loans

The carrying amounts of the bank loans, repayable within one year or less, or on demand and whose interest rates are re-priced within 12 months, approximate their fair value.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Other financial assets and liabilities

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

30 FAIR VALUE MEASUREMENT (CONTINUED)

Fair value measurement of non-financial instruments

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

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Non-financial assets				
Investment properties (Note 5)	**–**	**–**	**65,228**	**65,228**
31 December 2017				
Non-financial assets				
Investment properties (Note 5)	–	–	95,594	95,594
1 January 2017				
Non-financial assets				
Investment properties (Note 5)	–	–	61,350	61,350

The following table shows the Group's valuation technique used in measuring the fair value of the investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct comparison method – Residential units	• Average price per square metre	The estimated fair value would increase/decrease if: • Average price per square metre was higher/lower.
Income capitalisation method – Retail units and office units	• Capitalisation rate • Expected rental growth • Expected vacancy period	The estimated fair value would increase/decrease if: • Capitalisation rate was lower/higher; • Expected rental growth was higher (lower); and • Expected vacancy period was shorter (longer).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30 FAIR VALUE MEASUREMENT (CONTINUED)

Financial assets and liabilities not measured at fair value but for which fair values are disclosed *

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Bank loans	**–**	**22,212**	**–**	**22,212**
Shareholder's loans	**–**	**3,224**	**–**	**3,224**
Amount due to a third party (non-trade)	**–**	**19,934**	**–**	**19,934**
Other loan	**–**	**80**	**–**	**80**
	–	**45,450**	**–**	**45,450**
31 December 2017				
Bank loans	–	40,298	–	40,298
Shareholder's loans	–	2,575	–	2,575
	–	42,873	–	42,873
1 January 2017				
Bank loans	–	19,993	–	19,993
Shareholder's loans	–	42,111	–	42,111
Interest-free loans	–	23,231	–	23,231
Loans from shareholders of a subsidiary	–	2,892	–	2,892
	–	88,227	–	88,227

* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial.

31 PRIOR YEAR ADJUSTMENTS

The prior year adjustments relate to the unwinding of discount which had been understated in respect of accrued land lease premium.

The prior year adjustments had the following impact on the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income:

Consolidated statement of financial position

The Group	2017 $'000
Decrease in net assets:	
– Understatement of accrued land lease premium	(3,274)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31 PRIOR YEAR ADJUSTMENTS (CONTINUED)

Consolidated statement of profit or loss and other comprehensive income

The Group	2017 $'000
Decrease in profit for the year:	
– Understatement of interest expense	(3,367)
Increase in other comprehensive income:	
– Overstatement of foreign currency translation loss	93
Decrease in total comprehensive income for the year	(3,274)

The effects of the prior year adjustments on the consolidated financial statements for the financial year ended 31 December 2017 are as follows:

The Group	As previously stated $'000	SFRS(I) 15 (Note 2(b)) $'000	Prior year adjustments $'000	As restated $'000
Consolidated statement of financial position				
Accrued land lease premium	(25,597)	–	(3,274)	(28,871)
Foreign currency translation reserve	(3,998)		46	(3,952)
Retained earnings	14,150	(928)	(1,650)	11,572
Non-controlling interests	11,364	(971)	(1,670)	8,723
Consolidated statement of profit or loss and other comprehensive income				
Finance costs	(1,942)	–	(3,367)	(5,309)
Profit for the year	4,819	(1,126)	(3,367)	326
Other comprehensive income for the year	(7,645)	–	93	(7,552)
Total comprehensive income for the year	(2,826)	(1,126)	(3,274)	(7,226)

32 SUBSEQUENT EVENTS

On 27 February 2019, the Company allotted 8,765,000 new ordinary shares in the capital of the Company to eligible group employees, in accordance with the terms of the Performance Share Plan 2016.

Pursuant to a second addendum deed entered on 1 March 2019 between the Company and Mr. Luo, the Company and Mr. Luo have agreed (i) to extend the maturity date of the convertible loan agreement by an additional 12 months, from 25 April 2019 to 25 April 2020 and (ii) subject to approval from the SGX-ST, if necessary, and the Shareholders, to extend the expiry date of the conversion right due to the change of maturity date. All other terms and conditions of the convertible loan agreement dated 25 January 2017 and settlement deed dated 18 January 2018 remain in full force and effect.

ADDITIONAL INFORMATION

Interested person transactions entered into during the financial years ended 31 December 2018 and 31 December 2017 respectively pursuant to Chapter 9 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Limited ("SGX-ST") by the Group as follows:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	2018 S$'000	2017 S$'000	**2018 S$'000**	2017 S$'000
Luo Shandong Loan from controlling shareholder[1] Disposal of the entire issued and paid-up share capital of Cedar Properties Pte. Ltd.[4]	**16,937[4]**	41,609[1]	**–**	–
D3 Capital Limited Acquisition of 9% stake in Uni Global Power Pte. Ltd.[2]	**–**	8,537	**–**	–
Asiabiz Services Ltd Acquisition of 8% stake in Uni Global Power Pte. Ltd.[3]	**–**	7,588	**–**	–
Zhu Xiaoli Loan from an associate of a director[5]	**1,557**	–	**–**	–

Note 1: This relates to the proposed allotment and issue of conversion shares to Mr Luo Shandong, a controlling shareholder, pursuant to the convertible loan agreement entered into between the Company and Mr Luo Shandong, of an aggregate principle amount of US$29,302,144 (approximately S$41,609,044) at 1% interest rate for a term of 15 months (the "Term"), was approved by the shareholders at the Extraordinary General Meeting held on 27 February 2017. The purpose of the convertible loan is for supplementing the Company's cash resources for the purchase of the Golden City project. The maturity date of the convertible loan was extended by an additional 12 months (from a term of 15 months to 27 months), following approval by the shareholders at the Extraordinary General Meeting held on 15 March 2018. On 1 March 2019, the Company entered into a second addendum deed to the Convertible Loan Agreement to extend the maturity date of the convertible loan by an additional 12 months (from a term of 27 months to 39 months), subject to approval from the SGX-ST, if necessary, and the shareholders.

Note 2: This relates to the acquisition from D3 Capital Limited of 360 shares representing 9% of the total issued and paid-up shares of Uni Global Power Pte. Ltd. The interested person transaction was not approved by the shareholders at the Extraordinary General Meeting held on 26 December 2017. D3 Capital Limited is wholly owned by the immediate family of Mr Teo Cheng Kwee, a Non-Executive Director of the Company.

Note 3: This relates to the acquisition from Asiabiz Services Ltd of 320 shares representing 8% of the total issued and paid-up shares of Uni Global Power Pte. Ltd. The interested person transaction was not approved by the shareholders at the Extraordinary General Meeting held on 26 December 2017. Asiabiz Services Ltd is wholly owned by Mr Zhu Xiaolin, an Executive Director and Group President of the Company.

Note 4: This relates to the disposal of the entire issued and paid-up share capital of Cedar Properties Pte. Ltd. of RMB81,000,000 (approximately S$16,937,000) to Mr Luo Shandong as an interested person transaction pursuant to the sale and purchase agreement dated 18 January 2018 entered into between the Company and Mr Luo Shandong was approved by the shareholders at the Extraordinary General Meeting held on 15 March 2018.

Note 5: This relates to a loan agreement entered into between, *inter alia*, Uni Global Power Pte. Ltd. and Mr Zhu Xiaoli, pursuant to which Mr Zhu Xiaoli agreed to provide a loan to Uni Global Power Pte. Ltd. of a principal amount of US$1,500,000 at an interest rate of 18% per annum and a tenure of 6 months, and in connection therewith, a share pledge agreement entered into between, *inter alia*, DAS Pte. Ltd. and Mr Zhu Xiaoli, pursuant to which DAS Pte. Ltd. pledged its interest in 300 ordinary shares of Uni Global Power Pte. Ltd. to Mr Zhu Xiaoli.

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2019

Issued share capital	:	S$32,841,618.4724
No. of issued and fully paid-up shares	:	970,931,934
Class of shares	:	Ordinary share
Voting rights attached to shares	:	One vote per share
Treasury Shares	:	Nil
Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	346	4.93	12,442	0.00
100 – 1,000	1,239	17.65	651,974	0.07
1,001 – 10,000	2,934	41.81	12,699,243	1.31
10,001 – 1,000,000	2,457	35.01	149,959,049	15.44
1,000,001 and above	42	0.60	807,609,226	83.18
Total	7,018	100.00	970,931,934	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Zhu Xiaolin	151,120,969	15.56
2	Phillip Securities Pte Ltd	108,499,054	11.17
3	Zhang Xiang	89,000,000	9.17
4	CGS-CIMB Securities (Singapore) Pte Ltd	68,304,452	7.03
5	Zhang Xiaoping	64,579,421	6.65
6	Teo Cheng Kwee	59,281,760	6.11
7	Maybank Kim Eng Securities Pte. Ltd.	49,280,210	5.08
8	Citibank Nominees Singapore Pte Ltd	40,965,698	4.22
9	ABN Amro Clearing Bank N.V.	28,665,028	2.95
10	Tao Xucheng	18,000,000	1.85
11	Wong Pak Him Patrick	18,000,000	1.85
12	Lai Xuejun	12,977,200	1.34
13	Christopher Chong Meng Tak	11,082,200	1.14
14	Tang Boon Leong	7,758,800	0.80
15	Ni Weiqun	7,560,000	0.78
16	OCBC Securities Private Ltd	5,982,412	0.62
17	Xie Jing	5,887,000	0.61
18	DBS Nominees Pte Ltd	5,815,578	0.60
19	Tan Eng Chua Edwin	5,201,840	0.54
20	DBS Vickers Securities (S) Pte Ltd	4,575,640	0.47
	Total:	762,537,262	78.54

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2019

Substantial Shareholders

(as shown in the Company's register of Substantial Shareholders)

Name	Number of Shares Held as Direct	%	Number of Shares Held as Deemed	%
Zhu Xiaolin	151,120,969	15.56	49,269,895	5.07
Teo Cheng Kwee	59,281,760	6.11	–	–
Zhang Xiang	89,000,000	9.17	–	–
Zhang Xiaoping	64,579,421	6.65		

1. Mr Zhu Xiaolin is deemed interested in 49,269,895 shares held by Phillip Securities Pte Ltd as his nominee.

2. Mr Teo Cheng Kwee has interests in 2,000,000 options granted under the CSH Employee Share Option Scheme 2009.

Public Shareholdings

Based on the information available to the Company as at 12 March 2019, approximately 57.40% of the Company's issued ordinary shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Incorporated in the Republic of Singapore)
(Co Registration No: 198003839Z)

To All Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders ("**Shareholders**") of **EMERGING TOWNS & CITIES SINGAPORE LTD.** (the "**Company**") will be held at 137 Cecil Street, Hengda Building, #04-01, Singapore 069537 on Tuesday, 23 April 2019 at 9.30 a.m. to transact the following businesses:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2018 and the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Tan Thiam Hee as Director, who shall retire pursuant to Regulation 87 of the Company's Constitution. **Resolution 2**

{See Explanatory Note (1)}

3. To re-elect Mr Teo Cheng Kwee as Director, who shall retire pursuant to Regulation 87 of the Company's Constitution. **Resolution 3**

{See Explanatory Note (1)}

4. To re-elect Mr Ang Mong Seng as Director, who shall retire pursuant to Regulation 94 of the Company's Constitution. **Resolution 4**

{See Explanatory Note (2)}

5. To re-elect Mr Lim Jun Xiong Steven as Director, who shall retire pursuant to Regulation 94 of the Company's Constitution. **Resolution 5**

{See Explanatory Note (2)}

6. To approve the payment of the proposed directors' fees of up to S$200,000 to be paid quarterly in arrears for the financial year ending 31 December 2020. **Resolution 6**

7. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix its remuneration. **Resolution 7**

8. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without modifications:

9. **Authority to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST")**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), authority be and is hereby given to the Directors to:

(a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and,

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with subparagraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to Shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held.

{See Explanatory Note (3)} **Resolution 8**

10. **Mandate to Directors to issue Shares under the ETC Employee Share Option Scheme**

That approval be and is hereby given to the Directors to offer and grant options over ordinary shares in the Company in accordance with the rules of the ETC Employee Share Option Scheme (the "**Scheme**"); and pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, to allot and issue from time to time such number of shares in the capital of the Company (the "**Scheme Shares**") as may be required to be issued pursuant to the exercise of the options that may be granted under the Scheme provided always that the aggregate number of the Scheme Shares (excluding treasury shares and subsidiary holdings) available under the Scheme shall not exceed 15% of the total issued share capital of the Company from time to time, as determined in accordance with the rules of the Scheme.

{See Explanatory Note (4)} **Resolution 9**

11. **Mandate to Directors to issue Shares under the ETC Performance Share Plan**

That approval be and is hereby given to the Directors to offer and grant awards of ordinary shares in the Company in accordance with the rules of the ETC Performance Share Plan (the "**Plan**"); and pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, to allot and issue from time to time such number of shares in the capital of the Company (the "**Plan Shares**") as may be required to be issued comprised in the awards that may be granted under the Plan provided always that the aggregate number of the Plan Shares (excluding treasury shares and subsidiary holdings) available under the Plan shall not exceed 15% of the total issued share capital of the Company from time to time, as determined in accordance with the rules of the Plan.

{See Explanatory Note (5)} **Resolution 10**

12. **Proposed renewal of the Share Purchase Mandate**

*All capitalised terms in the Resolution 11 below and defined in the Letter to Shareholders dated 8 April 2019 (the "**Letter**") shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Letter.*

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchase**"), transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules,

(the "**Share Purchase Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and the expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;

(d) in this Ordinary Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares as at the date of passing of this Resolution (excluding any treasury shares that may be held by the Company from time to time and subsidiary holdings), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered;

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 115% of the Average Closing Price;

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the Market Purchase or, as the case may be, the day of the making of an offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period;

NOTICE OF
ANNUAL GENERAL MEETING

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(e) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to the Share Purchase Mandate as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

{See Explanatory Note (6)} **Resolution 11**

13. **The Second Proposed Extension of the expiry date of the Conversion Right under the Convertible Loan Agreement entered into between the Company and Mr Luo Shandong**

All capitalised terms in the Resolution 12 below and defined in the Letter shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Letter.

Resolved that:

(a) approval be and is hereby given for the second extension of the expiry date of the Conversion Right under the convertible loan agreement entered into between the Company and Mr Luo Shandong by an additional 12 months (the "**Second Proposed Extension**"); and

(b) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to the Second Proposed Extension as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

{See Explanatory Note (7)} **Resolution 12**

By Order of the Board

Ong Beng Hong
Tan Swee Gek
Joint Secretaries
Singapore
8 April 2019

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes

(1) Ordinary Resolutions 2 and 3 – To re-elect Mr Tan Thiam Hee and Mr Teo Cheng Kwee as Directors, who shall retire pursuant to Regulation 87 of the Constitution of the Company

If re-elected, Mr Tan Thiam Hee will remain as an Executive Director and Group Chief Executive Officer of the Company.

If re-elected, Mr Teo Cheng Kwee will remain as a Non-Executive Director of the Company and a member of the Audit Committee and Remuneration Committee.

(2) Ordinary Resolutions 4 and 5 – To re-elect Mr Ang Mong Seng and Mr Lim Jun Xiong Steven as Directors, who shall retire pursuant to Regulation 94 of the Constitution of the Company

If re-elected, Mr Ang Mong Seng will remain as an Independent Director and Non-Executive Group Chairman of the Company, Chairman of the Nominating & Corporate Governance Committee and a member of the Audit Committee and Remuneration Committee.

If re-elected, Mr Lim Jun Xiong Steven will remain as an Independent Director of the Company, Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating & Corporate Governance Committee.

(3) Ordinary Resolution 8 – Authority to issue shares in the capital of the Company pursuant to Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST")

The Ordinary Resolution 8 proposed in item 9 above, if passed, will authorise the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(4) Ordinary Resolution 9 – Mandate to Directors to issue Shares under the ETC Employee Share Option Scheme

Ordinary Resolution 9 proposed in item 10 above is to allow the Directors to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme provided that the aggregate number of shares to be issued under the Scheme, when aggregated with shares issued or to be issued under the Plan and/or any other existing share options or share schemes of the Company does not exceed 15% of the total number of shares issued by the Company, excluding treasury shares and subsidiary holdings, if any, from time to time. The Scheme was first approved by the Shareholders at the Extraordinary General Meeting held on 21 November 2016. Details of the Scheme may also be found in the Circular to Shareholders dated 28 October 2016.

(5) Ordinary Resolution 10 – Mandate to Directors to issue Shares under the ETC Share Performance Plan

Ordinary Resolution 10 proposed in item 11 above is to allow the Directors to issue shares in the Company pursuant to awards granted or to be granted under the Plan provided that the aggregate number of shares to be issued comprised in the awards that may be granted under the Plan, when aggregated with shares issued or to be issued under the Scheme and/or any other existing share options or share schemes of the Company does not exceed 15% of the total number of shares issued by the Company, excluding treasury shares and subsidiary holdings, if any, from time to time. The Plan was first approved by the Shareholders at the Extraordinary General Meeting held on 21 November 2016. Details of the Plan may also be found in the Circular to Shareholders dated 28 October 2016.

(6) Ordinary Resolution 11 – Proposed renewal of the Share Purchase Mandate

Ordinary Resolution 11 proposed in item 12 above is to seek the Shareholders' approval for the proposed renewal of the Share Purchase Mandate. Detailed information on the proposed renewal of the Share Purchase Mandate, including the rationale for the same, is set out in the Letter.

(7) Ordinary Resolution 12 – The Second Proposed Extension of the expiry date of the Conversion Right under the Convertible Loan Agreement entered into between the Company and Mr Luo Shandong

Ordinary Resolution 12 proposed in item 13 above is to seek the Shareholders' approval for the Second Proposed Extension of the expiry date of the Conversion Right under the Convertible Loan Agreement entered into between the Company and Mr Luo Shandong. Detailed information on the Second Proposed Extension of the expiry date of the Conversion Right under the Convertible Loan Agreement entered into between the Company and Mr Luo Shandong, including the rationale for the same, is set out in the Letter.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) Save for a member who is a relevant intermediary as defined in Note 2, a member entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint one or two proxies to attend and vote in his stead. Where a member (other than a relevant intermediary) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

(2) A member who is a relevant intermediary entitled to attend the AGM and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"**Relevant intermediary**" means:

(a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(3) A proxy need not be a member of the Company.

(4) The instrument appointing a proxy/proxies must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at **8 Robinson Road #03-00, ASO Building, Singapore 048544** at least 72 hours before the time set for the AGM or any postponement or adjournment thereof. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the AGM in order for him to be entitled to vote at the AGM.

(5) The instrument appointing a proxy/proxies shall be in writing under the hand of the appointor or of his attorney, or if such appointor is a corporation, under its common seal or under the hand of its officer or attorney, duly authorised in writing.

(6) In the case of joint shareholders, all holders must sign the instrument appointing a proxy/proxies.

(7) By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy/proxies and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation, compilation and publication of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy/proxies and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of proxy/proxies and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy/proxies and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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*This notice 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 notice.*

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

The details of the contact person for the Sponsor is:
Name: Mr. Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.)
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619
Tel: 6381 6757

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tan Thiam Hee, Mr Teo Cheng Kwee, Mr Ang Mong Seng and Mr Lim Jun Xiong Steven are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 23 April 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules is set out below:

	MR TAN THIAM HEE	**MR TEO CHENG KWEE**	**MR ANG MONG SENG**	**MR LIM JUN XIONG STEVEN**
Date of Appointment	24 June 2015	21 July 2015	25 May 2018	25 May 2018
Date of last re-appointment	28 April 2016	26 April 2017	–	–
Age	49	66	69	63
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating & Corporate Governance Committee ("**NCGC**") and has reviewed and considered the qualification, work experience and suitability of Mr Tan Thiam Hee for re-appointment as a Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Tan Thiam Hee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NCGC and has reviewed and considered the qualification, work experience and suitability of Mr Teo Cheng Kwee for re-appointment as a Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Teo Cheng Kwee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NCGC and has reviewed and considered the qualification, work experience and suitability of Mr Ang Mong Seng for re-appointment as an Independent Director and Non-Executive Group Chairman of the Company. The Board has reviewed and concluded that Mr Ang Mong Seng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NCGC and has reviewed and considered the qualification, work experience and suitability of Mr Lim Jun Xiong Steven for re-appointment as an Independent Director of the Company. The Board has reviewed and concluded that Mr Lim Jun Xiong Steven possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for overseeing the executive operations of the Group.	Non-Executive	Non-Executive	Non-Executive

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN THIAM HEE	MR TEO CHENG KWEE	MR ANG MONG SENG	MR LIM JUN XIONG STEVEN
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Group Chief Executive Officer	Non-Executive Director and member of the Audit and Remuneration Committees	Independent Director and Non-Executive Group Chairman, Chairman of the Nominating & Corporate Governance Committee and member of the Audit and Remuneration Committees	Independent Director, Chairman of the Audit and Remuneration Committees and member of the Nominating & Corporate Governance Committee
Professional qualifications	Chartered Accountant (Singapore) – Fellow Certified Public Accountants (Australia) – Fellow Singapore Institute of Directors – Member Australian Institute of Company Directors – Graduate Member	Nil	Bachelor of Arts, Nanyang University, Singapore (1973)	Fellow Member of CPA Australia Fellow Member of The Institute of Singapore Chartered Accountants Member of Society of Trust and Estate Practitioners
Working experience and occupation(s) during the past 10 years	2018 – Present Chief Financial Officer of BIZGO Holdings Limited 2015 – Present Executive Director and Group Chief Executive Officer of Emerging Towns & Cities Singapore Ltd. 2013 – Present Director of ACH Investments Pte. Ltd. 2013 – 2014 Chairman of GPS Alliance Holdings Limited 2011 – 2012 Independent Director of JES International Holdings Limited 2009 – 2011 Independent Director of Passion Holdings Limited 2008 – 2013 Managing Director & Chief Executive Officer of Koon Holdings Limited	2006 – 2013 Group Managing Director & Chief Executive Officer of Sapphire Corporation Limited	2001 – 2011 Chief Operating Officer of E M Services Private Limited 2001-2011 Member of Parliament for Hong Kah GRC 1997-2011 Chairman of Hong Kah Town Council	2010-2014 Chief Executive Officer of Societe Generale Private Banking – SG Trust (Asia) Ltd. 2009-2010 Executive Director of Strategic Associates (S) Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN THIAM HEE	MR TEO CHENG KWEE	MR ANG MONG SENG	MR LIM JUN XIONG STEVEN
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 360,000 shares and 5,000,000 share options	Direct interest: 59,281,760 shares and 2,000,000 share options	No	No
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	No
Conflict of Interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	Past (for the last 5 years): Chairman of GPS Alliance Holdings Limited Director of Viva Healthcare Pte. Ltd. Present: Director of ACH Investments Pte Ltd Director of Uni Global Power Pte. Ltd. Director of Trechance Holdings Limited Director of Viva Corporate Advisory Pte. Ltd. Director of DAS Pte. Ltd. Director of SG Plus Investment and Development Pte. Ltd. Director of Golden Land Real Estate Development Co., Ltd Director of KS Resources Pte Ltd Director of KS Distribution Pte Ltd Director of BIZGO (S) Pte. Ltd.	Past (for the last 5 years): Non-Executive and Non-Independent Director of Sapphire Corporation Limited Non-Executive Director of China Vanadium Titano-Magnetite Mining Company Limited Present: Nil	Past (for the last 5 years): Independent Director of AnnAik Limited Independent Director of Gaylin Holdings Limited Independent Director of United Fiber System Limited Present: Independent Director of Chip Eng Seng Corporation Ltd. Independent and Non-Executive Director of Hoe Leong Corporation Ltd. Director of Chinese Opera Institute and Vice Chairman of Pei Hwa Foundation	Past (for the last 5 years): Independent Director of Sapphire Corporation Limited Present: Lead Independent Director of Bund Center Investment Ltd Independent Director of Mirach Energy Limited Lead Independent Director of Keong Hong Holdings Limited Non-Executive Director of Hong Fok Corporation Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN THIAM HEE	MR TEO CHENG KWEE	MR ANG MONG SENG	MR LIM JUN XIONG STEVEN
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN THIAM HEE	MR TEO CHENG KWEE	MR ANG MONG SENG	MR LIM JUN XIONG STEVEN
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN THIAM HEE	MR TEO CHENG KWEE	MR ANG MONG SENG	MR LIM JUN XIONG STEVEN
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN THIAM HEE	MR TEO CHENG KWEE	MR ANG MONG SENG	MR LIM JUN XIONG STEVEN
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN THIAM HEE	MR TEO CHENG KWEE	MR ANG MONG SENG	MR LIM JUN XIONG STEVEN
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAN THIAM HEE	MR TEO CHENG KWEE	MR ANG MONG SENG	MR LIM JUN XIONG STEVEN
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
Disclosure applicable to the appointment of Director only				
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	N.A.

PROXY FORM

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Company Registration Number: 198003839Z)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the AGM and vote (please see Note 3 for the definition of "relevant intermediary").
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal data privacy
By submitting an instrument appointing a proxy/proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 April 2019.

I/We ______________________________

of ______________________________

being a member/members of Emerging Towns & Cities Singapore Ltd. (the "**Company**") hereby appoint Mr/Mrs/Ms

Name	Address	NRIC/Passport Number	Proportion of Shareholding (%)

and/or (delete as appropriate)

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 137 Cecil Street, Hengda Building, #04-01, Singapore 069537 on **Tuesday, 23 April 2019** at **9.30 a.m.** I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions Relating To:	For	Against	Abstain*
	Ordinary Business			
1.	To adopt the Directors' Statement, Audited Financial Statements and Auditors' Report			
2.	To re-elect Mr Tan Thiam Hee as Director			
3.	To re-elect Mr Teo Cheng Kwee as Director			
4.	To re-elect Mr Ang Mong Seng as Director			
5.	To re-elect Mr Lim Jun Xiong Steven as Director			
6.	To approve Directors' Fees to be paid quarterly in arrears for the year ending 31 December 2020			
7.	To re-appoint Foo Kon Tan LLP as Auditors of the Company			
	Special Business			
8.	To authorise the Directors to issue shares pursuant to Rule 806 of the Catalist Rules			
9.	To authorise the Directors to issue shares pursuant to the ETC Employee Share Option Scheme			
10.	To authorise the Directors to issue shares pursuant to the ETC Performance Share Plan			
11.	To approve the proposed renewal of the Share Purchase Mandate			
12.	To approve the Second Proposed Extension of the expiry date of the Conversion Right under the Convertible Loan Agreement entered into between the Company and Mr Luo Shandong			

* Please indicate your vote "For" or "Against" or "Abstain" with a "X" in the appropriate box provided.

Dated this ______________ day of ____________________ 2019.

Register	Number of Shares Held
1) CDP Register	
2) Register of Members	

____
Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. Please insert the total number of Shares registered in your name. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289)), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of Shares is not inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. Save for a member who is a relevant intermediary as defined in Note 3, a member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member (other than a relevant intermediary) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. A member who is a relevant intermediary entitled to attend the AGM and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "**Relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy/proxies must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at **8 Robinson Road #03-00, ASO Building, Singapore 048544** at least 72 hours before the time set for the AGM or any postponement or adjournment thereof. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the AGM in order for him to be entitled to vote at the AGM.

5. The instrument appointing a proxy/proxies shall be in writing under the hand of the appointor or of his attorney, or if such appointor is a corporation, under its common seal or under the hand of its officer or attorney, duly authorised in writing.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

7. A corporation, which is a member, may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act (Cap. 50).

8. The submission of an instrument appointing a proxy/proxies by a member of the Company does not preclude him from attending and voting in person at the AGM if he is able to do so. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

General

The Company shall be entitled to reject the instrument appointing a proxy/proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy/proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy/proxies if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Ang Mong Seng BBM
(Non-Executive Group Chairman/
Independent Director)
Tan Thiam Hee
(Executive Director/
Group Chief Executive Officer)
Zhu Xiaolin
(Executive Director/Group President)
Lim Jun Xiong Steven
(Independent Director)
Teo Cheng Kwee
(Non-Executive Director)

AUDIT COMMITTEE
Lim Jun Xiong Steven
(Chairman)
Ang Mong Seng BBM
Teo Cheng Kwee

NOMINATING & CORPORATE GOVERNANCE COMMITTEE
Ang Mong Seng BBM
(Chairman)
Lim Jun Xiong Steven
Zhu Xiaolin

REMUNERATION COMMITTEE
Lim Jun Xiong Steven
(Chairman)
Ang Mong Seng BBM
Teo Cheng Kwee

COMPANY SECRETARIES
Ong Beng Hong, LLB (Hons)
Tan Swee Gek, LLB (Hons)

REGISTERED OFFICE
160 Robinson Road
#12-08 SBF Center
Singapore 068914
T: (65) 6245 2313 | F: (65) 6245 2351
E: info@etcsingapore.com
www.etcsingapore.com

COMPANY REGISTRATION
No. 198003839Z

REGISTRAR & SHARE TRANSFER OFFICE
B.A.C.S. Private Limited
8 Robinson Road #03-00 ASO Building
Singapore 048544

CATALIST SPONSOR
RHT Capital Pte. Ltd.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

INDEPENDENT AUDITOR
Foo Kon Tan LLP
Public Accountants and Chartered Accountants
24 Raffles Place, #07-03
Clifford Centre
Singapore 048621

Partner-in-charge: Toh Kim Teck
(w.e.f financial year ended 31 December 2018)

PRINCIPAL BANKERS
Citibank N.A.
8 Marina View #16-01
Asia Square Tower 1
Singapore 018960

DBS Bank
6 Shenton Way #02-02
DBS Building Tower 1
Singapore 068809

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