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

ANNUAL REPORT 2019

CONTENTS

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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

On 1 March 2019, the Group announced the Second Addendum Deed in relation to the Convertible Loan Agreement ("CLA") entered into between the Company and Mr Luo Shandong on 25 January 2017. Pursuant to the Second Addendum Deed, the maturity date of the CLA had been amended from 27 months to 39 months from the date of the CLA. Subsequently, shareholders approved the extension during the Group's Annual General Meeting convened on the 23 April 2019, extending the maturity date of the CLA from 25 April 2019 by an additional 12 months to 25 April 2020.

In January 2019, the Ministry of Construction in Myanmar initiated the formation of a condominium management committee to oversee the implementation of regulations under the Condominium Law 2016 and Condominium Rules 2017 ("Condominium Law"). This means that new and existing property developments that fall under the definition of the Condominium Law will be able to register with the management committee. Having met the prerequisite criteria and adhered to the relevant by-laws, the Group's application was approved and Golden City has successfully completed the current procedures of registration under the country's Condominium Law. As the Condominium Law is expected to instil greater trust in the market once it is officially implemented, the Group is well-placed to capture demand from both locals as well as a growing pool of foreign buyers in the coming years.

Back in October 2018, the Group entered into a lease agreement with globally renowned telecommunications conglomerate, Huawei Technologies ("Huawei"), to lease out 147 residential apartments from Golden City and total rental income over the three-year period is expected to amount to USD7.7 million. With the support of Huawei as one of its core tenants, the Group has been able to diversify its revenue streams, while demonstrating its ability to cater to multinational corporate clientele. The lease agreement with Huawei has commenced in April 2019 and will expire in 2022.

STRATEGY & OUTLOOK

The Group intends to continue its focus on property investment and development, executed through a strategy in the following manner:

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

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

c. The Group strives to diversify and rejuvenate its shareholder structure by attracting investment interests of strategic shareholders who will yield potential operational synergies.

GROUP STRUCTURE AS AT 31 DECEMBER 2019

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 Ltd.'s ("ETC Singapore", or the "Company", and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2019 ("FY2019").

Underpinned by growing uncertainty surrounding trade tensions between the US and China, the global economy in 2019 grew at its weakest pace since the global financial crisis a decade ago. Consequently, the Myanmar economy was also impacted, with projected gross domestic product (GDP) growth expected to moderate to 6.6 per cent year-on-year ("yoy") in 2019, from 6.8 per cent recorded in 2018[1].

In view of the tepid macroeconomic landscape, our flagship Golden City project – located in the upmarket Yankin township of Yangon, Myanmar – performed fairly during the year. Overall, the Group recorded a turnover of S$41.4 million for FY2019, attributable mainly to the sale and recognition of 107 Golden City units worth S$36.6 million. On the other hand, we have a remaining order book of 88 Golden City units that have already been sold and are expected to be progressively recognised upon handover.

Of notable mention, our two-pronged growth strategy of supplementing our short-term development profits with long-term recurring income continues to garner momentum, as our agreement with Huawei Technologies (Yangon) Co Ltd to lease out 147 apartments from Golden City drove a 55.6% yoy increase in rental income to S$4.8 million for FY2019. Supported by fair value gain from the net transfer of 155 apartment units from development to investment properties, we were able to record a two-fold increase in net profit attributable to shareholders of S$6.7 million for FY2019.

After a challenging few years for Myanmar's property market, some bright spots have begun to emerge toward the end of 2019. Since the establishment of the condominium management committee in Yangon Region in January 2019, the registration of condominiums progressed greatly, as the formation of the condominium management committee was a crucial step in implementing the new Condominium Law. Prescribing a broad framework for condominium developments in Myanmar, the Condominium Law and its associated by-laws are expected to instil trust in the market and spur greater demand and ownership from both locals and expatriates when they are eventually implemented.

Following our recent application with the local government, we are pleased to highlight that our Golden City development met the prerequisite criteria and adhered to the relevant by-laws, and as such has been successfully registered through current procedures under the country's Condominium Law. Crucially, we are now better positioned 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.

While the regulators continue to fine-tune the implementation process for rules and registration systems with regard to the Condominium Law, opportunities have been surfacing within the country's rental market as well. With approximately only 6,000 to 8,000 condominium units available for rent each year, and about 100,000 foreigners living in Yangon[2], rental demand is expected to outpace supply in the near-term. As a result, the rental market is likely to provide additional support for Golden City's rental apartments before the Condominium Law comes fully into play.

As the property market in Myanmar continues to evolve, we will continue to adopt and execute our two-pronged growth strategy of fuelling short-term development profits with long-term recurring income derived from our rental properties to build a sustainable business model for the long term.

Cognisant of the challenges faced as a single asset company, we acknowledge the importance of expanding our horizons to diversify our revenue streams. However, we are equally mindful of the need to be prudent in our assessment of potential investment opportunities amidst the uncertain global macroeconomic landscape. Looking ahead, our management team will continue to leverage on the Company's strengths as a niche property player for new and untapped opportunities in high-growth emerging markets to propel us into a new era of growth. Furthermore, we will continue to search for suitable strategic investors that can value-add to our operations and support business expansion moving forward.

To conclude this message, I would like to take this opportunity to thank our business partners and customers for your support. Additionally, I wish to also express my appreciation to our fellow Board members for their guidance, counsel and advice, and to our members of staff for their dedicated efforts and commitment. Last but not least, I would like to appreciate our loyal shareholders for your many years of unwavering support and belief in the Board and management.

Yours Sincerely,

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

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1 https://www.adb.org/countries/myanmar/economy, Asian Development Bank

2 "Five sectors in Myanmar to watch this year", 1 January 2020, Myanmar Times

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 2019 ("FY2019").

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 31 December 2019. Save for Teo Cheng Kwee, who is a non-executive director, we are Independent Directors with extensive financial knowledge and as such, the Audit 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 Page 61 to 62.

In FY2019, the Audit Committee met formally four times and exchanged several emails and informal telephone calls on selected issues. The main areas dealt by the Audit Committee included:

- Review of the quarter, half-year and full-year financial statements of the Group and the respective quarterly, half-year and full-year financial announcements that were approved by the Board and released via the SGXNET.
- Approval of the audit plans and strategies received from external and internal auditors for the year ended 31 December 2019.
- Review report of audit issues, audit report and management letter points by the 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 2018, Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Catalist Rules"), 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 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 79 to 83 of this Annual Report.

FKT was appointed on 21 August 2009 and has been the Group's auditors. FKT provides the Audit Committee with the relevant reports and advice throughout the year. In accordance with the Catalist Rules, the Company's auditor adheres to a partner rotation policy based on best practices. FY2019 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 Audit Committee in conjunction with the senior management team. In making this assessment, the Audit Committee focused on the robustness of the audit and the quality of the delivery of audit services. The Audit Committee is satisfied that the audit continues to be effective and provides an appropriate independent challenge of the Group's senior management. The Audit Committee reviewed and is satisfied as to the objectivity and independence of the auditor.

SIGNIFICANT ACCOUNTING MATTERS OF THE GROUP

During the year, the Audit 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 development properties measured at lower of cost and net realisable value, both of which are Key Audit Matters.

With respect to the valuation of the investment properties, the Audit 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 Audit Committee reviewed the reasonableness of the methodologies, inputs and assumptions used in the valuation models. 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.

AUDIT COMMITTEE'S **REPORT**

As for the development properties measured at lower of cost and net realisable value, the Audit 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 Audit Committee also reviewed the development properties to ensure that they are correctly classified as development properties, 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(d) to the financial statements.

With regards to going concern, the Committee considered the significant judgements and reviewed the reasonableness of the financial budget and cash flow forecast, taking into account the committed term sheet obtained by the Group from a lender subsequent to end of the reporting period, for the going concern assessment.

We thank you for your attention.

LIM JUN XIONG STEVEN
Chairman of the Audit Committee

BOARD OF DIRECTORS

MR ANG MONG SENG
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 Co., Ltd., 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 projects 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 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 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 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 2019 ("FY2019"), reported a revenue of S$41.4 million. Driven by rising rental income and fair value gains from the Golden City project, it recorded a 44.6% year-on-year ("yoy") and 95.7% yoy increase in net profit and net profit attributable to shareholders to S$14.8 million and S$6.7 million for FY2019 respectively.

FINANCIAL RESULTS

Revenue for FY2019 was mainly contributed by the sale of Golden City property units amounting to S$36.6 million (representing 88.4% of total revenue) and the rental of Golden City property units at an aggregate amount of S$4.8 million (representing 11.6% of total revenue). Revenue for FY2018 was mainly contributed by the sale of Golden City property units amounting to S$56.6 million (representing 90.9% of total revenue) and the rental of Golden City property units at an aggregate amount of S$2.6 million (representing 4.2% of total revenue), following the disposal of Cedar Properties Private Limited ("CPPL"), effectively divesting the Group's stake in the Daya Bay project on 15 March 2018.

The Group reported revenue, and therefore profits, for units sold (i.e. units where the sale and purchase agreement have already been signed) on the earlier of handing over of the property units or one month after notification to buyers to take over the property units. 107 and 176 units were recognized as revenue in FY2019 and FY2018 respectively for Golden City project.

Gross profit of approximately S$13.6 million was recorded for FY2019, after deducting direct costs (consisting mainly of cost of the property units sold) of approximately S$27.8 million. The gross profit margin for sale of properties for Golden City was approximately 24.8%.

Other income increased from S$11.6 million in FY2018 to S$22.1 million in FY2019 mainly due to the higher fair value gain of S$7.2 million arising from the net transfer of 155 residential units from development properties to investment properties, following the commencement of operating lease to 3rd party, supplemented by 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. Others included penalties received from customers who were past due on instalments.

Distribution costs, which arose from the sale of property units, decreased from S$2.0 million in FY2018 to S$1.4 million in FY2019 mainly due to the disposal of the Daya Bay project and lower advertising and sales commission expenses in the Golden City project. These expenses comprised primarily salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

Administration expenses decreased from S$8.3 million in FY2018 to S$6.1 million in FY2019, mainly due to lower salaries and related costs and professional fees.

Other operating expenses decreased from S$1.2 million in FY2018 to S$1.0 million in FY2019 mainly due to the disposal of the Daya Bay project.

The finance costs increased from S$6.3 million in FY2018 to S$9.4 million in FY2019 mainly due to increase in

OPERATION AND FINANCIAL REVIEW

borrowings and the capitalisation of borrowing costs for the construction of Phase 2 in FY2018. The Group has ceased the capitalisation of borrowing costs following the completion of Phase 2 in October 2018. Finance costs mainly comprised of interest expenses incurred from borrowings, imputed financing expenses arising from advance consideration received from customers and imputed interest expenses (which have no cash flow impact) arising from the land lease premium from the Golden City project.

Taxation increased from a tax expense of S$0.7 million in FY2018 to S$3.1 million in FY2019 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

Investment properties, which are accounted for at fair value, increased mainly due to the net transfer of 155 units of residential and commercial units from development properties to investment properties following the commencement of the operating lease to 3rd party. Property, plant and equipment decreased mainly due to depreciation and transfer to investment properties following the commencement of operating lease to 3rd party, partially offset by the acquisition of new property, plant and equipment.

Development properties decreased mainly due to the progressive recognition of income from property units sold and handover, as well as the transfer to investment properties. The development properties acquired at acquisition date are being recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer. Trade receivables decreased mainly due to lower trade receivables upon payment of the outstanding amounts by customers, partially offset by the progressive recognition of income upon handover of the property units sold.

Deferred tax liabilities increased mainly due to the fair value gain for the transfer of units from development properties to investment properties, partially offset by development property units that were progressively sold, thereby reducing the deferred tax liabilities recognized for the development properties. Deferred tax liabilities relating to development properties 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, have decreased mainly due to partial repayment of loans. Accrued land lease premium, including current and non-current, increased mainly due to the imputed interest expense (which have no cashflow impact) arising from the land lease premium from the Golden City project. Trade and other payables decreased mainly due to payments made to suppliers. Advance consideration received from customers decreased mainly due to handover of property units in the Golden City project to buyers.

CASH FLOW

Net cash generated from operating activities was approximately S$10.4 million for FY2019 mainly from the operating profit and changes in working capital.

Net cash used in investing activities was approximately S$2.0 million for FY2019 mainly due to purchase of property, plant and equipment.

Net cash used in financing activities was S$8.3 million for FY2019 mainly due to the interest paid and repayment of loans.

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 Pte. Ltd., acquired an effective 49.0% equity stake in Golden Land

OPERATION AND FINANCIAL REVIEW

	Sales value (USD million)	No. of units	Total floor area ('000 sq ft)
Sold (SPA signed & stated at gross)	217.8	621	814.5
Unsold (Incl. deposit received but contract not signed)	171.4	444	654.2
Total	389.2	1,065	1,468.7
Notified and Handed over	163.2	520	678.7
Notified, but not handed over	4.5	13	18.4
Total Sold and Recognized in P&L (at Gross)	167.7	533	697.1

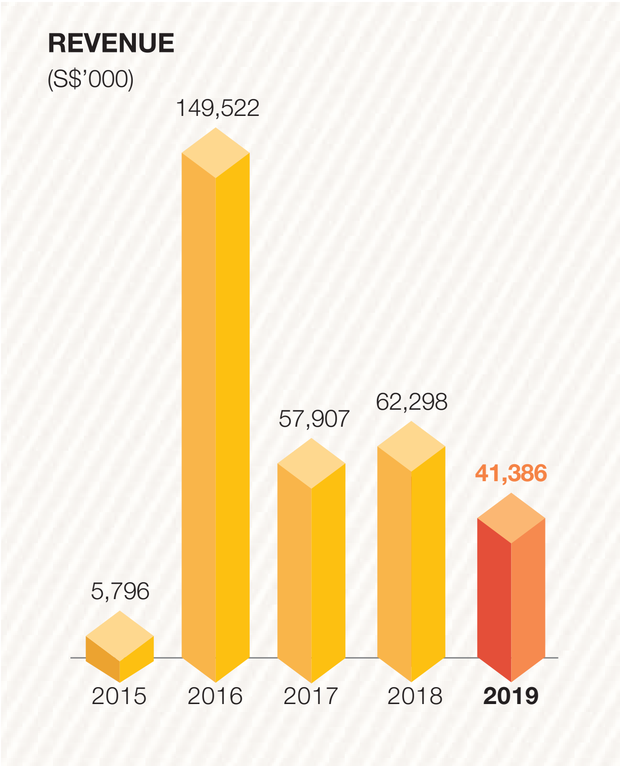
Real Estate Development Co. Ltd. ("Golden Land") for an aggregate consideration of US$24.9 million. Golden Land is the developer of the Golden City project, a luxury mixed-use development with an estimated gross floor area of approximately 3.0 million square feet in the Yankin township of Yangon, Myanmar.

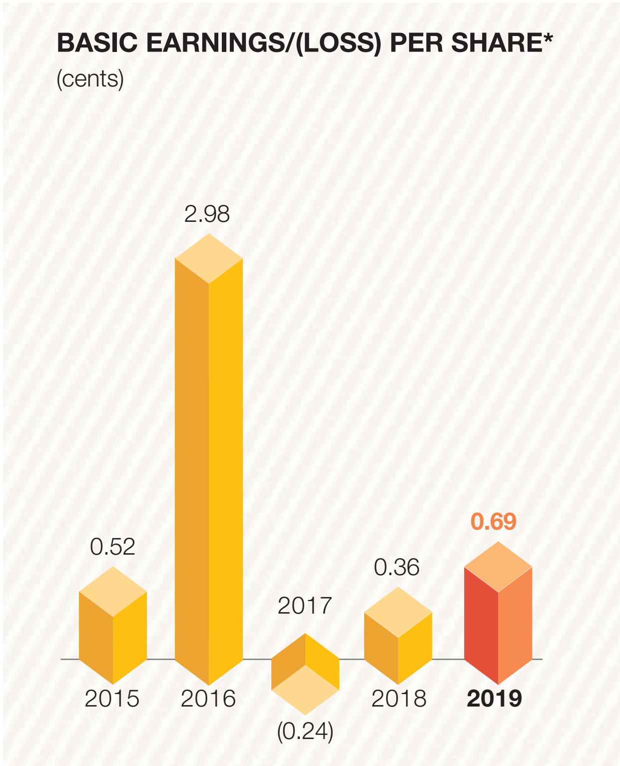
Towering at an unprecedented height of 33 storeys, the iconic development offers unobstructed views of key landmarks including the Shwedagon Pagoda and the Inya Lake. Located in its vicinity are prestigious real estate and lifestyle amenities, including five-star hotels, fine dining restaurants, international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

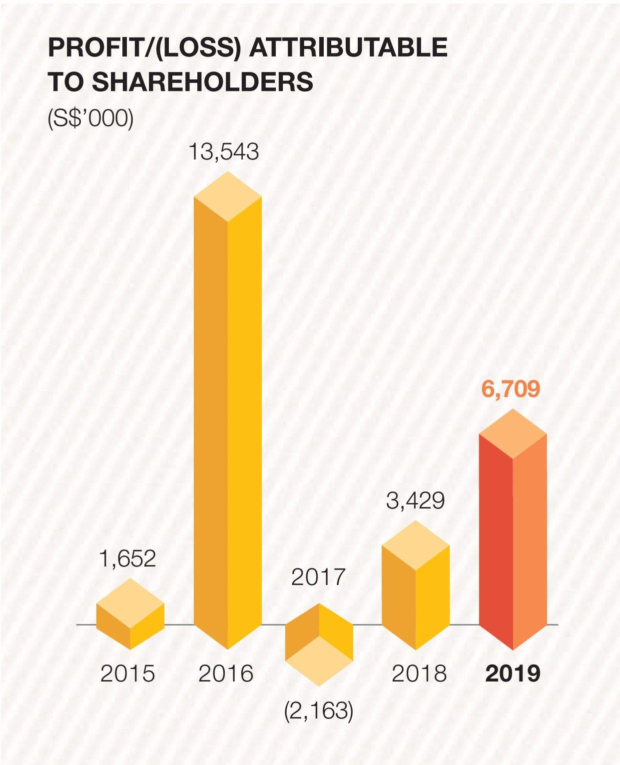
The development of this brownfield project consists of four distinct phases, with the initial two phases comprising residential blocks, while the final two phases being set aside for other uses including commercial space. As at 31 December 2019, the construction of the first two phases have been completed. 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.

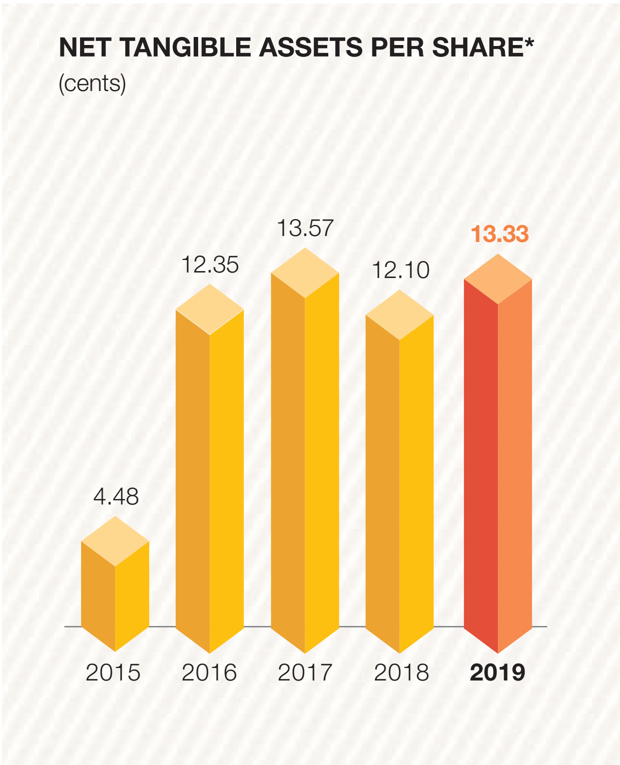
Since its inception, the project has also been actively engaging the local community through the Golden City Charity Foundation, donations, volunteer work, and other CSR activities.

FINANCIAL SUMMARY









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

FINANCIAL YEAR **REVIEW**

Decrease in Revenue
Decrease in revenue mainly due to fewer Golden City property units recognized as revenue in FY2019. 107 units were recognized as revenue in FY2019 as compared to 176 units in FY2018.

Decrease in Gross Profit
The FY2019 gross profit margin for sales of development properties in the Golden City project was approximately 24.8% (2018: 24.2%).

Increase in Other Income
Increase in other income in FY2019 mainly due to higher fair value gain in the Golden City project as a result of transfer of higher number of residential units to investment properties.

Decrease in Distribution Costs
Decrease in distribution costs in FY2019 mainly due to the disposal of the Daya Bay project and lower sales and advertising costs.

Decrease in Administration Expenses
Decrease in administration expenses in FY2019 mainly due to lower salaries and related costs and professional fees.

Decrease in Other Operating Expenses
Decrease in other operating expenses in FY2019 mainly due to the disposal of the Daya Bay project.

Increase in finance costs
Increase in finance costs mainly due to increase in borrowings and the capitalisation of borrowing costs for the construction of Phase 2 in FY2018.

Increase in Taxation
Increase in taxation mainly due to the higher fair value gain recorded.

Net cash generated from operating activities was approximately S$10.4 million for FY2019 mainly from the operating profit and changes in working capital.

Net cash used in investing activities was approximately S$2.0 million for FY2019 mainly due to additions to investment properties and purchase of property, plant and equipment.

Net cash used in financing activities was S$8.3 million for FY2019 mainly due to the interest paid and repayment of loans.

FINANCIAL PERFORMANCE (S$'000)

	Group	
	FY2019	FY2018
Revenue	**41,386**	62,298
Cost of sales	**(27,781)**	(45,335)
Gross profit	**13,605**	16,963
Other income	**22,134**	11,651
Distribution costs	**(1,402)**	(1,981)
Administrative expenses	**(6,065)**	(8,313)
Other non-operating expenses	**(1,022)**	(1,158)
Finance costs	**(9,353)**	(6,263)
Profit before taxation	**17,897**	10,899
Taxation	**(3,134)**	(688)
Profit for the year	**14,763**	10,211

	Group	
	FY2019	FY2018
Net Cash generated/(used in) from Operating activities	**10,442**	(5,258)
Net Cash used in investing activities	**(1,954)**	(860)
Net Cash used in Financing activities	**(8,252)**	(1,345)
Net increase/(decrease) in cash and cash equivalents	**236**	(7,463)
Cash and cash equivalents at 1 January	**3,026**	10,879
Exchange differences on translation of cash and cash equivalents at 1 January	**(40)**	(390)
Cash and cash equivalents at 31 December	**3,222**	3,026

FINANCIAL YEAR **REVIEW**

Mainly due to the net transfer of 155 units of residential and commercial units from development properties to investment properties following the commencement of the operating lease to 3rd party.

Mainly due to the progressive recognition of income from property units sold upon handover, as well as the transfer to investment properties.

Mainly due to foreign currency translation difference in oversea operations.

Mainly due to the fair value gain for the transfer of units from development properties to investment properties, partially offset by development property units that were progressively sold, thereby reducing the deferred tax liabilities recognized for the development properties.

Borrowing, including current and non-current, decreased mainly due to partial repayment of loans.

Accured land lease premium, including current and non-current, increased mainly due to the imputed interest expense arising from the land lease premium from the Golden City project.

Mainly due to payments made to suppliers.

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

Financial Position (S$'000)

	Group		Company	
	FY 2019	FY 2018	**FY 2019**	FY 2018
ASSETS				
Non-current assets				
Property, Plant and Equipment	**4,235**	4,942	**73**	144
Right-of-use-asset	**174**	–	**174**	–
Subsidiaries	**–**	–	**35,393**	35,393
Investment properties	**113,087**	65,228	**–**	–
Trade receivables	**8,787**	9,390	**–**	–
Total non-current assets	**126,283**	79,560	**35,640**	35,537
Current Assets				
Development properties	**162,354**	219,616	**–**	–
Trade and other receivables	**12,935**	14,450	**35,109**	35,629
Prepayments	**584**	1,415	**27**	23
Cash and cash equivalents	**3,222**	3,026	**166**	850
	179,095	238,507	**35,302**	36,502
Total assets	**305,378**	318,067	**70,942**	72,039
EQUITY				
Captial and reserve				
Share capital	**43,354**	43,126	**43,354**	43,126
Capital reduction reserve	**15,998**	15,998	**15,998**	15,998
Equity component of convertible loan	**13,317**	13,150	**13,317**	13,150
Capital reserve	**24,695**	24,695	**10,987**	10,987
Revaluation reserve	**299**	299	**–**	–
Share-based payment reserve	**730**	730	**730**	730
Foreign currency translation reserve	**(3,321)**	(1,314)	**–**	–
Accumulated profit/(loss)	**21,711**	15,001	**(14,862)**	(13,274)
Equity attributable to equity holders of The company	**116,783**	111,685	**69,524**	70,717
Non-controlling interests	**12,651**	4,737	**–**	–
Total equity	**129,434**	116,422	**69,524**	70,717
LIABILITIES				
Non-current liabilities				
Provisions	**23**	23	**23**	23
Deferred tax liabilities	**29,039**	26,283	**–**	–
Lease liability	**57**	–	**57**	–
Borrowings	**11,825**	35,005	**–**	–
Accrued land lease premium	**21,486**	24,920	**–**	–
Advance consideration received from customers	**1,877**	3,549	**–**	–
Total non-current liabilities	**64,307**	89,780	**80**	23
Current liabilities				
Borrowings	**31,567**	13,188	**–**	80
Accrued land lease premium	**10,699**	3,842	**–**	–
Lease liability	**104**	–	**104**	–
Trade and other payable	**51,511**	68,395	**1,234**	1,219
Advance consideration received from customers	**17,756**	26,440	**–**	–
Current tax payable	**–**	–	**–**	–
Total current liabilities	**111,637**	111,865	**1,338**	1,299
Total liabilities	**175,944**	201,645	**1,418**	1,322
Total equity and liabilities	**305,378**	318,067	**70,942**	72,039

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
- **13 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
- **1 MAR 2019** – Second Addendum Deed for the Extension of the Maturity Date of the Convertible Loan Agreement
- **27 FEB 2020** – 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	The Board comprised 5 members.
	Board independence			
	Proportion of independent directors on board			
	Number of directors on board	1	3	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?			
	If the answer to the above is "NO", is the chairman a non-executive director and not related to the CEO?	3	3	
	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 4 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?	1	1	
	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	
	Remuneration Committee			
	Number of members in the committee	1	1	
	Number of independent members in the committee			
	Is the chairman independent?			

SINGAPORE GOVERNANCE AND **TRANSPARENCY INDEX (SGTI)**

SGTI ASSESSMENT FRAMEWORK

Sections	Questions	Self Assessment	Maximum Points Possible (Maximum)	Reasons For Not Achieving Maximum Points
A.	**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	29	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 FY2019.
	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	PSP issued during the year were vested immediately.
	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	89	100	

SUSTAINABILITY REPORT

BOARD'S STATEMENT

Dear Stakeholders,

We are pleased to present our sustainability report for 2019, 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.

At Emerging Towns & Cities Singapore Ltd. ("ETC Singapore"), we believe that sustainability is the key consideration in every aspect of our business. We are committed to hearing and meeting the changing needs of individuals, businesses and communities by ensuring that we always have the right talent and expertise in our Group. We celebrate diversity and support our people's professional and personal development to ensure that they are always at their best to serve the Group and communities.

We are committed to developing properties and offering services to our stakeholders that will generate sustainable value. We proactively engage with our stakeholders to better understand their expectations. This enables us to resolve their concerns timely and further enhance our sustainability performance. For example, a resident committee for our Golden City project was formed to provide an avenue for our residents to voice initiatives for improvement, and also for rectification of issues identified.

ESG Materiality

The Board has considered the sustainability topics and determined the material ESG factors that are crucial to the Group. This Sustainability Report plays an imperative role in helping us increase transparency, accountability and progress towards sustainable growth. The success of our sustainability journey requires continual effort and we are confident that together with our stakeholders, we are able to achieve greater sustainability in our operations.

Golden City Project

The Golden City project comprises of 4 phases. The construction of Phase 1 and Phase 2 has been completed and the commencement of Phase 3 is subjected to feasibility studies and project financing. The Group also focused on strengthening its key sales initiatives in order to drive sales and rental of residential and commercial units.

Acknowledgements

The success of our sustainability journey requires collaboration and continued efforts from all stakeholders. 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 continue to create greater value for all our stakeholders in the year ahead.

ABOUT THIS REPORT

Scope of Report

This is the fourth Sustainability Report by ETC Singapore. It covers the Group's performance, initiatives and impact of its operations in relation to the ESG factors.

All data and activities reported were from 1 January 2019 to 31 December 2019, which is ETC Singapore's financial year ended 31 December 2019 ("FY 2019") unless stated otherwise.

Reporting Framework

The report has been prepared in accordance with the GRI Standards – Core option, the international standard for sustainability reporting established by GRI in 2016. The content of this report was defined by the four reporting principles established by GRI Standards: (1) Stakeholder Inclusiveness; (2) Sustainability Context; (3) Materiality; (4) Completeness.

The Stakeholder Inclusiveness principle was implemented in determining the report context through various stakeholder engagements and internal discussions led by the Sustainability Committee. The Sustainability Context principle was implemented in determining the report context which covered the ESG aspects. The Materiality principle was implemented in determining the report context through stakeholder engagements and internal discussions. After which, all relevant factors were weighed according to their respective importance to stakeholders, as well as their impact on ETC Singapore's business. This combined assessment allows ETC Singapore to identify and agree upon the appropriate material ESG aspects for the business. The report covers the ESG performance of the Group across its core operations in Singapore and Myanmar.

Report Content and Quality

This report aims to provide you with an integrated overview of ETC Singapore's initiatives and strategies related to sustainability and responsible business development. Through these actions, we aim to address the key concerns and issues that ETC Singapore's stakeholders face. To ensure content quality, we have applied GRI's principles of accuracy, balance, clarity, comparability, reliability and timeliness.

Contact Us

As part of our ongoing efforts on improving the coverage of our sustainability practices in the report, we welcome stakeholders to submit their questions or feedback on any aspect of our sustainability report and performance to info@etcsingapore.com.

SUSTAINABILITY **REPORT**

MANAGING SUSTAINABILITY AT ETC SINGAPORE

CORPORATE VISION

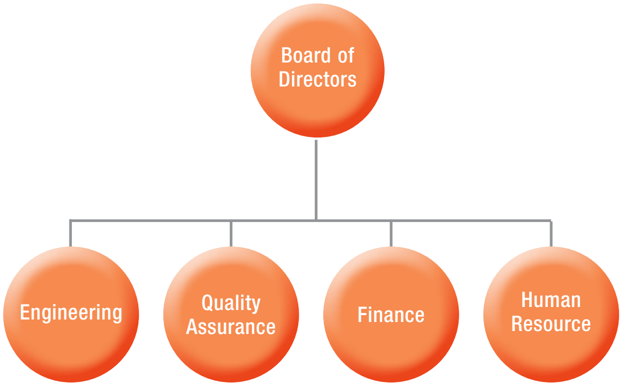
- Building infrastructure using sustainable methods for our existing and future generations.

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; and
  - Protect limited resources and actively seek ways to reduce our environmental footprint.

OUR SUSTAINABILITY EFFORTS

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



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 feedback 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 feedback and complaints	• Build properties with high standard of quality and safety • Formalise 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

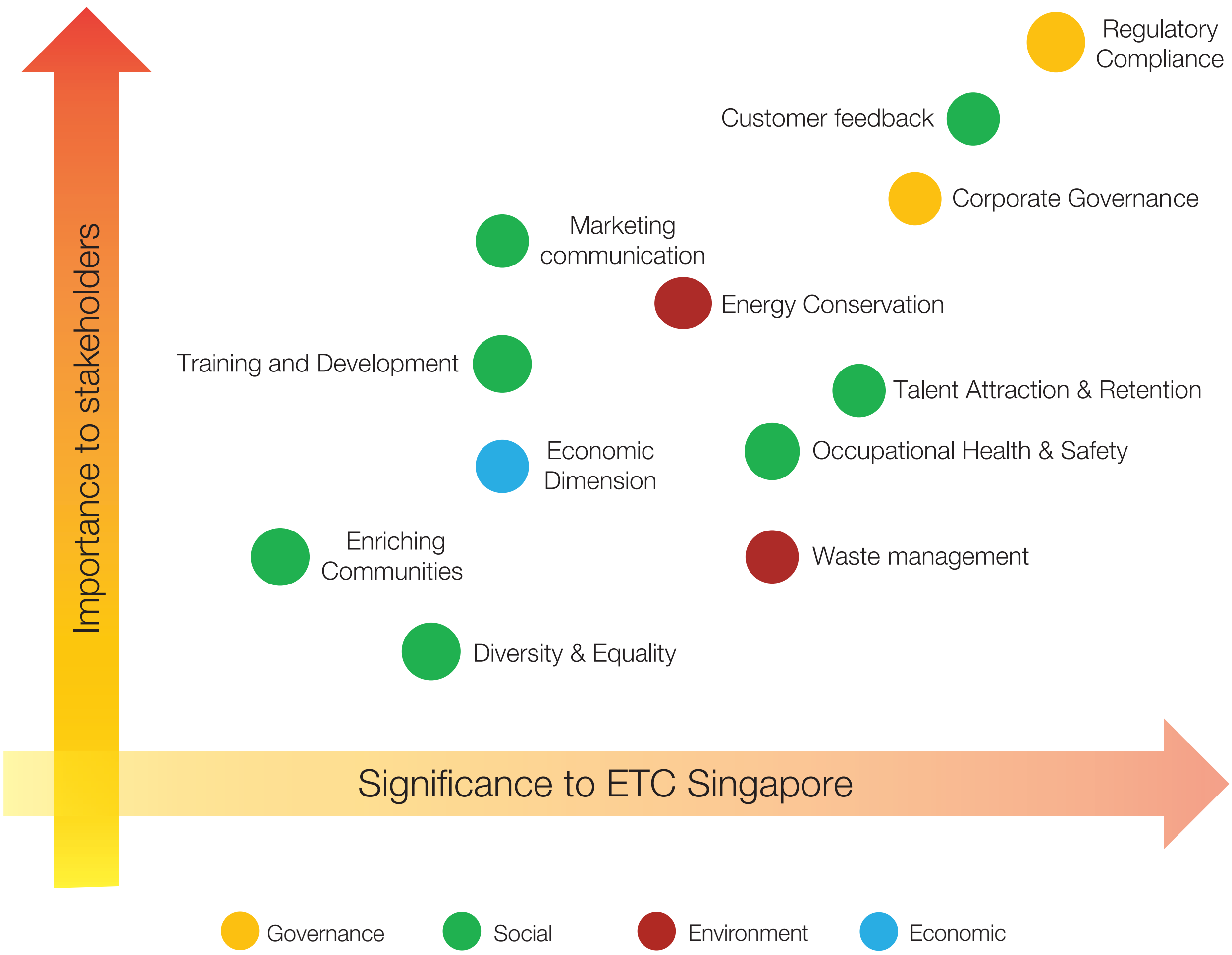
MATERIALITY ASSESSMENT

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 report focuses on 4 key aspects with 12 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.

2019 SUSTAINABILITY MATERIALITY ASSESSMENT



SUSTAINABILITY REPORT

ECONOMIC

We strive to enhance long-term economic value for our shareholders through sound risk management, which includes sustainable investment and development of properties in emerging economies. We are committed to upholding good corporate governance practices so as to ensure long-term sustainable growth so as to enhance shareholder value.

Building a Sustainable Business

Investing in Emerging Markets

We focus on quality investments that will maximize shareholder returns. We have in place a systematic approach in assessing the potential opportunities and risks in operating in emerging markets. Investing in emerging markets is chosen as part of our corporate strategy as they are currently at the forefront of economic growth, generating the highest rates of real Gross Domestic Product (GDP) growth globally. Management of such investments in emerging countries is of utmost importance to us as we seek to protect the long-term financial interests of the Group and our shareholders.

Golden City Project

Golden City project remains one of our Group's main investments. In line with managing risks associated with investing in emerging markets, we have equipped our team with talents of relevant expertise and experience in the Myanmar's real estate market. We are committed in ensuring that regulatory requirements of Myanmar are complied with to ensure smooth operations in the real estate market.

We continually pursue revenue growth in terms of sales in units and as at 31 December 2019, we have successfully sold 621 (FY 2018: 564) units from the Golden City project.

FUTURE OUTLOOK

Building completions in Yangon are also expected to slow down, and hence, limiting the entry of new supply. The lack of new supply is expected to lead an increase in citywide occupancy rate. Rental demand for upscale residential units will continue to be underpinned by expatriates and will provide crucial support to our Group.

Economic Performance in FY 2019	
FY 2019 Target	**Performance Update**
Prudent management of our financial positions and set realistic goals.	We have exercised a prudent approach to evaluate emerging markets before making investments.
Review financial performance on a periodic basis.	Board meetings are held quarterly to review the Group's performance.
Financial budgets, cashflow forecasts and project plans are made in consideration of current business climate and the foreseeable future.	Budgets, forecasts and monthly internal financial statements are presented and discussed at each Board meeting. This allows Directors to monitor the Group's performance and management's fulfilment of goals and objectives set by the Board.

Economic Target in FY 2020	
FY 2020 Target	**Action Plan**
Continue to be prudent in the management of our financial position and set realistic goals for our economic performance.	Financial budgets, cashflow forecasts and project plans, made in consideration of current business climate and foreseeable future, are set on a yearly basis.
Identify markets in line with current investment mandate to expand our portfolio.	We seek to expand our investment portfolio by actively searching for potential opportunities in emerging property markets.

SUSTAINABILITY **REPORT**

SOCIAL

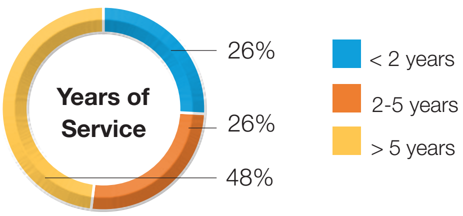
We believe our employees are the base to a strong and long-running organisation. Our business viability relies on our ability to respond to our employees' needs and expectations. Hence, we are committed to empowering and supporting the development of our employees to their greatest potential. We are also committed to making positive contribution to the communities we operate in, through our business activities and initiatives.

(a) Our Talents

Talent Attraction and Retention

We are committed to continuing our fair employment practices and principles to encourage diversity in our Group. We place high emphasis on our employees' personal well-being, welfare, career progression opportunities, workplace health and safety to ensure that we are able to attract and retain people with the right experience and expertise that best fit our Group's culture, values and needs.

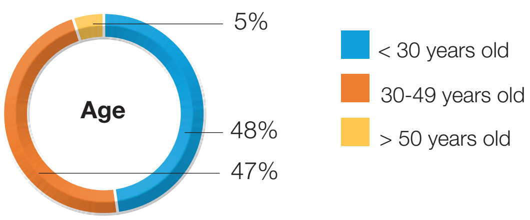
Each employment package is unique and catered to the job requirements of our employees and could include incentives such as free accommodation, meals, allowances, holiday benefits, parental leave and medical benefits. We believe in catering to the individual needs of our people. When our employees' needs are met, they will feel aligned with our mission, vision and values of our Group, and remain loyal to the Group. As at 31 December 2019, 48% of our employees have stayed with us for more than five years. Employees who have left the Group have served an average of three and a half years. The following table shows our existing employees' years of service as of FY 2019.

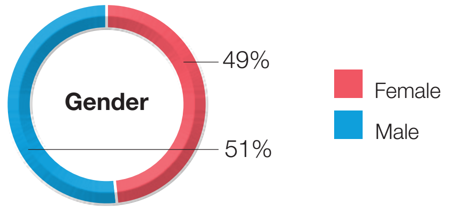


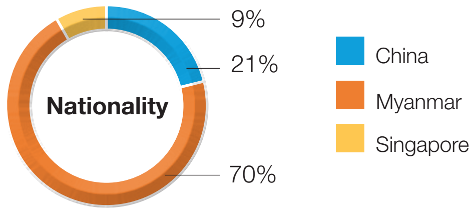
Diversity in Our Workplace

In FY 2019, operations have been streamlined as we strive to maintain and manage a workforce that is sufficient yet efficient. As at 31 December 2019, we have a total of 61 employees which represents a 24% reduction in headcount from FY 2018.

In ETC Singapore, we celebrate diversity and we strive to attract and retain people with the right fit for our Group across the globe. The following diagrams show the profiles of our employees.





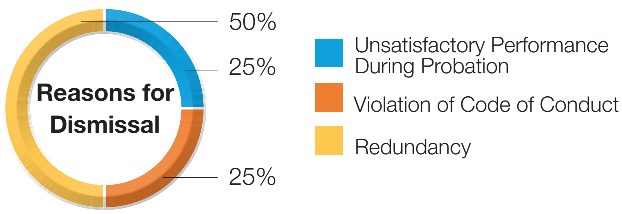


Fair Dismissal Process

In ETC Singapore, we ensure that our termination policies are in line with the local regulations to ensure that the termination process is fair to our employees. Dismissal in our Group can be due to unsatisfactory performance, non-compliance with code of conduct or redundancy.

In cases of dismissal for redundancy, severance pay will be given to the affected employees based on their years of service with the Group to compensate them for the loss of employment. Affected employees will be notified at least one month in advance and a face-to-face meeting with management will be conducted to ensure our employees' concerns are being heard by the Group. This also helps to ensure that both the Group and employees have come into a mutual agreement before a termination letter is issued to them. We also work closely with the affected employees to help them find alternative employment.

We adopt a transparent approach in our dismissal process so as to provide full and frank disclosure of information to all our employees. This helps to avoid misinformation which may fuel low morale in our workplace. In FY 2019, we had four dismissal cases. The following table shows the breakdown of dismissals.



Training & Development

We are committed to investing in the growth of people as our success depends on being able to bring in the right expertise and working attitude to our Group. We seek to equip our employees with future-ready skills and knowledge by designing a range of training programmes to meet the needs of their professional function. Depending on the requirements of each individual's job position, employees may be sent for external training or be provided with on-the-job training. Our employees are encouraged to constantly upgrade their skills to stay

SUSTAINABILITY REPORT

up-to-date with the ever-changing economy and stay relevant in the workforce. We are open to all kinds of training programmes that our employees might require and will not hesitate to invest in the development of our talents.

Our younger employees are also encouraged to have an open dialogue with our senior management and colleagues in a more relaxed setting so as to allow them to voice their views, concerns, ideas, and aspirations. This has also allowed the Group to obtain first-hand perspectives and the ability to meet our employees' needs and address concerns in a timely manner.

Workplace Health & Safety

We strongly believe that our employees deserve a safe workplace. We have adopted workplace safety management systems across all key business operations. Policies and procedures are to be strictly adhered by our employees and such procedures have enabled us to control workplace hazards, monitor performance, take corrective actions timely, and identify areas for improvements.

We also ensure that all our employees are adequately covered by medical insurance should they require medical, surgical, or hospital treatment.

Employee Engagement

We believe our employees are not just here to work but to build a meaningful and enjoyable career with us. We are committed to developing the careers of our employees through a goal setting and performance management process. In addition, we engage our employees with activities and events. We also reward our employees for their hard work via non-monetary incentives such as performance awards. One of our events organised this year was our 5th Anniversary Celebration to value our employees' contributions and to recognise our employees' good performance.

A team bonding event was also organised in FY 2019 for our employees to allow them to connect with colleagues outside of their work functions, further develop rapport and expand their network.

SUSTAINABILITY **REPORT**

(b) Our Customers

Building Customers' Confidence

As at 31 December 2019, all residential units in our Golden City project have been completed. We continue to commit ourselves to improving our safety and quality processes for these completed units. By following up closely with our customers and paying attention to their needs and concerns, we are able to address on a timely basis. In additional, we have provided a one-year post-sales warranty to our customers. We work closely with property managers who are in charge with the continued safety and maintenance of the compound to ensure a high level of service and foster a long-term relationship with the customers. This constant cycle of actively seeking feedback and implementing improvements allows us to not only ensure that our customers' needs are heard but to also promise the highest quality of safety and service for all.

Complaints Resolution

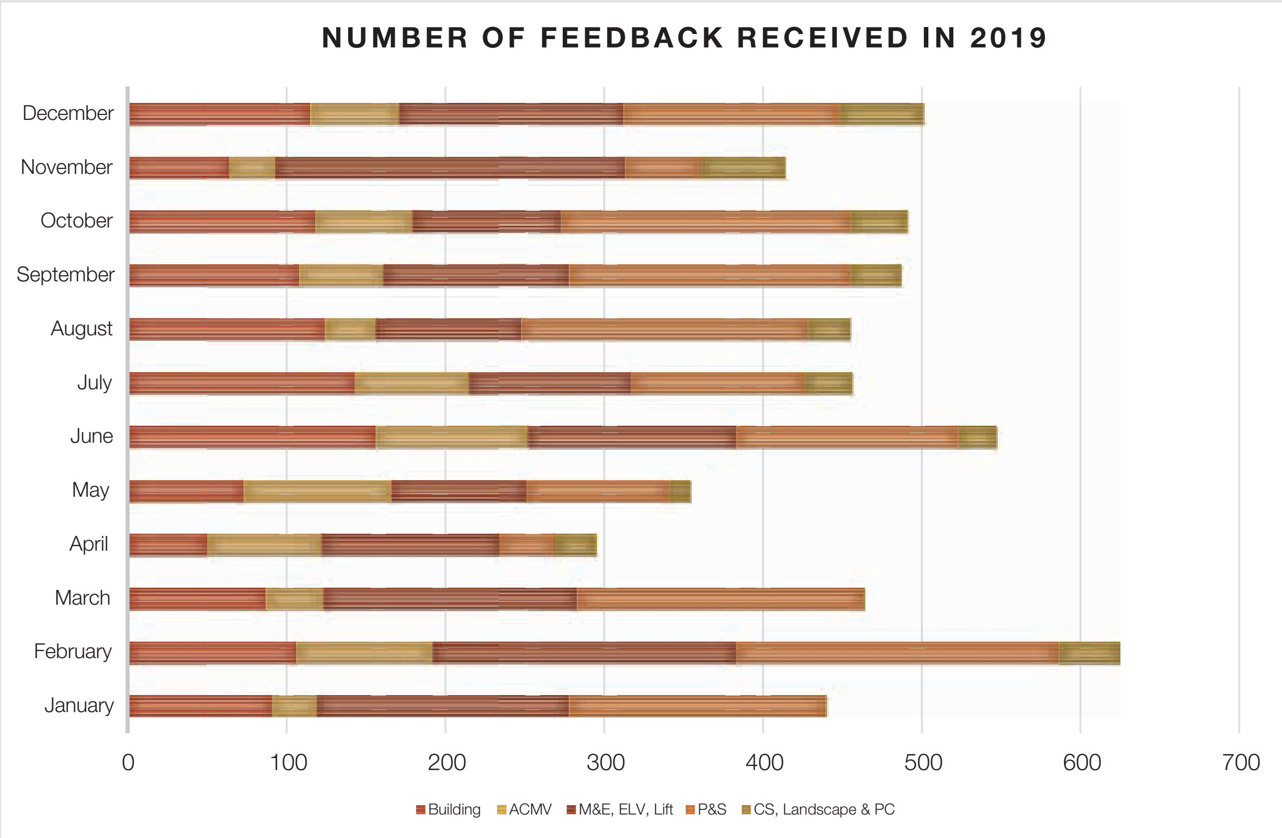
We welcome all kinds of complaints and feedback from our residents living in the Golden City project. To facilitate this procedure, we have assisted our property manager in implementing a robust process for receiving and remediating complaints. Complaints and feedback are usually categorised into the following categories:

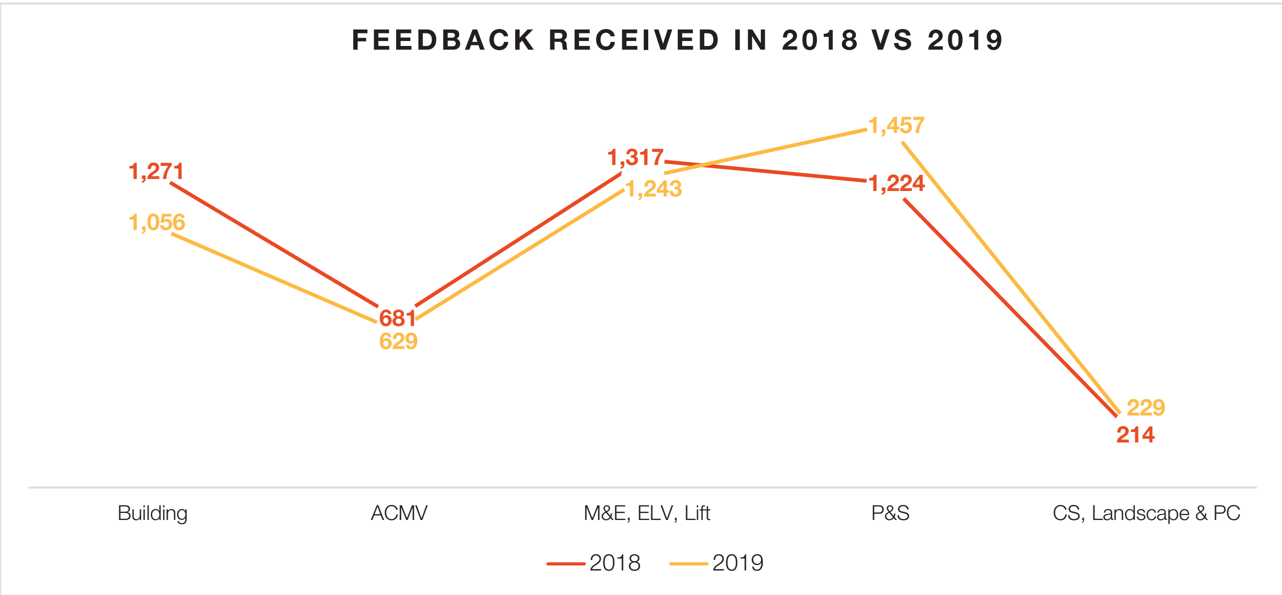
- Building
- Mechanical & Electrical (M&E)
- Piping & Sanitary (P&S)
- Cleaning Service (CS)
- Pest Control (PC)
- Air-Con & Mechanical Ventilation (ACMV)
- Essential Low Voltage (ELV)
- Lift
- Landscape

By allocating a complaint to a category and assigning a dedicated and experienced team to each category, we are able to escalate the issue to the responsible personnel and resolve it on a timely basis. We continually seek to resolve the concerns from the residents as soon as they arise.

The increase in complaints and feedback received in 2019 was due to the increased number of units being handed over during the year.

SUSTAINABILITY **REPORT**





SUSTAINABILITY **REPORT**

(c) Our Communities

Commitment to Giving

We believe that having the power to improve the lives of others is, to many people, a privilege. Contributing back to the communities that we cared for is one of the sentiments very much rooted in our Group's values and principles. Hence, in FY 2019, we made a kahtain donation of MMK 2.1 million (approx. SGD2,000) to Ayia Magin Monastery for their Thadingyut Festival in October 2019.

OUR PERFORMANCE & TARGETS

We are pleased to announce that there were no instances of non-compliances relating to labour laws and regulations in both Singapore and Myanmar for FY 2019. Our workplace and construction sites also recorded zero workplace injuries and fatalities. We will continue to adhere by strict safety guidelines in order to keep our workplace injury-free.

Social Performance in FY 2019	
FY 2019 Target	**Performance Update**
Establish a budget for external training and development programmes.	Training needs are regularly discussed during meetings and approved by higher management if there is a need to send employees for training. Training expenses are also closely monitored.
Tracking training hours for employees.	Training is usually conducted on the job, and on an on-going basis as required. While we are unable to quantify the training hours, training is deemed to be more than adequate.

Social Performance in FY 2019	
FY 2019 Target	**Performance Update**
Zero cases of non-compliances with local labour laws and regulations.	There were no cases of non-compliance in FY 2019.
Zero instances of workplace injuries and fatalities.	There were no instances of workplace injuries and fatalities in FY 2019.

Social Target in FY 2020	
FY 2020 Target	**Action Plan**
Zero cases of non-compliances with local labour laws and regulations.	Our Human Resources function constantly update themselves and comply with any new labour laws and regulations.
Zero instances of workplace injuries and fatalities.	Safety remains as our top most priority and we will ensure that all safety guidelines are strictly adhered to by our employees.
Reduce average customer complaints by 15%	All complaints are aimed to be resolved within the day to ensure that our customers' needs are met timely. Regular maintenance will be provided to ensure that our facilities remain at the highest level of standards.

SUSTAINABILITY REPORT

ENVIRONMENTAL

As a property investor and developer, the Group understands the gravity of managing the impact that our operations have on the environment. The Group's operating activities such as the development and sale of properties have directly and/or indirectly caused strain to the environment in terms of pollution and among other consequences such as resource depletion.

As we endeavour to play our part to build a green and sustainable future, the Group is committed to managing and reducing our ecological footprint. It is the Group's responsibility to educate the employees, contractors and customers, taking on measures to efficiently manage resources consumption and reduce environmental pollution.

(a) Energy Efficiency and Conservation

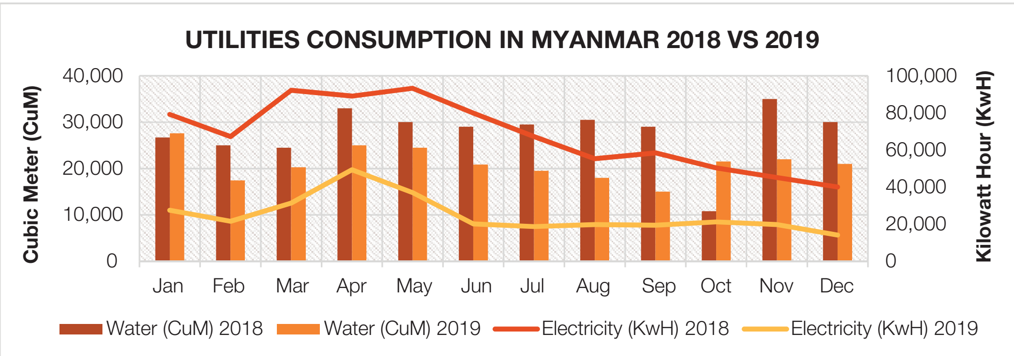
The Group recognises that investing in energy conservation not only reduces our carbon footprint but will simultaneously aid in our cost savings. Hence, we are committed to taking measures in minimising our overall energy consumption and improving energy efficiency to reduce the environmental impact of our operations. In this regard, we are proud to report that buildings in our Golden City project in Yangon, Myanmar are retrofitted with energy efficient Light-Emitting Diode ("LED") lightings, which have been proven to be more energy efficient and durable compared to traditional incandescent bulbs, without affecting the lighting levels.

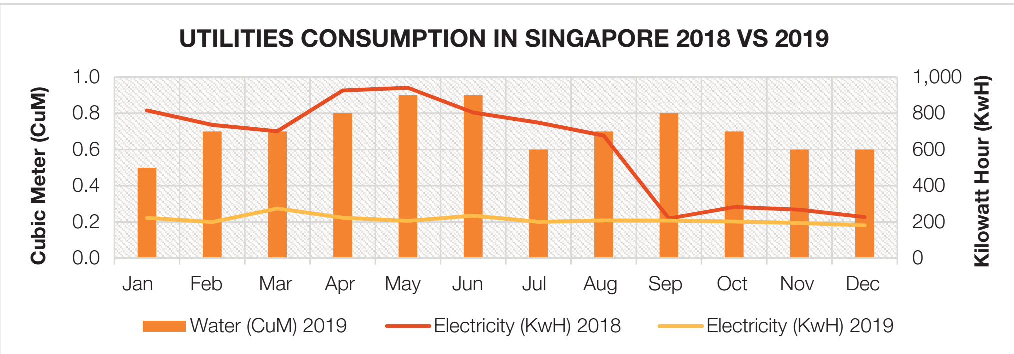
We dedicate ourselves to applying the precautionary principle when engaging in any environmental challenges that the Group faces. Employees are also encouraged to be environmentally friendly through their daily operations. For instance, employees are reminded to switch off the lights whenever they are no longer in use and to reuse papers that are used only on one side. Additionally, in the Myanmar office, the air conditioners are controlled centrally and will be switched off automatically after office hours. Employees who may have to perform overtime will have to apply for a permit in order to have the air conditioner switched on.

Since January 2018, we have been diligently tracking our electricity and water consumption of our Singapore office and Golden City project in Myanmar. The electricity and water consumption in 2019 are set out below.

Phase 2 of the Golden City project had been completed at the end of 2018. Thereafter, there was a marked decline in electricity consumption.

For our Singapore office, since we moved to a new location in the prior year, there was also a significant reduction in our electricity consumption. We seek to maintain our efforts in reducing our utilities consumption and strive to source for conservation practices to reduce our business impact on the environment.





SUSTAINABILITY REPORT

(b) Waste Management

The Group strives to meet our responsibilities to protect the environment to the best of our ability. While it is inevitable that wastes are generated from our residential and commercial properties due to the nature of our business, the Group seeks to minimise waste generation by increasing opportunities for reusing and recycling. Wastes will be treated and disposed responsibly should the option to reuse and/or recycle be not practical for the Group.

Waste generated from our residential properties (i.e. food, water and waste) will be regulated by well-functioning pump houses and segregated accordingly. To ensure that the wastes are properly disposed of, the Group engages a reputable waste management and disposal company to collect, treat and dispose all of the wastes generated. Such systematic waste management minimises disposal volumes and costs, while saving energy simultaneously.

OUR PERFORMANCE & TARGETS

In FY 2019, the Group had fully complied with the local regulations, ensuring that the disposal of wastes meets the requirements set by the authorities. As a result, there were no instances of non-compliance and/or fines pertaining to environmental regulations being imposed on the Group in FY 2019.

In the table below, we demonstrate how we have fared against our environment targets in FY 2019, as well as our target action plan for FY 2020.

Environment Performance in FY 2019	
FY 2019 Target	**Performance Update**
Maintain our record of zero incidents of penalties for non-compliance to all relevant environmental regulations of the jurisdictions that we operate in	Achieved zero instance of non-compliance to all relevant environmental regulations
Looking into monitoring our waste output to improve the effectiveness of waste management	Currently, the Group is in the process of streamlining the method of monitoring waste output

Environment Target in FY 2020	
FY 2020 Target	**Action Plans**
Maintain zero instances of non-compliance to all relevant environmental regulations of the jurisdictions that we operate in for FY 2020	• Ensure full compliance to all relevant regulatory requirements in the jurisdictions that we operate in • Work closely with our legal counsel in Myanmar in order to be adequately prepared for any regulatory changes
Continue to raise awareness of electricity and water conservation among residential customers and employees	• Display methods of water/energy conservation on residents' notice board • Display pictorials in office toilets to educate employees on water conservation and best practices
Begin monitoring of water consumption for the Golden Land Project in Myanmar	• Track monthly water consumption via an excel spreadsheet

SUSTAINABILITY REPORT

GOVERNANCE

The Group believes that upholding our reputation and fostering stakeholders' trust in our business is fundamental to the development of our Group. Good governance practices are imperative in building a sound corporation with an ethical environment, thereby protecting the interests of all stakeholders. Both the Board and Management are devoted to continually enhance our shareholders' value by observing a high standard of corporate governance and commitment at all levels, reinforced by strong internal controls.

The Group is also committed to complying with all legal and regulatory requirements in the jurisdictions that we operate in, and thus building a positive corporate image through exemplary corporate governance and business ethics.

(a) Corporate Governance

Committed to achieving a high standard of corporate governance, the Group adheres to the principles and provisions of the Code of Corporate Governance 2018 (the "CG Code"). Additionally, the Board recognises the significance of good corporate governance and have implemented a committee structure that enables separation of duties and segregation of responsibilities to focus on critical functions. The Board and Senior Management is also dedicated to conducting business with integrity consistently, setting the tone at the top.

In order to assist in the execution of the Board's responsibilities, the Board has set up three committees such as the Nominating & Corporate Governance Committee ("NCGC"), Remuneration Committee ("RC") and the Audit Committee ("AC") who possesses an appropriate balance and diversity of skills, experiences and knowledge in guiding the Company to achieve its long-term strategic goals. 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.

Risk Management

In order to succeed in today's ever-changing business landscape, it is crucial to identify, measure, prioritise and respond to the risks that may potentially prevent the Group from achieving its strategic objectives. We understand the significance of evaluating overall business risks and operating controls based on COSO ERM – integrated framework, constantly refining it to ensure that it remains relevant in our operating environment.

The AC oversees financial aspects of the Group, such as financial accounting and reporting obligations, ensuring the quality and integrity of the Group's financial reports. The AC is also responsible for managing the external and internal auditors, as well as assessing the adequacy of the Group's internal controls and risk management system.

An Enterprise Risk Assessment is conducted annually to identify and respond to emerging new risks, and to ensure that existing risks that the Group are exposed to are well managed and adequately mitigated. By working closely with our stakeholders and consistent monitoring, we will actively assess our risks and review our risk management system, ensuring our capability to manage and respond to new threats remains adequate and effective.

Employee's Code of Conduct

As a Group, we are committed to conducting our business with integrity and honesty. All employees are expected to adhere to the Group's Code of Ethics, which is easily accessible to all employees via the Group's website. The objective of the Group's Code of Ethics is to provide guidance on the standard of behaviour expected from employees of all levels and employees who engage in any misconduct or whose performance is unsatisfactory may be subject to disciplinary action up to and including immediate dismissal.

Whistle Blowing

The Group's whistleblowing policy provides an avenue for employees to raise concerns regarding possible malpractice or improprieties in any matter. Under this policy, employees may report in good faith any suspected reportable conduct to the Chairman of the AC and/or member of the AC. All disclosures will be treated in a confidential manner, protecting the identity of the employee that made the disclosure so as to encourage employees to report any suspicious activities without fear of reprisal.

(b) Regulatory Compliance

Ensuring that the Group is in compliance with the relevant rules and regulations is preeminent to the Group's integrity and ability to foster trust among stakeholders. As a responsible organisation listed on the Catalist Board (SGX:1C0) of the SGX-ST, the Group seeks to comply with all relevant laws and regulations including the Listing Manual Section B: Rules of Catalist of the SGX-ST, Companies Act and Employment Act in Singapore.

Our Group's main property development project – Golden City is located in Myanmar, where we are expected to comply with relevant laws and regulations in Myanmar, such as the following:

- The Myanmar Investment Law 2016 (MIL)
- Myanmar Companies Law 2018 (MCL)
- Condominium Law (Myanmar)
- Payment of Wages Law (2016)
- Social Security Law (2012)
- Myanmar Investment Rules 2017
- Employment and Skill Development Law (2013)
- Myanmar Corporate Income Tax (CIT)
- Minimum Wages Law (2013)

SUSTAINABILITY REPORT

Abiding by the respective rules and regulations, there were no incidents of non-compliance with any applicable laws and regulations that resulted in significant fines or non-monetary penalties. To ensure ongoing compliance to the relevant rules and regulations, the Group has engaged a legal counsel in Myanmar who will notify us should there be any changes in the laws and regulations that are relevant and might have direct impact on our business.

OUR PERFORMANCE & TARGETS

By abiding with the CG Code, the Group has been able to uphold its reputation and investors' confidence. In FY 2019, the Group did not experience any case of whistle blowing complaints. The Group has also complied with all relevant laws and regulations, and thus there were no instances of fines or penalties for non-compliances being imposed on the Group during our reporting period.

In the table below, we demonstrate how we have fared against our corporate governance targets in FY 2019, as well as our target action plan for FY 2020.

Corporate Governance Performance in FY 2019

FY 2019 Target	Performance Update
Be in compliance with the new set of Code of Corporate Governance published on 6 August 2018	We had adhered to the principles and provisions of the Code of Corporate Governance 2018
Main zero instances of non-compliance	Achieved zero instance of non-compliance to relevant laws and regulations

Corporate Governance Target in FY 2020

FY 2020 Target	Action Plans
Maintain zero instances of non-compliance and/ or regulatory breaches for FY 2020	• Ensure full compliance with all relevant regulatory requirements in the jurisdictions that we operate in • Work closely with the legal counsel in Myanmar in order to be adequately prepared for any regulatory changes
Maintain zero incidents of bribery or corruptions	• Maintain a zero-tolerance attitude towards corruption and fraud

SUSTAINABILITY REPORT

GRI CONTENT INDEX

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	29
	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	36
	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	27
3. Ethics and integrity	Disclosure 102-16	Values, principles, standards, and norms of behaviour	SR-Governance	36
	Disclosure 102-17	Mechanisms for advice and concerns about ethics	SR-Governance	36
4. Governance	Disclosure 102-18	Governance structure	AR-Directors’ Profile	05-06
	Disclosure 102-19	Delegating authority	AR-Key Management	07
	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	26
	Disclosure 102-22	Composition of the highest governance body and its committees	AR-Directors’ Profile	05-06
	Disclosure 102-23	Chair of the highest governance body	AR-Directors’ Profile	05-06
	Disclosure 102-24	Nominating and selecting the highest governance body	AR-Corporate Governance Report	46-72
	Disclosure 102-25	Conflicts of interest	AR-Corporate Governance Report	46-72

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-Directors' Profile	05-06
	Disclosure 102-27	Collective knowledge of highest governance body	AR-Directors' Profile	05-06
	Disclosure 102-28	Evaluating the highest governance body's performance	SR-Corporate Governance	36
	Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	SR-Economic, Social, Environmental & Governance	28-37
	Disclosure 102-30	Effectiveness of risk management processes	SR-Corporate Governance	36
	Disclosure 102-31	Review of economic, environmental, and social topics	SR-Economic, Social, Environmental & Governance	28-37
	Disclosure 102-32	Highest governance body's role in sustainability reporting	SR-Managing Sustainability at ETC Singapore	25
	Disclosure 102-33	Communicating critical concerns	SR-Managing Sustainability at ETC Singapore	25
	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	46-72
	Disclosure 102-36	Process for determining remuneration	AR-Corporate Governance Report	46-72
	Disclosure 102-37	Stakeholders' involvement in remuneration	AR-Corporate Governance Report	46-72
	Disclosure 102-38	Annual total compensation ratio	AR-Corporate Governance Report	46-72
	Disclosure 102-39	Percentage increase in annual total compensation ratio	AR-Corporate Governance Report	46-72
5. Stakeholder engagement	Disclosure 102-40	List of stakeholder groups	SR-Stakeholder Engagement	26
	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	26
	Disclosure 102-43	Approach to stakeholder engagement	SR-Stakeholder Engagement	26
	Disclosure 102-44	Key topics and concerns raised	SR-Materiality Assessment	27
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	24
	Disclosure 102-47	List of material topics	SR-Materiality Assessment	27
	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.	–

SUSTAINABILITY **REPORT**

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
	Disclosure 102-50	Reporting period	SR-About this Report	24
	Disclosure 102-51	Date of most recent report	26 March 2019 (AR 2018)	–
	Disclosure 102-52	Reporting cycle	Annual	–
	Disclosure 102-53	Contact point for questions regarding the report	SR-About this Report	24
	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	SR-About this Report	24
	Disclosure 102-55	GRI content index	SR-GRI Content Index	38-44
	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	08-10
	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.	–
GRI202: 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	07
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	08-10
GRI 205: Anti-Corruption	Disclosure 205-1	Operations assessed for risks related to corruption	SR-Governance	36
	Disclosure 205-2	Communication and training about anti-corruption policies and procedures	SR-Governance	36
	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.	–
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.	–

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
	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	34
	Disclosure 302-2	Energy consumption outside of the organization	Not applicable to the Company's business.	–
	Disclosure 302-3	Energy intensity	SR-Environment	34
	Disclosure 302-4	Reduction of energy consumption	SR-Environment	34
	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	34
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	34
	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	29
	Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR-Social	29
	Disclosure 401-3	Parental leave	SR-Social	29
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.	33
	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.	–

SUSTAINABILITY **REPORT**

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
GRI 403: Occupational Health and Safety	Disclosure 403-5	Worker training on occupational health and safety	SR-Social	29
	Disclosure 403-6	Promotion of worker health	SR-Social	29
	Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR-Social	29
	Disclosure 403-8	Workers covered by an occupational health and safety management system	SR-Social	29
	Disclosure 403-9	Work-related injuries	No reported cases of work-related injuries during the reporting period.	33
	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	29
	Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	SR-Social	29
GRI 405: Diversity and Equal Opportunity	Disclosure 405-1	Diversity of governance bodies and employees	AR- Directors' profile and Key Management	05-07
	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.	–
			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 we do not have interactions with indigenous people.	–

SUSTAINABILITY REPORT

GRI STANDARDS	Disclosure No.	Disclosure Title	Cross-Reference Annual Report (AR) Sustainability Report (SR)	Page
GRI 412: Human Rights Assessment	Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments	SR-Social	29
	Disclosure 412-2	Employee training on human rights policies or procedures	SR-Social	29
	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.	–
GRI 413: Local Communities	Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs	SR-Social	29
	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	Disclosure 416-1	Assessment of the health and safety impacts of product and service categories	SR-Social	29
	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 Labelling	Disclosure 417-1	Requirements for product and service information and labelling	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 and provisions of the Code of Corporate Governance issued on 6 August 2018 (the "**Code**") in its annual report. An issuer is also required to disclose any variation from any provisions of the Code together with an appropriate explanation for such variation and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle 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 Catalist Rule 710, this Corporate Governance Report dated 31 March 2020 (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 varied from the Code, rationale for the same is provided herein. The Company has also adopted, where appropriate, best practices set out in the practice guidance issued on 6 August 2018 (the "**Practice Guidance**"), which complements the Code by providing guidance on the application of the principles and provisions of the Code and setting out best practices for companies.

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

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of 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 half yearly and full year results announcements;

CORPORATE GOVERNANCE **REPORT**

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

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

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 & 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 and general meetings of shareholders in the financial year ended 31 December 2019 ("**FY2019**") is tabulated on the next page:

Directors' Attendance at Board, Board Committee Meetings and general meetings of shareholders held during the financial year ended 31 December 2019

	Board of Directors	Audit Committee	Nominating & Corporate Governance Committee	Remuneration Committee	General Meetings of shareholders
Number of Meetings per Charter	4	4	2	2	–
Number of Meetings Held	4	4	2	2	1

CORPORATE GOVERNANCE **REPORT**

Name of Directors	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Ang Mong Seng	4	4	2	2	1
Tan Thiam Hee	4	4 (attended as invitee)	2 (attended as invitee)	2 (attended as invitee)	1
Zhu Xiaolin	4	4 (attended as invitee)	2	2 (attended as invitee)	1
Lim Jun Xiong Steven	4	4	2	2	1
Choong Chow Siong[1]	–[A]	–[A]	–[A]	–[A]	–
Teo Cheng Kwee[2]	1	2[B]	–	–	1

A As Dr Choong Chow Siong resigned as a Director on 11 January 2019, he did not attend any Board or Board Committee Meetings or general meetings of shareholders held following his cessation.

B Attended 1 AC Meeting via teleconference. Mr Teo Cheng Kwee was re-designated as a Member of AC on 11 January 2019.

Notes:

1. 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.
2. Re-designated as a Member of AC on 11 January 2019. Announcement in relation to the reconstitution of AC was released via SGXNET on 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 half yearly and full year 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.

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

CORPORATE GOVERNANCE **REPORT**

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 NCGC has recommended that each Director should attend a minimum of 5 hours of director training and/or courses each year. To ensure that the Directors have the opportunities to develop their skills and knowledge, with effect from the current financial year ending 31 December 2020, the Group Chairman (who is also the NC Chairman) will regularly review and agree with each Director his training and professional development needs.

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 the Executive Directors 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.

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 Directors' 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 the Executive Directors 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. In respect of budgets, any material variance between projections and actual results are disclosed and explained to the Board. 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 Chief Executive Officer ("**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.

CORPORATE GOVERNANCE **REPORT**

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.

Board Composition & Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

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 FY2019, the NCGC is of the view that the Board's size of five Directors, and each Board Committee's size of three Directors as at the date of this Report are appropriate and that the Board and Board Committees possess 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 is independent in conduct, character and judgement, and who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company. Pursuant to Rule 406(3)(d) of the Catalist Rules and Practice Guidance 2, a director is deemed to be non-independent if:

(i) he (or an immediate family member) is or was a substantial shareholder or partner (with 5% or more stake) or executive officer or director of a third party providing or receiving significant payments or material services from the Company and/or subsidiaries in the current or immediate past financial year;

(ii) he is employed by the Company or its related corporations for the current year or any past three financial years;

(iii) he has an immediate family member who is employed or has been employed by the Company or its related corporations for the past three financial years and whose remuneration is determined by the RC;

(iv) he (or an immediate family member) is or has been directly associated with a substantial shareholder of the Company in the current or immediate past financial year; or

CORPORATE GOVERNANCE **REPORT**

(v) he (or an immediate family member) provided to or received from the Company and/or its subsidiaries any significant payments or material services, other than compensation for board service, in the current or immediate past financial year.

The Board and the NCGC are of the opinion that each of the Independent Directors satisfies the criteria of an "**independent**" Director.

There are no Directors who have served on the Board beyond nine years as at the date of this Report.

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 an Independent Director, is not the same person as the Group CEO, an immediate family member of the Group CEO or part of the management team, and does not have close family ties with the Group CEO as determined by the NCGC, it is not a requirement for the Independent Directors to make up a majority of the Board pursuant to Provision 2.2 of the Code.

The Non-Executive Directors make up a majority of the Board.

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

The Non-Executive Directors, led by the Non-Executive and Independent Group Chairman, meet at least once annually and as and when required without the presence of management. The chairman of such meetings provides feedback to the Board as appropriate.

Key information on each Director is set on pages 5 to 6 of the Annual Report.

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

Non-Executive Group Chairman, Executive Director and Group CEO

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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 and other stakeholders;

e) encouraging constructive relations between the Board and management;

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

CORPORATE GOVERNANCE **REPORT**

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.

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.

As the Board is led by the Non-Executive and Independent Group Chairman, the Board does not have a lead independent director. However, if a situation arises where the Non-Executive and Independent Group Chairman is conflicted, the Board will appoint a lead independent director to provide leadership. As at the date of this Report, no situation has arisen where the Non-Executive and Independent Group Chairman is conflicted.

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

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

CORPORATE GOVERNANCE **REPORT**

The NCGC comprises three Directors, the majority of whom, including the NCGC Chairman, are independent. The NCGC meets once 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.

In line with its Charter, the responsibilities of the NCGC in the selection and assessment of Directors 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;

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.

CORPORATE GOVERNANCE REPORT

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	Non-Executive and Independent Group Chairman	25 May 2018	23 April 2019
Tan Thiam Hee	Executive Director and Group Chief Executive Officer	24 June 2015	23 April 2019
Zhu Xiaolin	Executive Director and Group President	30 March 2017	26 April 2017
Lim Jun Xiong Steven	Independent Director	25 May 2018	23 April 2019
Teo Cheng Kwee	Non-Executive Director	21 July 2015	23 April 2019

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 provisions in the Code and the Catalist Rules. Pursuant to its review, the NCGC is of the view that Mr Ang Mong Seng and Mr Lim Jun Xiong Steven are independent in conduct, character and judgement, and do not have any relationships, including immediate family relationships, with the other Directors, the Company, its related corporations, its substantial shareholders or its officers and are deemed to be independent of the Group and its management.

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

Name of Directors	Directorship in Listed Company		Principal Commitments	Shareholding in the Company and related corporations	
	Present	Past Preceding 5 years		Direct	Indirect
Ang Mong Seng	Chip Eng Seng Corporation Ltd. Hoe Leong Corporation Ltd.	AnnAik Limited Gaylin Holdings Limited United Fiber System Limited	Director of Chinese Opera Institute and Vice Chairman of Pei Hwa Foundation	N.A.	N.A.
Tan Thiam Hee	Koon Holdings Limited	GPS Alliance Holdings Limited	Executive Director and Group Chief Executive Officer of ETC Director of Golden Land Real Estate Development Co. Ltd. Director of Viva Corporate Advisory Pte. Ltd. Director of BizGo (S) Pte. Ltd.	360,000 ordinary shares[1]	N.A.

CORPORATE GOVERNANCE **REPORT**

Name of Directors	Directorship in Listed Company		Principal Commitments	Shareholding in the Company and related corporations	
	Present	Past Preceding 5 years		Direct	Indirect
Zhu Xiaolin	Nil	Nil	Executive Director and Group President of ETC Director of Golden Land Real Estate Development Co. Ltd.	151,120,969 ordinary shares	49,269,895 ordinary shares[2]
Lim Jun Xiong Steven	Bund Center Investment Ltd Mirach Energy Limited Keong Hong Holdings Limited Hong Fok Corporation Limited	Sapphire Corporation Limited	Member of the Finance Committee of Seletar Country Club	N.A.	N.A.
Teo Cheng Kwee	Nil	Sapphire Corporation Limited China Vanadium Titano-Magnetite Mining Company Limited	Nil	59,281,760 ordinary shares[3]	N.A.

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.

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 and have been adequately carrying out 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.

CORPORATE GOVERNANCE REPORT

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.

Based on the above, Mr Zhu Xiaolin and Mr Teo Cheng Kwee are required to retire pursuant to Regulation 87 of the Company's Constitution at the forthcoming AGM.

Mr Zhu Xiaolin and Mr Teo Cheng Kwee 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 Zhu Xiaolin and Mr Teo Cheng Kwee, who shall be retiring pursuant to Regulation 87 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.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

In addition to the above and in line with its Charter, 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 of each Board Committee separately, and that of each Director;

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 and the Board Committees, and whether objectives and targets set at the commencement of the relevant financial years have been met.

CORPORATE GOVERNANCE **REPORT**

After evaluation, the NCGC considered the performance and effectiveness of each individual current Director, the Board Committees 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.

The NCGC has not appointed any external facilitator for the assessments of the Board, the Board Committees and each Director for FY2019.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

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 comprises three Directors. All members of the RC are Non-Executive Directors, the majority of whom, including the RC Chairman, are independent. 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.

In line with its Charter, the RC's 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;

CORPORATE GOVERNANCE REPORT

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 and recommending to the Board 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 once each year and at other times as required, in accordance with its Charter.

No remuneration consultants have been engaged for FY2019.

The management, together with the RC, recommends the compensation for Non-Executive Director(s) and Independent Director(s) to the Board, 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.

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 74 to 77 of the Annual Report in the Directors' Statement and Note 26 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 up to S$180,000 for the financial year ending 31 December 2021, 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 up to S$200,000 for the financial year ending 31 December 2020 have been approved by the shareholders during the last AGM held on 23 April 2019. It was also noted that Directors' fees of approximately S$145,000 for the financial year ended 31 December 2019 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.

CORPORATE GOVERNANCE **REPORT**

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.

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. Whilst a summary of the remuneration policy has been set out in this Report, the Company has not disclosed all the specific relationships between remuneration, performance and value creation, as set out in Practice Guidance 8, for confidentiality reasons.

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 FY2019 are set out below. Disclosure of the Directors' remuneration is also made in Note 21 of the financial statements.

Directors' Remuneration

	Fees %	Salary and Bonus %	Other Benefits* %	Total %
Directors				
Between S$500,000 – S$599,999				
Tan Thiam Hee[1]	14.50	74.92	10.58	100
Between S$300,000 – S$399,999				
Zhu Xiaolin[2]	19.20	77.70	3.10	100
Between S$0 – S$99,999				
Ang Mong Seng[3]	100	–	–	100
Lim Jun Xiong Steven[4]	100	–	–	100
Choong Chow Siong[5] (Resigned on 11 January 2019)	100	–	–	100
Teo Cheng Kwee[6]	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 and/or employer's contribution to the Central Provident Fund.

CORPORATE GOVERNANCE **REPORT**

1. Director's remuneration for FY2019 was S$512,545.
2. Director's remuneration for FY2019 was S$387,105.
3. Director's fees paid for FY2019 were S$54,000.
4. Director's fees paid for FY2019 were S$51,000.
5. Director's fees paid for FY2019 were S$1,085.
6. Director's fees paid for FY2019 were S$38,836.

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)	–	92.51	7.49	100
Lai Xuejun (SVP & Regional GM – Myanmar)	–	70.58	29.42	100
William Lau (VP (Investment) & Regional CFO – Myanmar) (Resigned on 31 August 2019)	30.20	45.38	24.42	100
Between S$100,000 – S$199,999				
Li Bo (VP (Sales & Marketing) & Regional Sales & Marketing Director – Myanmar)	5.13	66.31	28.56	100
Irwin Ang Chee Liong (VP (Quality Assurance))	–	90.96	9.04	100

Note:

* 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 FY2019 is S$1,000,255. No termination, retirement and post-employment benefits were granted to directors, the Group CEO and the top key management personnel (who are not Directors or the Group CEO) in FY2019.

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.

Other than Mr Zhu Xiaolin, an Executive Director and the Group President, there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2019.

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 in the Company or any of its principal subsidiaries who are relatives of any Director, Group CEO or substantial shareholders of the Group.

CORPORATE GOVERNANCE **REPORT**

ACCOUNTABILITY AND AUDIT

Audit Committee

Principle 10: The Board has an AC which discharges its duties objectively.

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 AC comprises three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. The members of the AC (including the AC Chairman) have recent and relevant accounting or related financial management expertise or experience. The AC does not comprise any former partners or directors of the company's existing auditing firm or auditing corporation.

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.

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 AC reports to the Board how it has discharged its responsibilities and whether it was able to discharge its duties independently.

In line with its Charter, 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 and terms of engagement 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 significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

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;

CORPORATE GOVERNANCE **REPORT**

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 systems, and all other material controls, and any related significant findings and recommendations of the auditors, together with management's responses thereto;

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, effectiveness, scope and results 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 FY2019. In accordance with Rule 1204(6) of the Catalist Rules, the audit fees paid to Foo Kon Tan LLP for their audit services in FY2019 are approximately S$118,000 (excluding disbursements and GST).

Foo Kon Tan LLP was also appointed in FY2019 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. The AC had also reviewed the scope and quality of the external auditors' work, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority, 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.

CORPORATE GOVERNANCE **REPORT**

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 FY2019. The AC has full discretion to invite any Director or executive officer to its meetings, has the authority to conduct or authorise investigations into any matters within its scope of responsibilities, and reasonable resources to enable it to discharge its functions.

The significant matters considered by the AC during FY2019 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 methodologies, inputs and assumptions used in the valuation models. 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 FY2019, as referred to on pages 79 to 80 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 properties, 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(d) 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 FY2019, as referred to on page 80 of this Annual Report.
Going concern	The AC considered the significant judgements and reviewed the reasonableness of the financial budget and cash flow forecast, taking into account the committed term sheet obtained by the Group from a lender subsequent to end of the reporting period, for the going concern assessment. Going concern 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 FY2019, as referred to on page 81 of this Annual Report.

CORPORATE GOVERNANCE **REPORT**

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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.

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, and has appropriate standing within the Company. 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. The AC decides on the appointment, termination and compensation of the internal auditors.

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.

CORPORATE GOVERNANCE REPORT

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 FY2019 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 control systems are adequate and effective for FY2019.

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, operational (including without limitation, political, economic and social risks in the jurisdiction(s) in which the Group operates), compliance and information technology risks, and risk management systems were adequate and effective as at 31 December 2019.

KEY OPERATIONAL RISKS

The Board is aware of the risk profiles which may adversely affect the Company's financial performance, financial position and cashflows 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.

CORPORATE GOVERNANCE REPORT

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 as well as other types of immoveable properties (e.g. condominium). 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.

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.

CORPORATE GOVERNANCE **REPORT**

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.

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 maximum debt-to-equity ratio (in the latest Criteria for Offshore Loan, published on the CBM website, this is stated to be 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.

CORPORATE GOVERNANCE REPORT

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.

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.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

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;

CORPORATE GOVERNANCE **REPORT**

- half yearly and full year (with effect from the current financial year ending 31 December 2020; following the amendments to Rule 705 of the Catalist Rules which took effect as of 7 February 2020, the Company is no longer required to release its unaudited financial statements on a quarterly basis) 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.

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 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 in respect of FY2019 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.

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

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. Financial 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 financial results. Presentations are made, as appropriate, at general meetings to explain the Group's strategies, performance and major developments. Presentation materials are made available on SGXNET and the Company's website for the benefit of shareholders.

CORPORATE GOVERNANCE **REPORT**

Notices of general meetings 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 unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled" or made inter-conditional on each other, the Company explains the reasons and material implications in the Notice of meeting. The Company provides the necessary information on each resolution to enable shareholders to exercise their vote on an informed basis. For resolutions on the election or re-election of Directors, the Company provides sufficient information on the background of Directors, their contributions to the Company, and the Board and Board Committee positions they are expected to hold upon election.

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, as well as to interact with the Directors before and after the general meetings. 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, the Company informs shareholders of the rules governing general meetings and 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, and in particular, about the conduct of audit and the preparation and content of the auditors' report. In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders are put to vote by poll, 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 published on the Company's corporate website as soon as practicable and are also 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. In compliance with Rule 704(23) of the Catalist Rules, in the event that the Board decides not to declare or recommend a dividend, the Company expressly discloses the reason(s) for the decision together with the announcement of the relevant financial statements.

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019 can be found on pages 26 to 27 of the Annual Report in the Sustainability Report. Stakeholders can access information on the Group via its corporate website at: www.etcsingapore.com.

CORPORATE GOVERNANCE **REPORT**

INTERNAL COMPLIANCE CODE ON DEALINGS IN COMPANY'S SECURITIES
(Catalist Rule 1204(19))

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 one month before the date of announcement of the half year and full year 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.

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.

There were no transactions entered into by the Group with interested persons and their associates for FY2019 of S$100,000 or more.

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

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 FY2019 or if not then subsisting, entered into since the end of the previous financial year.

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.

CORPORATE GOVERNANCE REPORT

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 FY2019.

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 74 to 77 of the Annual Report in the Directors' Statement and Note 26 of the financial statements.

CORPORATE GOVERNANCE – SUMMARY OF DISCLOSURES

Catalist Rule 710 requires issuers to describe their corporate governance practices with specific reference to the principles and the provisions of the Code in their annual reports. This summary of disclosures describes the Company's corporate governance practices with specific reference to the principles and provisions of the Code.

Board Matters

The Board's Conduct of Affairs

Principle 1

Provision 1.1	Pages 46, 47, 48 and 50
Provision 1.2	Page 49
Provision 1.3	Pages 47 and 48
Provision 1.4	Pages 47, 52, 53, 57, 58, 61 and 62
Provision 1.5	Pages 47, 48 and 55
Provision 1.6	Pages 49 and 50
Provision 1.7	Pages 49 and 50

Board Composition and Guidance

Principle 2

Provision 2.1	Pages 50, 51 and 54
Provision 2.2	Page 51
Provision 2.3	Page 51
Provision 2.4	Page 50
Provision 2.5	Page 51

Chairman and Chief Executive Officer

Principle 3

Provision 3.1	Page 51
Provision 3.2	Pages 51 and 52
Provision 3.3	Page 52

Board Membership

Principle 4

Provision 4.1	Pages 52 and 53
Provision 4.2	Pages 52 and 53
Provision 4.3	Pages 53, 55 and 56
Provision 4.4	Pages 50, 51 and 54
Provision 4.5	Pages 49, 54 and 55

Board Performance

Principle 5

Provision 5.1	Page 56
Provision 5.2	Pages 56 and 57

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6

Provision 6.1	Pages 57 and 58
Provision 6.2	Page 57
Provision 6.3	Page 58
Provision 6.4	Page 58

Level and Mix of Remuneration

Principle 7

Provision 7.1	Pages 57 and 58
Provision 7.2	Page 58
Provision 7.3	Pages 57, 58 and 59

Disclosure on Remuneration

Principle 8

Provision 8.1	Pages 58, 59 and 60
Provision 8.2	Pages 59 and 60
Provision 8.3	Pages 58, 59 and 60

Accountability and Audit

Risk Management and Internal Controls

Principle 9

Provision 9.1	Pages 64, 65, 66, 67 and 68
Provision 9.2	Page 65

Audit Committee

Principle 10

Provision 10.1	Pages 61, 62 and 63
Provision 10.2	Page 61
Provision 10.3	Pages 61 and 62
Provision 10.4	Pages 62, 63 and 64
Provision 10.5	Page 63

Shareholder Rights and Responsibilities

Shareholder Rights and Conduct of General Meetings

Principle 11

Provision 11.1	Page 70
Provision 11.2	Page 70
Provision 11.3	Pages 47, 48 and 70
Provision 11.4	Page 70
Provision 11.5	Page 70
Provision 11.6	Page 70

Engagement with Shareholders

Principle 12

Provision 12.1	Pages 69 and 70
Provision 12.2	Page 69
Provision 12.3	Page 69

Managing Stakeholders Relationships

Engagement with Stakeholders

Principle 13

Provision 13.1	Page 70
Provision 13.2	Pages 26 and 27
Provision 13.3	Page 70

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019.

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 2019 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, as disclosed in Note 2(a) to the financial statements, 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 and Independent Director)
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)

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, warrants or options of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2019	**As at 31.12.2019 and 21.1.2020#**	As at 1.1.2019	**As at 31.12.2019 and 21.1.2020#**
The Company – Emerging Towns & Cities Singapore Ltd.		**Number of ordinary shares**		
Ordinary shares				
Tan Thiam Hee	360,000	**360,000**	–	**–**
Zhu Xiaolin	151,120,969	**151,120,969**	49,269,895	**49,269,895**
Teo Cheng Kwee	59,281,760	**59,281,760**	–	**–**
Share options				
Tan Thiam Hee	5,000,000	**5,000,000**	–	**–**
Teo Cheng Kwee	2,000,000	**2,000,000**	–	**–**

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 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 2019

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 1.1.2019	Options cancelled or lapsed	Options exercised	Balance as at 31.12.2019	Exercise price per share option	Exercisable period
17.5.2016	15,000,000	–	–	15,000,000	$0.075	17.5.2018 to 16.5.2026

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

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

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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 the 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
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.

The aggregate number of shares comprised in awards granted to the employees of the Company and its subsidiaries for the financial year under review is 8,765,000, and the aggregate number of shares comprised in awards granted to the directors and employees of the Company and its subsidiaries since the commencement of the Plan to the end of the financial year under review is 11,026,000.

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 2019.

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.

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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....

ANG MONG SENG

....

TAN THIAM HEE

Dated: 31 March 2020

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 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 2019, 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 2019 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 6 to the financial statements)

Risk:
The 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 (cont'd)

Valuation of investment properties (Refer to Note 6 to the financial statements) (cont'd)

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 disclosures 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 7 to the financial statements)

Risk:
Development properties, comprising completed properties for sale and land held for 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 the 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 considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

Key Audit Matters (cont'd)

Going concern (Refer to Note 2(a) to the financial statements)

Risk:
As at 31 December 2019, the Group's borrowings amounted to $43,392,000, of which $31,567,000 were classified as current liabilities due for repayment within the next 12 months, and as at that date, the Group had cash and bank balances of $3,222,000. Based on the Group's financial budget and cash flow forecast for the financial year ending 31 December 2020 drawn up by management and approved by the Board of Directors, the Board of Directors has concluded that there is no material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern.

Our response:
Our audit procedures focused on evaluating the significant judgements used by management in its going concern assessment. We reviewed the committed term sheet obtained by the Group from a lender subsequent to end of the reporting period. We also obtained the Group's financial budget and cash flow forecast for the financial year ending 31 December 2020 and challenged the key assumptions made by management. In addition, we reviewed the disclosures in the financial statements.

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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EMERGING TOWNS & CITIES SINGAPORE LTD.

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

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 Chin Sin Beng.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	The Group 2019 $'000	The Group 2018 $'000	The Company 2019 $'000	The Company 2018 $'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**4,235**	4,942	**73**	144
Right-of-use assets	4	**174**	–	**174**	–
Subsidiaries	5	**–**	–	**35,393**	35,393
Investment properties	6	**113,087**	65,228	**–**	–
Trade receivables	8	**8,787**	9,390	**–**	–
		126,283	79,560	**35,640**	35,537
Current Assets					
Development properties	7	**162,354**	219,616	**–**	–
Trade and other receivables	8	**12,935**	14,450	**35,109**	35,629
Prepayments		**584**	1,415	**27**	23
Cash and bank balances	9	**3,222**	3,026	**166**	850
		179,095	238,507	**35,302**	36,502
Total assets		**305,378**	318,067	**70,942**	72,039
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	**43,354**	43,126	**43,354**	43,126
Reserves	11	**73,429**	68,559	**26,170**	27,591
Equity attributable to owners of the Company		**116,783**	111,685	**69,524**	70,717
Non-controlling interests		**12,651**	4,737	**–**	–
Total equity		**129,434**	116,422	**69,524**	70,717
Non-Current Liabilities					
Deferred tax liabilities	12	**29,039**	26,283	**–**	–
Borrowings	13	**11,825**	35,005	**–**	–
Accrued land lease premium	14	**21,486**	24,920	**–**	–
Lease liabilities	15	**57**	–	**57**	–
Advance consideration received from customers	17	**1,877**	3,549	**–**	–
Provision for site restoration		**23**	23	**23**	23
		64,307	89,780	**80**	23
Current Liabilities					
Borrowings	13	**31,567**	13,188	**–**	80
Accrued land lease premium	14	**10,699**	3,842	**–**	–
Lease liabilities	15	**104**	–	**104**	–
Trade and other payables	16	**51,511**	68,395	**1,234**	1,219
Advance consideration received from customers	17	**17,756**	26,440	**–**	–
		111,637	111,865	**1,338**	1,299
Total liabilities		**175,944**	201,645	**1,418**	1,322
Total equity and liabilities		**305,378**	318,067	**70,942**	72,039

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 2019

	Note	2019 $'000	2018 $'000
Revenue	18	**41,386**	62,298
Cost of sales		**(27,781)**	(45,335)
Gross profit		**13,605**	16,963
Other income	19	**22,134**	11,651
Selling and distribution expenses		**(1,402)**	(1,981)
Administrative expenses		**(6,065)**	(8,313)
Other operating expenses		**(1,022)**	(1,158)
Finance costs	20	**(9,353)**	(6,263)
Profit before taxation	21	**17,897**	10,899
Taxation	22	**(3,134)**	(688)
Profit for the year		**14,763**	10,211
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation of foreign operations		**(2,147)**	2,216
Reclassification of currency translation differences on disposal of subsidiaries		**–**	271
Other comprehensive (loss)/income for the year, net of tax of nil		**(2,147)**	2,487
Total comprehensive income for the year		**12,616**	12,698
Profit attributable to:			
Owners of the Company		**6,709**	3,429
Non-controlling interests		**8,054**	6,782
		14,763	10,211
Total comprehensive income attributable to:			
Owners of the Company		**4,702**	5,796
Non-controlling interests		**7,914**	6,902
		12,616	12,698
Earnings per share attributable to owners of the Company (Singapore cents)			
– basic	23	**0.69**	0.36
– diluted	23	**0.58**	0.30

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 2019

	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 reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2018	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 for the year	–	–	–	–	–	–	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
Share-based payment transactions	–	–	–	–	98	–	–	–	98	–	98
	–	–	–	–	98	201	–	–	299	–	299
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 **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	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 reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2019	43,126	15,998	24,695	299	730	13,150	(1,314)	15,001	111,685	4,737	116,422
Adjustment on application of SFRS(I) 16	–	–	–	–	–	–	–	1	1	–	1
Adjusted balance at 1 January 2019	**43,126**	**15,998**	**24,695**	**299**	**730**	**13,150**	**(1,314)**	**15,002**	**111,686**	**4,737**	**116,423**
Profit for the year	–	–	–	–	–	–	–	6,709	6,709	8,054	14,763
Other comprehensive loss for the year	–	–	–	–	–	–	(2,007)	–	(2,007)	(140)	(2,147)
Total comprehensive (loss)/income for the year	–	–	–	–	–	–	(2,007)	6,709	4,702	7,914	12,616
Contributions by and distributions to owners											
Interest incurred on convertible loan	–	–	–	–	–	167	–	–	167	–	167
Issuance of ordinary shares arising from performance share plan	228	–	–	–	–	–	–	–	228	–	228
Transactions with owners in their capacity as owners	228	–	–	–	–	167	–	–	395	–	395
Balance at 31 December 2019	**43,354**	**15,998**	**24,695**	**299**	**730**	**13,317**	**(3,321)**	**21,711**	**116,783**	**12,651**	**129,434**

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 2019

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Profit before taxation		**17,897**	10,899
Adjustments for:			
Depreciation of property, plant and equipment	3	**475**	333
Depreciation of right-of-use assets	4	**104**	–
Fair value gain on investment properties	19	**(17,851)**	(10,661)
Financing expense on payment from customers	20	**732**	–
Financing income on payments from customers	19	**(2,513)**	(945)
Gain on disposal of property, plant and equipment	19	**(6)**	–
Interest expense	20	**8,621**	6,263
Interest income	19	**(5)**	(15)
Share-based payment transactions	21	**228**	98
Operating profit before working capital changes		**7,682**	5,972
Development properties		**25,771**	(17,369)
Trade and other receivables		**4,620**	(5,655)
Trade and other payables		**(27,631)**	11,794
Cash generated from/(used in) operations		**10,442**	(5,258)
Income tax paid		**–**	–
Net cash generated from/(used in) operating activities		**10,442**	(5,258)
Cash Flows from Investing Activities			
Additions to investment properties	6	**(1,766)**	–
Disposal of subsidiaries, net of cash disposed of	A	**–**	(10,709)
Interest received		**5**	15
Proceeds from disposal of investment properties		**–**	205
Proceeds from disposal of property, plant and equipment		**13**	–
Purchase of property, plant and equipment	3	**(206)**	(564)
Restricted cash		**–**	10,193
Net cash used in investing activities		**(1,954)**	(860)
Cash Flows from Financing Activities			
Interest paid		**(3,899)**	(1,513)
Proceeds from bank loans		**–**	3,328
Proceeds from shareholders loans		**–**	9,326
Proceeds from third party loan		**–**	20,449
Proceeds from other loan		**–**	126
Repayment of bank loans		**(2,989)**	(19,897)
Repayment of shareholders loans		**(429)**	(8,637)
Repayment of third party loan		**(750)**	–
Repayment of other loan		**(80)**	(46)
Payment of accrued land lease premium		**–**	(4,481)
Payment of lease liabilities		**(105)**	–
Net cash used in financing activities		**(8,252)**	(1,345)
Net increase/(decrease) in cash and cash equivalents		**236**	(7,463)
Cash and cash equivalents at beginning of year		**3,026**	10,879
Exchange differences on translation of cash and cash equivalents		**(40)**	(390)
Cash and cash equivalents at end of year	9	**3,222**	3,026

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 2019

A. DISPOSAL OF SUBSIDIARIES

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 a then controlling 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, Huizhou Daya Bay Mei Tai Cheng Property Development Co., Ltd., ceased to be subsidiaries of the Group. As the disposal constitutes a transaction with a controlling 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)

CONSOLIDATED STATEMENT OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	As at 1 January 2019 $'000	Cash flows – Proceeds from loans $'000	Cash flows – Repayment of loans $'000	Other non-cash flows $'000	Exchange difference on translation $'000	As at 31 December 2019 $'000
Borrowings (Note 13)						
– bank loans	24,798	–	**(2,989)**	–	**(282)**	**21,527**
– loans from shareholders of a subsidiary	3,224	–	**(429)**	–	**(22)**	**2,773**
– amount due to a third party (non-trade)	20,091	–	**(750)**	–	**(249)**	**19,092**
– other loan	80	–	**(80)**	–	–	–
Accrued land lease premium (Note 14)	28,762	–	–	**3,840**	**(417)**	**32,185**
Lease liabilities (Note 15)	248	–	**(105)**	**18**	–	**161**
	77,203	–	**(4,353)**	**3,858**	**(970)**	**75,738**

	As at 1 January 2018 $'000	Cash flows – Proceeds from loans $'000	Cash flows – Repayment of loans $'000	Other non-cash flows $'000	Exchange difference on translation $'000	As at 31 December 2018 $'000
Borrowings (Note 13)						
– 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 loan	–	126	(46)	–	–	80
Accrued land lease premium (Note 14)	28,871	–	(4,481)	3,801	571	28,762
	73,968	33,229	(33,061)	3,801	(982)	76,955

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019 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 Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company 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 5.

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

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.

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.

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

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

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(A) BASIS OF PREPARATION (CONT'D)

Significant judgements in applying accounting policies

Going concern

As at 31 December 2019, the Group's borrowings amounted to $43,392,000, of which $31,567,000 were classified as current liabilities due for repayment within the next 12 months, and as at that date, the Group had cash and bank balances of $3,222,000. Notwithstanding this, the directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements, due to the following:

(i) For the financial year ended 31 December 2019, the Group generated net profit and net operating cash inflows of $14,763,000 (2018: $10,211,000) and $10,442,000 (2018: net operating cash outflows of $5,258,000), respectively. Having regard to measures to tighten controls over expenses and to better manage the Group's working capital, the directors believe that the Group is able to continue to generate sufficient cash flows from operations.

(ii) The Group had net current assets and net assets of $67,458,000 (2018: $126,642,000) and $129,434,000 (2018: $116,422,000), respectively, as at 31 December 2019, while the Company also had net current assets and net assets of $33,964,000 (2018: $35,203,000) and $69,524,000 (2018: $70,717,000), respectively, as at 31 December 2019. The Group believes that it is able to continue to sell its development properties and collect trade receivables to repay trade creditors and settle its liabilities in the ordinary course of business.

(iii) As disclosed in Note 32 to the financial statements, subsequent to the end of the reporting period, the Group obtained approval from a lender in respect of a term loan facility of US$50 million. Accordingly, the Group will be able to secure the necessary funding from the loan facility for repayment of the respective borrowings before they are due within the next 12 months from the end of the reporting period. The loan proceeds of US$50 million are substantially in excess of the borrowings of $31,567,000 due for repayment within the next 12 months.

Based on the above, the directors are satisfied that the Group and Company will have sufficient working capital and financial resources to enable them to meet their obligations as and when they fall due and continue as going concern for 12 months from the end of the reporting period. Consequently, based on the Group's financial budget and cash flow forecast for the financial year ending 31 December 2020 drawn up by management and approved by the directors, the directors consider that there is no material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(A) BASIS OF PREPARATION (CONT'D)

Significant judgements in applying accounting policies (cont'd)

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.

Impairment of trade and other receivables (Note 8)

The impairment for trade and other receivables is 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 past payment history, existing market conditions as well as forward-looking estimates at the end of each reporting period. In respect of trade receivables due from buyers for sale of properties, the Group has considered the right to repossess the property from the buyer in the event of payment default, resulting in the expected credit loss on the Group's trade receivables being insignificant.

Deferred taxation on investment properties (Note 12)

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.

Income taxes (Note 22)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(A) BASIS OF PREPARATION (CONT'D)

Significant accounting estimates and assumptions used 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. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's property, plant and equipment increases/decreases by 10% from management's estimates, the Group's profit for the year will decrease/increase by $48,000 (2018: $33,000).

Valuation of investment properties (Note 6)

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 amount of investment properties at the end of the reporting period is disclosed in Note 6 to the financial statements. If the fair value of investment properties increases/decreases by 5%, the Group's profit for the year will increase/decrease by $5,654,000 (2018: $3,261,000).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2(b), which addresses changes in accounting policies.

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE IN 2019

On 1 January 2019, the Group adopted the following SFRS(I) that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

Reference	Description
SFRS(I) 16	Leases
SFRS(I) INT 23	Uncertainty over Income Tax Treatments
Amendments to SFRS(I) 1-19	Plan Amendment, Curtailment or Settlement
Amendments to SFRS(I) 1-28	Long-term Interests in Associates and Joint Ventures
Amendments to SFRS(I) 9	Prepayment Features with Negative Compensation
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
– Amendments to SFRS(I) 1-12	Income Tax Consequences of Payments on Financial Instruments Classified as Equity
– Amendments to SFRS(I) 1-23	Borrowing Costs Eligible for Capitalisation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE IN 2019 (CONT'D)

The adoption of these new and amended SFRS(I) did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements, except for the following:

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

The Group holds leasehold land and leases its corporate office premise and equipment as a lessee. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for these leases, i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE IN 2019 (CONT'D)

SFRS(I) 16 *Leases* (cont'd)

Leases classified as operating leases under SFRS(I) 1-17 (cont'd)

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor, except for a sub-lease, if any.

Impact on financial statements

Impact on transition

On transition to SFRS(I) 16, the Group and the Company recognised additional right-of-use assets and lease liability, and recognised the difference in retained earnings. The impact on transition is summarised below. There is no significant impact on deferred tax.

The Group and the Company	**1 January 2019 $'000**
Increase in right-of-use assets	269
Decrease in property, plant and equipment	(20)
Increase in lease liability	248
Increase in retained earnings	1

When measuring lease liability for a lease that was classified as operating lease, the Group and the Company discounted lease payments using the applicable incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 6.3%.

The Group and the Company	**1 January 2019 $'000**
Operating lease commitments as at 31 December 2018 as disclosed under SFRS(I) 1-17 in the financial statements	272
Effect of discounting using the incremental borrowing rate at 1 January 2019	(24)
Lease liability recognised at 1 January 2019	248

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(B) ADOPTION OF NEW AND REVISED SFRS(I) EFFECTIVE IN 2019 (CONT'D)

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The interpretation addresses the determination of the accounting tax position when there is uncertainty over income tax treatments under SFRS(I) 1-12 *Income Taxes*. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

An entity applies the interpretation for annual reporting periods beginning on or after 1 January 2019. The requirements are applied by recognising the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

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) 17	Insurance Contracts	1 January 2021
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	Definition of Material	1 January 2020
Amendments to SFRS(I) 3	Definition of a Business	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(C) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

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:

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*

The amendments clarify the definition of material and how it should be applied by including in the definition guidance. The new definition of material states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

2(D) 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. 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.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (cont'd)

Non-controlling interests represent 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.

When the Group loses control of a subsidiary, 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 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)).

Property, plant and equipment

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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Other expenditure is recognised as an expense during the financial year in which it is incurred.

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 a property was previously held for own use, it is accounted for as property, plant and equipment up to the date of change in use before its transfer 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 retained earnings.

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

Leasehold land	70 years from 15 October 2013
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month that the property, plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Subsidiaries

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

Investment properties

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.

Investment properties 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 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 an investment property changes such that it is transferred to owner-occupied property or inventory, its fair value at the date of transfer becomes its deemed cost for subsequent accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Land held for future development where no significant development has been undertaken is stated at the lower of cost and net realisable value.

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.

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".

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

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.

Financial assets at amortised cost (debt instruments)

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.

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).

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 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.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

The Group considers a financial asset in default when contractual payments are 90 days past 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 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.

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, lease liabilities and trade and other payables.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities (cont'd)

Borrowings

Borrowings which are due to be settled more than 12 months after the end of the reporting period are included in current borrowings in the statement of financial position if the loan facility agreements include an overriding repayment on demand clause which gives the lender the right to demand repayment at any time at its sole discretion and irrespective of whether a default event has occurred, or when the Group has defaulted or breached a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the borrowings become payable on demand, even if the lender agreed after the reporting period and before the authorisation of the financial statements for issue not to demand payment as a consequence of the breach. These borrowings are classified as current because, at the end of the reporting period, the Group does not have an unconditional right to defer its settlement for at least twelve months after that date.

However, those borrowings with breaches or defaults of loan agreement terms are classified as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the Group can rectify the breach and/or during which the lender cannot demand immediate repayment. Other borrowings due to be settled more than 12 months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

Financial guarantees

The Company has issued corporate guarantees to financial institutions for the borrowings of a subsidiary. 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 a customer. If a customer pays consideration before the Group transfers goods 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.

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.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Convertible loan

When a convertible loan is issued at fair value, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible loan; this amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognised net of income tax effects and included in shareholders' equity. The carrying amount of the conversion option is not changed in subsequent periods. Any directly attributable transaction costs are allocated to the liability portion and conversion option in proportion to their initial carrying amounts.

When the conversion option is exercised, the carrying amount of the conversion option will be reclassified to share capital. When the conversion option is allowed to lapse, the carrying amount of the conversion option will be reclassified to retained earnings.

Interest and gains and losses relating to the liability portion are recognised in profit or loss. On conversion, the liability portion is reclassified to equity; no gain or loss is recognised on conversion.

A gain or loss is recognised on the extinguishment of convertible loan. The consideration paid is allocated to the debt and equity components of the existing convertible loan at the date of the transaction using the same allocation method as on initial recognition. The amount of gain or loss relating to the liability component is recognised in profit or loss, while the amount of consideration relating to the equity component is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Convertible loan (cont'd)

When determining whether to classify a financial instrument as an equity instrument or a financial liability, the Group assesses the substance of the contractual arrangement rather than its legal form. A financial instrument is an equity instrument rather than a financial liability, if it includes no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group; and if the instrument will or may be settled in the issuer's own equity instruments, it is a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Company exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instrument.

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. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Present obligations arising from onerous contracts are recognised as provisions.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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.

Leases

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16. This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessee (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, if any. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of revenue.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

  – the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  – the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  – facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

Policy applicable before 1 January 2019 (cont'd)

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

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 an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 end of the reporting period; and

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, the Company contributes to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, while the Myanmar-incorporated subsidiary contributes to the Social Security Board in Myanmar. 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 scheme 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 investments in subsidiaries, with a corresponding increase in equity over the vesting period.

Performance Share Plan

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the 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 the 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 entity 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).

(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 of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

<u>Key management personnel</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets 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 of disposal and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged pro rata to the assets in the cash-generating unit. 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 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.

A reversal of an impairment loss is recognised as income in profit or loss.

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.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue from contracts with customers (cont'd)

Sale of development properties (cont'd)

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.

The Group pays commissions to its employees for each contract that they obtain for the sale of development property. 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.

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.

Functional currencies

Functional 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.

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 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.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Conversion of foreign currencies (cont'd)

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group 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 exchange rates at the end of each reporting period;

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

(iii) All resulting currency translation differences are recognised as other comprehensive income in the currency translation reserve in equity.

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. All operating segments' operating results are reviewed regularly by the Group's executive directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 27 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the executive directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Earnings per share

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 financial year.

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 for the effects of all dilutive potential ordinary shares which comprise share options granted to employees and convertible loan.

3 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land $'000	Building $'000	Office equipment $'000	Furniture and fittings $'000	Renovations $'000	Motor vehicles $'000	Yacht $'000	Total $'000
Cost								
At 1 January 2018	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 difference on translation	17	45	27	21	–	14	(7)	117
At 31 December 2018	833	2,285	1,182	842	153	508	–	5,803
Adjustment on application of SFRS(I) 16	–	–	–	–	(23)	–	–	(23)
At 1 January 2019 (adjusted)	**833**	**2,285**	**1,182**	**842**	**130**	**508**	**–**	**5,780**
Transfer to investment properties (Note 6)	**–**	**–**	**(330)**	**–**	**–**	**–**	**–**	**(330)**
Additions	**–**	**–**	**63**	**1**	**–**	**142**	**–**	**206**
Disposal	**–**	**–**	**–**	**–**	**–**	**(120)**	**–**	**(120)**
Exchange difference on translation	**(15)**	**(40)**	**(23)**	**(15)**	**–**	**(16)**	**–**	**(109)**
At 31 December 2019	**818**	**2,245**	**892**	**828**	**130**	**514**	**–**	**5,427**
Accumulated depreciation								
At 1 January 2018	–	–	210	268	90	302	232	1,102
Depreciation (Note 21)	8	14	104	62	49	74	22	333
Write-offs	–	–	(5)	–	(119)	–	–	(124)
Disposal of subsidiaries	–	–	(15)	(113)	–	(80)	(244)	(452)
Exchange difference on translation	–	–	3	3	–	6	(10)	2
At 31 December 2018	8	14	297	220	20	302	–	861
Adjustment on application of SFRS(I) 16	–	–	–	–	(3)	–	–	(3)
At 1 January 2019 (adjusted)	**8**	**14**	**297**	**220**	**17**	**302**	**–**	**858**
Depreciation (Note 21)	**8**	**82**	**166**	**151**	**45**	**23**	**–**	**475**
Disposal	**–**	**–**	**–**	**–**	**–**	**(113)**	**–**	**(113)**
Exchange difference on translation	**(1)**	**(2)**	**(8)**	**(6)**	**–**	**(11)**	**–**	**(28)**
At 31 December 2019	**15**	**94**	**455**	**365**	**62**	**201**	**–**	**1,192**
Carrying amount								
At 31 December 2019	**803**	**2,151**	**437**	**463**	**68**	**313**	**–**	**4,235**
At 31 December 2018	825	2,271	885	622	133	206	–	4,942

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	**Office equipment $'000**	**Renovations $'000**	**Total $'000**
Cost			
At 1 January 2018	33	119	152
Additions	7	153	160
Write-offs	(5)	(119)	(124)
At 31 December 2018	35	153	188
Adjustment on application of SFRS(I) 16	–	(23)	(23)
At 1 January 2019 (adjusted) and 31 December 2019	**35**	**130**	**165**
Accumulated depreciation			
At 1 January 2018	20	90	110
Depreciation	9	49	58
Write-offs	(5)	(119)	(124)
At 31 December 2018	24	20	44
Adjustment on application of SFRS(I) 16	–	(3)	(3)
At 1 January 2019 (adjusted)	**24**	**17**	**41**
Depreciation	**6**	**45**	**51**
At 31 December 2019	**30**	**62**	**92**
Carrying amount			
At 31 December 2019	**5**	**68**	**73**
At 31 December 2018	11	133	144

As at 31 December 2018, included in renovations is restoration cost in respect of the Company's corporate office with carrying amount of $20,000.

The Group's property, plant and equipment include right-of-use asset with carrying amount $803,000 as at 31 December 2019 (1 January 2019: $825,000) relating to leasehold land.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 RIGHT-OF-USE ASSETS

The Group and the Company	Office premise $'000	Office equipment $'000	Total $'000
Cost			
At 1 January 2018 and 31 December 2018	–	–	–
Adjustment on application of SFRS(I) 16	269	–	269
At 1 January 2019 (adjusted)	**269**	**–**	**269**
Addition	**–**	**9**	**9**
At 31 December 2019	**269**	**9**	**278**
Accumulated depreciation			
At 1 January 2018 and 31 December 2018	–	–	–
Adjustment on application of SFRS(I) 16	**–**	**–**	**–**
At 1 January 2019 (adjusted)	**–**	**–**	**–**
Depreciation	**104**	**–**	**104**
At 31 December 2019	**104**	**–**	**104**
Carrying amount			
At 31 December 2019	**165**	**9**	**174**
At 1 January 2019	269	–	269

5 SUBSIDIARIES

The Company	2019 $'000	2018 $'000
Unquoted equity investments, at cost	**39,993**	39,993
Less: Allowance for impairment losses	**(4,600)**	(4,600)
	35,393	35,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 SUBSIDIARIES (CONT'D)

Details of the subsidiaries are:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of effective equity interest held by the Group 2019 %	2018 %
Held by the Company				
Futura Asset Holdings Pte. Ltd.[1]	Inactive	Singapore	**100**	100
Trechance Holdings Limited[3]	Dormant	Hong Kong	**100**	100
DAS Pte. Ltd.[1]	Investment holding	Singapore	**100**	100
Held by DAS Pte. Ltd.				
Uni Global Power Pte. Ltd.[1]	Investment holding	Singapore	**70**	70
Held by Uni Global Power Pte. Ltd.				
Golden Land Real Estate Development Co. Ltd.[2]	Property development and investment	Myanmar	**49**	49

(1) Audited by Foo Kon Tan LLP for statutory purpose
(2) Audited by Foo Kon Tan LLP for consolidation purpose
(3) Not required to be audited

Details of subsidiaries that have material non-controlling interests

The table below shows details of subsidiaries in the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of effective interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests $'000	Other comprehensive (loss)/income allocated to non-controlling interests $'000	Accumulated non-controlling interests $'000
2019					
DAS Group	Singapore and Myanmar	**51%**	**8,054**	**(140)**	**12,651**
2018					
DAS Group	Singapore and Myanmar	51%	6,772	220	4,737

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 SUBSIDIARIES (CONT'D)

Summarised financial information in respect of the 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.

Summarised consolidated statement of financial position

DAS Group	2019 $'000	2018 $'000
Non-current assets	**126,035**	79,416
Current assets	**179,852**	238,513
Non-current liabilities	**(64,227)**	(146,353)
Current liabilities	**(143,931)**	(89,257)
	97,729	82,319
Equity attributable to owners of the Company	**85,078**	77,582
Equity attributable to non-controlling interests	**12,651**	4,737
	97,729	82,319

Summarised consolidated statement of profit or loss and other comprehensive income

DAS Group	2019 $'000	2018 $'000
Revenue and other income	**62,879**	70,869
Expenses	**(46,198)**	(57,599)
Profit for the year	**16,681**	13,270
Profit attributable to owners of the Company	**8,627**	6,498
Profit attributable to non-controlling interests	**8,054**	6,772
Profit for the year	**16,681**	13,270
Total comprehensive income attributable to owners of the Company	**7,496**	9,030
Total comprehensive income attributable to non-controlling interests	**7,914**	7,002
Total comprehensive income for the year	**15,410**	16,032

Other summarised information

DAS Group	2019 $'000	2018 $'000
Net cash inflow/(outflow) from operating activities	**11,031**	(5,782)
Net cash outflow from investing activities	**(1,954)**	(394)
Net cash (outflow)/inflow from financing activities	**(8,147)**	3,056
Net cash inflow/(outflow) for the year	**930**	(3,120)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6 INVESTMENT PROPERTIES

The Group	2019 $'000	2018 $'000
Investment properties	**113,087**	65,228

Movement in investment properties during the financial year is as follows:

The Group	2019 $'000	2018 $'000
At 1 January	**65,228**	95,594
Additions	**1,766**	–
Disposals	**–**	(205)
Transfer from property, plant and equipment (Note 3)	**330**	–
Transfer from development properties (Note 7)	**39,680**	9,098
Transfer to development properties (Note 7)	**(10,608)**	(499)
Fair value gain recognised in profit or loss (Note 19)	**17,851**	10,661
Disposal of subsidiaries	**–**	(51,051)
Exchange difference on translation	**(1,160)**	1,630
At 31 December	**113,087**	65,228

The investment properties are as follows:

Location	Description	Net floor area (square metres)	Tenure
2019			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	221 residential units, 4 retail units and 14 office units	29,812	70 years
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

The carrying amount of investment properties pledged to secure borrowings is $75,620,000 (2018: $19,019,000).

At the end of the reporting period, the fair values of investment properties are determined by an independent professional valuer, C.I.M. Property Consultants Co., Ltd. (Colliers International Myanmar) ("CIM"), for the Golden City Project, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. The valuation of the investment properties is based on the properties' highest and best use. For all the Group's investment properties, the current use is considered the highest and best use. Fair value measurements are disclosed in Note 31.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6 INVESTMENT PROPERTIES (CONT'D)

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 Golden Land Real Estate Development Co. Ltd. ("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 the right 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 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 2019

The investment properties within the Golden City Project comprised (i) 221 residential units with an average size of 116.0 square metres per unit, with an aggregated total area of 25,636 square metres, located in Block 1-6 of the project, and they are currently leased to local and PRC corporations for a lease term of 1-3 years; (ii) ground floor retail space located in Block 1, 3,4 and 7 of the project, which is currently leased to 4 lessees for a lease term of 1-2 years; and (iii) 14 office units within the Golden City Business Centre with an aggregated total area of 3,667 square metres, which are currently leased to 8 lessees for a lease term of 1-3 years.

CIM used the market approach to determine the market value of the 221 residential units based on the sale of similar substitute properties while the market values of the 4 ground floor retail units and 14 office units within Golden City Business Centre were determined using the income capitalisation approach by taking into account the rental rate achievable in the current market, with a capitalisation rate of 10%.

As at 31 December 2018

The investment properties within the Golden City Project comprised (i) 58 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, which is currently leased to 2 lessees for a lease term of 1-3 years; and (iii) 23 office units within the Golden City Business Centre with an aggregated total area of 4,885 square metres, which is currently leased to 5 lessees for a lease term of 1-2 years.

CIM used the market approach to determine the market values of the 58 residential units based on the sale of similar substitute properties while the market values of the 2 ground floor retail units and 23 office units within Golden City Business Centre were determined using the income capitalisation approach by taking into account the rental rate achievable in the current market, with a capitalisation rate of 10%.

The following amounts are recognised in profit or loss:

The Group	**2019** **$'000**	2018 $'000
Rental income from investment properties (Note 18)	**4,791**	3,038
Direct operating expenses arising from investment properties that generated rental income	**(3,016)**	(200)

Direct operating expenses comprised mainly commercial tax of 5% applied on the rental income earned by the Myanmar subsidiary by the local tax authority and finance costs incurred on investment properties pledged to secure borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7 DEVELOPMENT PROPERTIES

The Group	2019 $'000	2018 $'000
Land held for development, at cost	**30,560**	30,960
Completed properties held for sale, at cost	**131,794**	188,656
	162,354	219,616
Borrowing costs capitalised during the year	**–**	2,764

Movement in development properties during the financial year is as follows:

The Group	2019 $'000	2018 $'000
At 1 January	**219,616**	208,521
Additions	**–**	58,839
Transfer to investment properties (Note 6)	**(39,680)**	(9,098)
Transfer from investment properties (Note 6)	**10,608**	499
Units sold and recognised in profit or loss	**(25,569)**	(42,017)
Disposal of subsidiaries	**–**	(1,721)
Exchange difference on translation	**(2,621)**	4,593
At 31 December	**162,354**	219,616

The completed properties held for sale are as follows:

Location	Description	Net floor area (square metres)	The Group's effective interest
2019			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	316 residential units, 12 retail units and 13 office units	51,274	49%
2018			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	501 residential units, 12 retail units and 4 office units	66,890	49%

The carrying amount of development properties pledged to secure borrowings is $1,186,000 (2018: $27,902,000).

Land held for 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 2019, 93 out of 316 residential units, 8 out of 12 retail units and 6 out of 13 office units have been contracted for, with advances amounting to US$14,252,000 ($19,179,000) received from buyers.

As at 31 December 2018, 144 out of 501 residential units, 7 out of 12 retail units and 3 out of 4 office units have been contracted for, with advances amounting to US$20,917,000 ($28,514,000) received from buyers.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade receivables				
– Non-current	**8,787**	9,390	**–**	–
– Current	**8,966**	10,084	**–**	–
	17,753	19,474	**–**	–
Amount due from subsidiaries (non-trade)	**–**	–	**35,080**	35,600
Amounts due from shareholders of a subsidiary (non-trade)	**3,940**	4,002	**–**	–
Advances to staff	**–**	335	**–**	–
Other deposits	**29**	29	**29**	29
	3,969	4,366	**35,109**	35,629
	21,722	23,840	**35,109**	35,629
Comprising				
– Non-current	**8,787**	9,390	**–**	–
– Current	**12,935**	14,450	**35,109**	35,629
	21,722	23,840	**35,109**	35,629

Trade receivables mainly comprise outstanding receivables from buyers of property units under instalment plans. Trade receivables which are not past due are those which are within the instalment payment schedules.

The non-trade amounts due from subsidiaries, comprising 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, which relate to advances extended by the subsidiary to its non-controlling interests in prior years, are unsecured, interest-free and repayable on demand.

The ageing analysis of trade and other receivables at the end of the reporting period is as follows:

	The Group		The Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
No credit terms (repayable on demand)	**3,969**	4,366	**35,109**	35,629
Not past due	**12,870**	16,471	**–**	–
Past due but not impaired				
– Less than 12 months	**1,137**	1,938	**–**	–
– More than 12 months	**3,746**	1,065	**–**	–
	21,722	23,840	**35,109**	35,629

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 CASH AND BANK BALANCES

	The Group		The Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cash on hand	**286**	813	**–**	–
Cash at banks	**2,936**	2,213	**166**	850
	3,222	3,026	**166**	850

At the end of the reporting period, the weighted-average interest rate of bank balances is 0.20% (2018: 0.79%) per annum.

10 SHARE CAPITAL

	2019	2018	**2019**	2018
The Group and the Company	**Number of ordinary shares**		**$'000**	$'000
Issued and fully paid, with no par value				
At 1 January	**962,167**	962,167	**43,126**	43,126
Issuance of ordinary shares under performance share plan	**8,765**	–	**228**	–
At 31 December	**970,932**	962,167	**43,354**	43,126

On 27 February 2019, the Company allotted 8,765,000 new ordinary shares in the capital of the Company to eligible employees at $0.026 per share, in accordance with the terms of the Performance Share Plan 2016.

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.

11 RESERVES

	The Group		The Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Capital reduction reserve	**15,998**	15,998	**15,998**	15,998
Capital reserve	**24,695**	24,695	**10,987**	10,987
Revaluation reserve	**299**	299	**–**	–
Share option reserve	**730**	730	**730**	730
Equity component of convertible loan reserve	**13,317**	13,150	**13,317**	13,150
Foreign currency translation reserve	**(3,321)**	(1,314)	**–**	–
Accumulated profits/(losses)	**21,711**	15,001	**(14,862)**	(13,274)
	73,429	68,559	**26,170**	27,591

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11 RESERVES (CONT'D)

Capital reduction reserve

Capital reduction reserve relates to 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

Capital reserve represents (i) 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, (ii) the difference between the price purchase consideration paid and the carrying amount of the non-controlling interest at the date of additional acquisition of 25.025% interest in DAS Group, and (iii) the gain on disposal of subsidiaries to a former controlling shareholder of the Company.

Revaluation reserve

Revaluation reserve relates to the gain arising from the re-measurement of owner-occupied properties transferred to investment properties at fair value upon the change in use of the properties.

Share option reserve

Share option reserve represents 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 the directors and employees recorded on the grant of the equity-settled share options.

Equity component of convertible loan

Equity component of convertible loan relates to the equity conversion feature of the convertible loan extended by a former controlling 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 ordinary shares in the Company, at the Company's discretion.

A second addendum deed was entered on 1 March 2019 between the Company and the former controlling shareholder, pursuant to which the Company and the former controlling shareholder agreed to extend the maturity date of the convertible loan by an additional 12 months, from 25 April 2019 to 25 April 2020.

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 DEFERRED TAX LIABILITIES

The Group	2019 $'000	2018 $'000
At 1 January	**26,283**	31,447
Recognised in profit or loss	**3,134**	680
Disposal of subsidiaries	**–**	(6,330)
Exchange difference on translation	**(378)**	486
At 31 December	**29,039**	26,283
To be settled after one year	**29,039**	26,283

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 2018	455	9,846	21,146	31,447
Recognised in profit or loss (Note 22)	–	2,665	(1,985)	680
Disposal of subsidiaries	–	(6,330)	–	(6,330)
Exchange difference on translation	7	150	329	486
At 31 December 2018	462	6,331	19,490	26,283
Recognised in profit or loss (Note 22)	**–**	**7,754**	**(4,620)**	**3,134**
Exchange difference on translation	**(8)**	**(112)**	**(258)**	**(378)**
At 31 December 2019	**454**	**13,973**	**14,612**	**29,039**

Temporary differences on development properties arise from fair value adjustments on development properties acquired in a business combination in previous years.

13 BORROWINGS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current				
Bank loans (Notes (i) and (ii))	**–**	19,004	**–**	–
Amount due to a third party (non-trade) (Note (iv))	**11,825**	16,001	**–**	–
	11,825	35,005	**–**	–
Current				
Bank loans (Notes (i) and (ii))	**21,527**	5,794	**–**	–
Loans from shareholders of a subsidiary (Note (iii))	**2,773**	3,224	**–**	–
Amount due to a third party (non-trade) (Note (iv))	**7,267**	4,090	**–**	–
Other loan	**–**	80	**–**	80
	31,567	13,188	**–**	80
	43,392	48,193	**–**	80

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 BORROWINGS (CONT'D)

Borrowings comprise the following:

(i) Bank loan 1 – 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 $14,673,000 (2018: $13,228,000) as at 31 December 2019. The guarantee fees charged by the Company to the subsidiary are consistent with those charged by financial institutions.

(ii) Bank loan 2 – 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 a total carrying amount of $9,611,000 (2018: $7,391,000) as at 31 December 2019. The guarantee fees 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.

(iii) Loans from shareholders of a subsidiary

On 19 October 2016, GLRE entered into a loan agreement 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 loans are repayable on demand.

(iv) 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 separate tranches with US$6,000,000 due within a year and US$9,000,000 due on 20 November 2021. The amount is collateralised against the Group's investment properties and development properties with a total carrying amount of $52,522,000 (2018: $26,302,000) as at 31 December 2019.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 BORROWINGS (CONT'D)

The carrying amounts and fair values of borrowings at the end of the reporting period are as follows:

	Carrying amount		Fair value	
	2019	2018	**2019**	2018
The Group	**$'000**	$'000	**$'000**	$'000
Bank loans (Notes (i) and (ii))	**21,527**	24,798	**21,527**	22,212
Loans from shareholders of a subsidiary (Note (iii))	**2,773**	3,224	**2,773**	3,224
Amount due to a third party (non-trade) (Note (iv))	**19,092**	20,091	**19,296**	20,163
Other loan	**–**	80	**–**	80
	43,392	48,193	**43,596**	45,679

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.

14 ACCRUED LAND LEASE PREMIUM

	2019	2018
The Group	**$'000**	$'000
At 1 January	**28,762**	28,871
Accreted interest (Note 20)	**3,840**	3,801
Payment of land lease premium	**–**	(4,481)
Exchange difference on translation	**(417)**	571
At 31 December	**32,185**	28,762
Represented by:		
– Non-current	**21,486**	24,920
– Current	**10,699**	3,842
	32,185	28,762

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 LEASE LIABILITIES

The Group and the Company	Office premise and equipment $'000
At 1 January 2018 and 31 December 2018	–
Adjustment on application of SFRS(I) 16	248
At 1 January 2019 (adjusted)	**248**
Addition	9
Accreted interest (Note 20)	9
Payment of lease liabilities	(105)
At 31 December 2019	**161**
Represented by:	
– Non-current	57
– Current	104
	161

The lease liabilities relate to the corporate office premise and equipment which are leased by the Company.

The Group's and the Company's lease liabilities are secured by the lessor's title to the leased assets.

16 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Trade payables	**33,689**	53,427	**–**	–
Accrued operating expenses	**4,788**	4,006	**870**	596
Accrued interest	**1,095**	538	**–**	–
Amount due to a subsidiary (non-trade)	**–**	–	**75**	–
Rental deposits received	**636**	644	**–**	–
Other payables	**841**	1,190	**131**	156
	41,049	59,805	**1,076**	752
Business and other tax payable	**10,462**	8,590	**–**	–
Intragroup financial guarantees	**–**	–	**158**	467
	51,511	68,395	**1,234**	1,219

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 13 to the financial statements, the Company has provided corporate guarantees 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 ADVANCE CONSIDERATION RECEIVED FROM CUSTOMERS

The Group	2019 $'000	2018 $'000
Advance consideration received from customers	**19,633**	29,989
Represented by:		
– Non-current	**1,877**	3,549
– Current	**17,756**	26,440
	19,633	29,989

Advance consideration received from customers represents amounts of consideration billed to buyers of development properties prior to completion of the performance obligation.

Revenue recognised during the financial year ended 31 December 2019 that was included in advance consideration received from customers at the beginning of the year was $16,791,000 (2018: $52,186,000).

18 REVENUE

The Group	2019 $'000	2018 $'000
Revenue from contracts with customers		
– Sale of development properties	**36,595**	59,218
– Rental income from investment properties (Note 6)	**4,791**	3,038
– Other rental income	**–**	42
	41,386	62,298
Timing of transfer of goods and services		
– At a point in time	**36,595**	59,218
– Over time	**4,791**	3,080
	41,386	62,298

19 OTHER INCOME

The Group	2019 $'000	2018 $'000
Fair value gain on investment properties (Note 6)	**17,851**	10,661
Financing income on payments from customers	**2,513**	945
Foreign exchange gain, net	**40**	9
Gain on disposal of property, plant and equipment	**6**	–
Interest income on bank balances	**5**	15
Penalty on late payment from customers	**650**	–
Others	**1,069**	21
	22,134	11,651

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 FINANCE COSTS

The Group	2019 $'000	2018 $'000
Accreted interest on accrued land lease premium (Note 14)	**3,840**	3,801
Accreted interest on lease liabilities (Note 15)	**9**	–
Financing expense on payments from customers	**732**	–
Interest expense on borrowings	**4,216**	1,898
Interest expense on convertible loan	**167**	201
Others	**389**	363
	9,353	6,263

21 PROFIT BEFORE TAXATION

The Group	Note	2019 $'000	2018 $'000
Profit before taxation has been arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	3	**475**	333
Depreciation of right-of-use assets	4	**104**	–
Operating lease expenses		**–**	226
Staff costs			
Directors of the Company:			
Directors' fees		**145**	169
Directors' remuneration other than fees			
– salaries and other related costs		**481**	612
– contributions to defined contribution plan		**12**	17
– equity-settled share-based payment transactions		**–**	57
		493	686
Directors of a subsidiary:			
– directors' fees		**223**	–
– directors' salaries		**379**	433
– equity-settled share-based payment transactions		**53**	–
		655	433
Key management personnel (other than directors):			
– salaries and other related costs		**601**	525
– contributions to defined contribution plan		**30**	17
– equity-settled share-based payment transactions		**121**	18
		752	560
Other than directors and key management personnel:			
– salaries and other related costs		**1,948**	1,927
– contributions to defined contribution plan		**22**	29
– equity-settled share-based payment transactions		**54**	23
		2,024	1,979
		4,069	3,827

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22 TAXATION

The Group	2019 $'000	2018 $'000
Current taxation	–	8
Deferred taxation (Note 12)	3,134	680
	3,134	688

The Company and Futura Asset Holdings Pte. Ltd. ("Futura"), which are incorporated and established in Singapore, are subject to Singapore income tax at 17% (2018: 17%). Trechance Holdings Limited ("Trechance"), which is incorporated and established in Hong Kong, is subject to Hong Kong income tax at 16.5% (2018: 16.5%). No provisions for Singapore and Hong Kong taxes have been made as the respective group entities do not have assessable profits subject to Singapore and Hong Kong taxes.

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	2019 $'000	2018 $'000
Profit before taxation	17,897	10,899
Tax at Singapore tax rate of 17% (2018: 17%)	3,043	1,853
Effect of different tax rates in foreign jurisdictions	1,476	1,106
Tax effect on non-deductible expenses	222	498
Tax effect on non-taxable income	(1,607)	(2,769)
	3,134	688

Expenses not deductible for tax mainly include the operating expenses incurred by the Company, Futura 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 30 November 2021. Consequently, non-taxable income mainly arises from GLRE.

At the end of the reporting period, the Company has unused tax losses of $2,191,000 (2018: $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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders of \$6,709,000 (2018: \$3,429,000), and a weighted average number of ordinary shares outstanding of 969,563,000 (2018: 962,167,000), calculated as follows:

Weighted average number of ordinary shares

The Group	**2019 ’000**	2018 ’000
Issued ordinary shares at beginning of year (Note 10)	**962,167**	962,167
Effect of ordinary shares issued during the year	**7,396**	–
Weighted average number of ordinary shares	**969,563**	962,167

Diluted earnings per share

The calculation of diluted earnings per share was based on the profit attributable to ordinary shareholders of \$6,709,000 (2018: \$3,429,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,163,185,000 (2018: 1,153,937,000), calculated as follows:

Weighted average number of ordinary shares

The Group	**2019 ’000**	2018 ’000
Weighted average number of ordinary shares (basic)	**969,563**	962,167
Effect of convertible loan	**193,622**	191,770
Weighted average number of ordinary shares (diluted)	**1,163,185**	1,153,937

At the end of the reporting period, 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 years ended 31 December 2019 and 2018 does not exceed the exercise price.

24 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	**2019 \$’000**	2018 \$’000
Rental income	**–**	42
Property management fees expense	**(517)**	(586)

The related parties are companies which are owned by certain directors and key management personnel of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25 LEASES

Operating lease

Where the Group and the Company are the lessee,

As at 31 December 2018, the Group and the Company were committed to making the following minimum lease payments in respect of non-cancellable operating lease of office premise with an original term of more than one year:

The Group and the Company	2018 $'000
Not later than one year	105
Later than one year and not later than five years	167
	272

The lease on the Company's office premise on which rentals are payable will expire on 7 August 2021. There are no externally imposed covenants on the lease arrangement.

Where the Group is the lessor,

The following table sets out a maturity analysis of lease payments in respect of the Group's investment properties, showing the undiscounted lease payments to be received after the end of the reporting period.

The Group	$'000
2019	
Year One	**2,397**
Year Two	**221**
Year Three	**94**
	2,712
2018	
Not later than one year	4,186
Later than one year and not later than five years	5,771
	9,957

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 SHARE-BASED PAYMENT TRANSACTIONS

The Company has the following employee share option scheme and performance share plan for granting share options and 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 whose members are all independent or non-executive directors of the Company.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 SHARE-BASED PAYMENT TRANSACTIONS (CONT'D)

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 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 1.1.2019	Options forfeited/ lapsed	Balance at 31.12.2019	Period exercisable
$0.003	17.5.2016	375,000,000	–	375,000,000	17.5.2018 to 16.5.2026

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:

2018	
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 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;

(ii) Property investment – relates to the business of investing in properties to earn rentals and for capital appreciation in Myanmar; 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.

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.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 OPERATING SEGMENTS (CONT'D)

The Group	Property development 2019 $'000	Property development 2018 $'000	Property investment 2019 $'000	Property investment 2018 $'000	Corporate 2019 $'000	Corporate 2018 $'000	Eliminations 2019 $'000	Eliminations 2018 $'000	Total 2019 $'000	Total 2018 $'000
Segment revenue	**36,595**	59,218	**4,791**	3,038	**–**	42	**–**	–	**41,386**	62,298
Results										
Segment (loss)/profit	**(4,029)**	(502)	**1,775**	2,838	**(2,037)**	(3,088)	**54**	–	**(4,237)**	(752)
Other income	**4,071**	986	**17,851**	10,661	**575**	307	**(363)**	(303)	**22,134**	11,651
Profit/(Loss) before taxation	**42**	484	**19,626**	13,499	**(1,462)**	(2,781)	**(309)**	(303)	**17,897**	10,899
Taxation	**4,620**	1,977	**(7,754)**	(2,665)	**–**	–	**–**	–	**(3,134)**	(688)
Profit/(Loss) for the year	**4,662**	2,461	**11,872**	10,834	**(1,462)**	(2,781)	**(309)**	(303)	**14,763**	10,211
Attributable to:										
Owners of the Company	**349**	1,204	**8,131**	5,309	**(1,462)**	(2,781)	**(309)**	(303)	**6,709**	3,429
Non-controlling interests	**332**	1,257	**7,722**	5,525	**–**	–	**–**	–	**8,054**	6,782
	681	2,461	**15,853**	10,834	**(1,462)**	(2,781)	**(309)**	(303)	**14,763**	10,211
Assets and liabilities										
Segment assets	**192,331**	252,260	**113,087**	65,228	**608**	1,046	**(648)**	(467)	**305,378**	318,067
Segment liabilities	**125,786**	184,143	**48,131**	16,307	**1,379**	728	**648**	467	**175,944**	201,645
Capital expenditure and significant non-cash items										
Capital expenditure on property, plant and equipment	**206**	404	**–**	–	**–**	160	**–**	–	**206**	564
Depreciation of property, plant and equipment	**424**	275	**–**	–	**51**	58	**–**	–	**475**	333
Depreciation of right-of-use assets	**–**	–	**–**	–	**104**	–	**–**	–	**104**	–

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 OPERATING SEGMENTS (CONT'D)

Geographical segments

The Group	Myanmar $'000	China $'000	Singapore $'000	Total $'000
2019				
Revenue	**41,386**	**–**	**–**	**41,386**
Non-current assets*	**117,249**	**–**	**247**	**117,496**
2018				
Revenue	59,231	3,025	42	62,298
Non-current assets*	70,026	–	144	70,170

* Excluding non-current trade receivables

Geographically, the non-current assets and operations of the Group are primarily located in Myanmar for the financial years ended 31 December 2019 and 31 December 2018.

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

28 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.

28.1 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

28.1 Credit risk (cont'd)

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.

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.

<u>Exposure to credit risk</u>
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 sale of residential properties, as the Group is contractually entitled to retain all instalments payments received from the customer and repossess the sold property for resale in the event of default payments, the credit loss risk in respect of outstanding progress billings to the customer is mitigated by these financial safeguards. Credit risk in respect of trade receivables related to property leasing is deemed to be low due to security deposits received from tenants.

Other receivables
Loss allowance for other receivables is measured at an amount equal to 12-month expected credit losses. The expected credit losses 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 end of the reporting period, no loss allowance for other receivables was required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

28.1 Credit risk (cont'd)

Exposure to credit risk (cont'd)

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 13). These borrowings amounted to $21,527,000 (2018: $24,798,000) 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 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 8.

28.2 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

28.2 Liquidity risk (cont'd)

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
2019					
Non-derivative financial liabilities					
Borrowings (Note 13)	**43,392**	**46,944**	**33,218**	**13,726**	**–**
Accrued land lease premium (Note 14)	**32,185**	**245,818**	**10,699**	**15,169**	**219,950**
Lease liabilities (Note 15)	**161**	**178**	**118**	**60**	**–**
Trade and other payables (Note 16)	**41,049**	**41,049**	**41,049**	**–**	**–**
	116,787	**333,989**	**85,084**	**28,955**	**219,950**
2018					
Non-derivative financial liabilities					
Borrowings (Note 13)	48,193	56,166	13,544	42,622	–
Accrued land lease premium (Note 14)	28,762	249,026	3,842	15,366	229,818
Trade and other payables (Note 16)	59,805	59,805	59,805	–	–
	136,760	364,997	77,191	57,988	229,818
The Company					
2019					
Non-derivative financial liabilities					
Lease liabilities (Note 15)	**161**	**178**	**108**	**70**	**–**
Trade and other payables (Note 16)	**1,076**	**1,076**	**1,076**	**–**	**–**
Intragroup financial guarantees (Note 16)	**158**	**21,527**	**21,527**	**–**	**–**
	1,395	**22,781**	**22,711**	**70**	**–**
2018					
Non-derivative financial liabilities					
Borrowings (Note 13)	80	80	80	–	–
Trade and other payables (Note 16)	752	752	752	–	–
Intragroup financial guarantees (Note 16)	467	24,798	9,097	15,701	–
	1,299	25,630	9,929	15,701	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

28.2 Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Except for the Company's cash flows arising from its intra-group corporate guarantees (Note 28.1), 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.

28.3 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. Loans from shareholders of a subsidiary, non-trade amount due to a third party and other loan 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	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Fixed rate instruments				
Financial liabilities				
– loans from shareholders of a subsidiary	**(2,773)**	(3,224)	**–**	–
– amount due to a third party (non-trade)	**(19,092)**	(20,091)	**–**	–
– other loan	**–**	(80)	**–**	(80)
	(21,865)	(23,395)	**–**	(80)
Variable rate instruments				
Financial assets				
– bank balances	**2,936**	2,213	**166**	850
Financial liabilities				
– bank loans	**(21,527)**	(24,798)	**–**	–
	(18,591)	(22,585)	**166**	850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

28.3 Interest rate risk (cont'd)

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.

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates had been 100 (2018: 100) basis points higher/lower with all other variables held constant, the Group's profit net of tax and equity would have been $186,000 (2018: $226,000) 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.

28.4 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 ("SGD"), Myanmar kyat ("MMK"), Renminbi ("RMB") and United States dollar ("USD"). 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 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 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

28.4 Foreign currency risk (cont'd)

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
2019				
Trade and other receivables	**1**	**–**	**–**	**289**
Cash and bank balances	**147**	**2,542**	**–**	**5**
Trade and other payables	**(33)**	**(73)**	**(61)**	**(723)**
Net exposure	**115**	**2,469**	**(61)**	**(429)**
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
The Company				
2019				
Trade and other receivables				**289**
Trade and other payables				**(723)**
Net exposure				**(434)**
2018				
Trade and other receivables				920
Trade and other payables				(467)
Net exposure				453

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

28.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates below against the functional currencies of the respective group entities, on the Group's profit net of tax.

		2019	2018
The Group		**$'000**	$'000
SGD	– strengthened 5% (2018: 5%)	**6**	14
	– weakened 5% (2018: 5%)	**(6)**	(14)
MMK	– strengthened 5% (2018: 5%)	**123**	63
	– weakened 5% (2018: 5%)	**(123)**	(63)
RMB	– strengthened 5% (2018: 5%)	**(3)**	(10)
	– weakened 5% (2018: 5%)	**3**	10
USD	– strengthened 5% (2018: 5%)	**(21)**	23
	– weakened 5% (2018: 5%)	**21**	(23)
The Company			
USD	– strengthened 5% (2018: 5%)	**(22)**	23
	– weakened 5% (2018: 5%)	**22**	(23)

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.

28.5 Market price risk

Market price 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 2019

29 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
2019			
Financial assets			
Trade and other receivables (Note 8)	**21,722**	**–**	**21,722**
Cash and bank balances (Note 9)	**3,222**	**–**	**3,222**
	24,944	**–**	**24,944**
Financial liabilities			
Borrowings (Note 13)	**–**	**(43,392)**	**(43,392)**
Accrued land lease premium (Note 14)	**–**	**(32,185)**	**(32,185)**
Lease liabilities (Note 15)	**–**	**(161)**	**(161)**
Trade and other payables (Note 16)	**–**	**(41,049)**	**(41,049)**
	–	**(116,787)**	**(116,787)**
2018			
Financial assets			
Trade and other receivables (Note 8)	23,840	–	23,840
Cash and bank balances (Note 9)	3,026	–	3,026
	26,866	–	26,866
Financial liabilities			
Borrowings (Note 13)	–	(48,193)	(48,193)
Accrued land lease premium (Note 14)	–	(28,762)	(28,762)
Trade and other payables (Note 16)	–	(59,805)	(59,805)
	–	(136,760)	(136,760)
The Company			
2019			
Financial assets			
Trade and other receivables (Note 8)	**35,109**	**–**	**35,109**
Cash and bank balances (Note 9)	**166**	**–**	**166**
	35,275	**–**	**35,275**
Financial liabilities			
Lease liabilities (Note 15)	**–**	**(161)**	**(161)**
Trade and other payables (Note 16)	**–**	**(1,076)**	**(1,076)**
	–	**(1,237)**	**(1,237)**
2018			
Financial assets			
Trade and other receivables (Note 8)	35,629	–	35,629
Cash and bank balances (Note 9)	850	–	850
	36,479	–	36,479
Financial liabilities			
Borrowings (Note 13)	–	(80)	(80)
Trade and other payables (Note 16)	–	(752)	(752)
	–	(832)	(832)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 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 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 its 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 Group and the Company are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings, accrued land lease premium, lease liability and trade and other payables, less cash and bank balances. Total capital represents equity attributable to owners of the Company.

	The Group		The Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Borrowings (Note 13)	**43,392**	48,193	**–**	80
Accrued land lease premium (Note 14)	**32,185**	28,762	**–**	–
Lease liabilities (Note 15)	**161**	–	**161**	–
Trade and other payables (Note 16)	**51,511**	68,395	**1,234**	1,219
Total debt	**127,249**	145,350	**1,395**	1,299
Less: Cash and bank balances (Note 9)	**(3,222)**	(3,026)	**(166)**	(850)
Net debt	**124,027**	142,324	**1,229**	449
Equity attributable to the owners of the Company	**116,783**	111,685	**69,524**	70,717
Total capital	**116,783**	111,685	**69,524**	70,717
Total capital and net debt	**240,810**	254,009	**70,753**	71,166
Gearing ratio	**52%**	56%	**2%**	1%

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FAIR VALUE MEASUREMENT

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

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

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

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

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

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

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
2019				
Bank loans	**–**	**21,527**	**–**	**21,527**
Loans from shareholders of a subsidiary	**–**	**2,773**	**–**	**2,773**
Amount due to a third party (non-trade)	**–**	**19,296**	**–**	**19,296**
	–	**43,596**	**–**	**43,596**
2018				
Bank loans	–	22,212	–	22,212
Loans from shareholders of a subsidiary	–	3,224	–	3,224
Amount due to a third party (non-trade)	–	20,163	–	20,163
Other loan	–	80	–	80
	–	45,679	–	45,679

* 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FAIR VALUE MEASUREMENT (CONT'D)

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
2019				
Non-financial assets				
Investment properties (Note 6)	**–**	**–**	**113,087**	**113,087**
2018				
Non-financial assets				
Investment properties (Note 6)	–	–	65,228	65,228

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 growth rate was higher/lower; and • Expected vacancy rate was shorter/longer

32 SUBSEQUENT EVENTS

On 27 February 2020, the Company allotted 7,122,000 new ordinary shares in the capital of the capital of the Company to eligible group employees, in accordance with the terms of the Performance Share Plan 2016.

On 19 March 2020, the Group obtained a committed term sheet from a bank, pursuant to which the bank agreed to provide a term loan facility of US$50 million to the Group. The term sheet was approved by the Board of Directors of the Company on 20 March 2020.

With respect to the outbreak of COVID-19 (Coronavirus Disease 2019), the Group has assessed and preliminarily concluded that the full impact could not be quantified reliably. At the date of these financial statements, the outbreak has spread to various regions around the world. The Group's performance subsequent to the end of the reporting period is likely to be impacted as a result of the global economic downturn. The Group is actively monitoring the situation, putting in place measures to minimise the impact to its business, and will react actively to minimise the impact on the operations and financial position of the Group arising from the evolving situation.

ADDITIONAL **INFORMATION**

Interested person transactions entered into during the financial years ended 31 December 2019 and 31 December 2018 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	Nature of Relationship	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$100,000)	
		2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Luo Shandong Disposal of the entire issued and paid-up share capital of Cedar Properties Pte. Ltd.[1]	Controlling shareholder of the Company[1]	–	16,937	–	–
Zhu Xiaoli Loan from an associate of a director[2]	Associate (brother) of Mr Zhu Xiaolin, an Executive Director and Group President of the Company	–	1,557	–	–

Note 1: 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, which was approved by the shareholders at the Extraordinary General Meeting held on 15 March 2018. Whilst Mr Luo Shandong was a controlling shareholder of the Company on 18 January 2018, Mr Luo Shandong ceased to be a controlling shareholder of the Company on 22 January 2018.

Note 2: 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 18 MARCH 2020

Issued share capital	:	S$32,841,618.4724
No. of issued and fully paid-up shares	:	978,053,934
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	356	5.15	12,875	0.00
100 – 1,000	1,240	17.95	652,034	0.07
1,001 – 10,000	2,877	41.64	12,406,559	1.27
10,001 – 1,000,000	2,394	34.65	152,634,357	15.60
1,000,001 and above	42	0.61	812,348,109	83.06
Total	6,909	100.00	978,053,934	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Zhu Xiaolin	151,120,969	15.45
2	Phillip Securities Pte Ltd	107,119,474	10.95
3	Zhang Xiang	89,000,000	9.10
4	CGS-CIMB Securities (Singapore) Pte Ltd	70,258,452	7.18
5	Teo Cheng Kwee	59,281,760	6.06
6	Maybank Kim Eng Securities Pte. Ltd	50,599,910	5.18
7	Raffles Nominees (Pte) Limited	37,029,898	3.79
8	Zhang Xiaoping	34,731,695	3.55
9	Goh Peng Kim	29,524,226	3.02
10	ABN Amro Clearing Bank N.V.	28,665,028	2.93
11	Tao Xucheng	18,000,000	1.84
12	Wong Pak Him Patrick	18,000,000	1.84
13	Lai Xuejun	15,159,200	1.55
14	Tang Boon Leong	11,283,300	1.15
15	Christopher Chong Meng Tak	11,082,200	1.13
16	Tan Eng Chua Edwin	8,334,140	0.85
17	DBS Nominees Pte Ltd	6,326,431	0.65
18	Citibank Nominees Singapore Pte Ltd	6,210,240	0.64
19	OCBC Securities Private Ltd	5,934,772	0.61
20	Xie Jing	5,887,000	0.60
	Total:	763,548,695	78.07

STATISTICS OF **SHAREHOLDINGS**

AS AT 18 MARCH 2020

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	15.45	49,269,895	5.04
Teo Cheng Kwee	59,281,760	6.06	–	–
Zhang Xiang	89,000,000	9.10	–	–

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 18 March 2020, approximately 64.31% 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 160 Robinson Road, #06-01 SBF Center, Singapore 068914 on Friday, 12 June 2020 at 10.30 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 2019 and the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Zhu Xiaolin 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 approve the payment of the proposed directors' fees of up to S$180,000 to be paid quarterly in arrears for the financial year ending 31 December 2021. **Resolution 4**

5. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix its remuneration. **Resolution 5**

6. To transact any other business which may be properly transacted at an Annual General Meeting.

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without modifications:

7. **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,

NOTICE OF ANNUAL GENERAL MEETING

(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;

(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 (2)} **Resolution 6**

8. **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 (3)} **Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING

9. **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 (4)} **Resolution 8**

10. **Proposed renewal of the Share Purchase Mandate**

*All capitalised terms in the Resolution 9 below and defined in the Letter to Shareholders dated 15 April 2020 (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

(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;

NOTICE OF
ANNUAL GENERAL MEETING

(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 during the relevant five (5) day period and the day on which the purchases are made;

"**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

NOTICE OF ANNUAL GENERAL MEETING

(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 (5)} **Resolution 9**

By Order of the Board

Ong Beng Hong
Tan Swee Gek
Joint Secretaries
Singapore
15 April 2020

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes

(1) Ordinary Resolutions 2 and 3 – To re-elect Mr Zhu Xiaolin and Mr Teo Cheng Kwee as Directors, who shall retire pursuant to Regulation 87 of the Constitution of the Company

If re-elected, Mr Zhu Xiaolin will remain as an Executive Director and Group President of the Company, and a member of the Nominating & Corporate Governance Committee.

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 Resolution 6 – 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 6 proposed in item 7 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.

(3) Ordinary Resolution 7 – Mandate to Directors to issue Shares under the ETC Employee Share Option Scheme

Ordinary Resolution 7 proposed in item 8 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.

(4) Ordinary Resolution 8 – Mandate to Directors to issue Shares under the ETC Share Performance Plan

Ordinary Resolution 8 proposed in item 9 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.

(5) Ordinary Resolution 9 – Proposed renewal of the Share Purchase Mandate

Ordinary Resolution 9 proposed in item 10 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.

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 (a) 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**; or (b) submitted by email to info@etcsingapore.com 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.

NOTICE OF
ANNUAL GENERAL MEETING

Measures to Minimise Risk of COVID-19

In line with the advisories issued by the Ministry of Health ("**MOH**") in relation to the COVID-19 outbreak, the following steps will be taken for shareholders and others attending the AGM to minimise the risk of community spread of COVID-19:

1. All persons attending the AGM will be required to undergo a **temperature check** and sign a **travel/health declaration form**. This declaration form will also be used for the purpose of contact tracing, if required.

2. Any person who has been placed on Quarantine Order, Leave of Absence or issued a Stay-Home Notice, or has recent travel history to any countries or places as specified by MOH in its advisories during the 14 days prior to the date of the AGM (i.e. commencing from and including Friday, 29 May 2020) **will not be permitted to attend the AGM**.

3. Any person who has fever **will not be permitted to attend the AGM**. We may also at our discretion deny entry to persons exhibiting flu-like symptoms.

Shareholders who are feeling unwell on the date of the AGM are advised not to attend the AGM. Shareholders are also advised to arrive at the AGM venue early given that the above-mentioned measures may cause delay in the registration process.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risk to shareholders and others attending the AGM. In the event that such measures are adopted, the Company will make announcements as appropriate.

The Company seeks the understanding and cooperation of all shareholders to minimise the risk of community spread of COVID-19.

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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 contact person for the Sponsor is: Name: Mr Shervyn Essex, Registered Professional, RHT Capital Pte. Ltd. Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 Telephone: (65) 6381 6966

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

Mr Teo Cheng Kwee and Mr Zhu Xiaolin are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 12 June 2020 ("**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 TEO CHENG KWEE	MR ZHU XIAOLIN
Date of Appointment	21 July 2015	30 March 2017
Date of last re-appointment	23 April 2019	26 April 2017
Age	67	48
Country of principal residence	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 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 Zhu Xiaolin for re-appointment as an Executive Director of the Company. The Board has reviewed and concluded that Mr Zhu Xiaolin 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	Non-Executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director and member of the Audit and Remuneration Committees	Group President and Executive Director and member of NCGC
Professional qualifications	Nil	Certified Public Accountant Degree in Economics, Southwest University of Finance and Economics in Chengdu City, Sichuan Province, PRC
Working experience and occupation(s) during the past 10 years	<u>2006 – 2013</u> Group Managing Director & Chief Executive Officer of Sapphire Corporation Limited	<u>2012 – Present</u> Chairman, Golden Land Real Estate Development Co., Ltd. (real estate) <u>2012 – Present</u> CEO, Uni Global Power Pte Ltd (real estate)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TEO CHENG KWEE	MR ZHU XIAOLIN
		2010 – 2012 CEO, China Polymetallic Mining Limited (mining) 2004 – 2010 CIO, Sichuan Chuanwei Group (real estate, steel, cement and mining)
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 59,281,760 shares and 2,000,000 share options	Direct interest: 151,120,969 shares Deemed interest: 49,269,895 shares
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
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	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(9)	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): Director of China Polymetallic Mining Limited Present: Director of Golden Land Real Estate Development Co., Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TEO CHENG KWEE	MR ZHU XIAOLIN
Other Directorships	Past (for the last 5 years): Director of KHC Development & Construction Pte. Ltd. Director of Uni Global Power Holdings Pte. Ltd. Director of Uni Global Power Investments Pte. Ltd. Director of Aneka Nusantara Pte. Ltd. Director of Sebuku Sandalwood Pte. Ltd. Director of United Asia Development Pte. Ltd. Director of Sail Nanyang Consultancy Pte. Ltd. Director of Carindale Enterprise Pte Ltd Present: Director of Leidesu Enterprise Pte. Ltd. Director of D3 Genting Park Pte. Ltd. Director of Uni Global Power Pte. Ltd. Director of DAS Pte. Ltd. Director of Sebuku Nusantara Pte. Ltd. Director of Sebuku Nusantara Holdings Pte. Ltd. Director of TMS Alliances Pte. Ltd.	Past (for the last 5 years): Director of Uni Global Power Investment Pte. Ltd. Present: Director of Uni Power Investment Pte. Ltd. Director of Uni Power Funding Management Pte. Ltd. Director of Uni Power Holding Pte. Ltd. Director of DAS Pte. Ltd. Director of Asiabiz Services Limited Director of Uni Global Power Pte. Ltd. Director of Uni Global Power Limited Director of Grow Brilliant Limited
(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
(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

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

	MR TEO CHENG KWEE	MR ZHU XIAOLIN
(c) Whether there is any unsatisfied judgment against him?	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
(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
(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
(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
(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
(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

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR TEO CHENG KWEE	MR ZHU XIAOLIN
(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
(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
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.

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 15 April 2020.

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 160 Robinson Road, #06-01 SBF Center, Singapore 068914 on **Friday, 12 June 2020 at 10.30 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 Zhu Xiaolin as Director			
3.	To re-elect Mr Teo Cheng Kwee as Director			
4.	To approve Directors' Fees to be paid quarterly in arrears for the year ending 31 December 2021			
5.	To re-appoint Foo Kon Tan LLP as Auditors of the Company			
	Special Business			
6.	To authorise the Directors to issue shares pursuant to Rule 806 of the Catalist Rules			
7.	To authorise the Directors to issue shares pursuant to the ETC Employee Share Option Scheme			
8.	To authorise the Directors to issue shares pursuant to the ETC Performance Share Plan			
9.	To approve the proposed renewal of the Share Purchase Mandate			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and/or "Against" the relevant resolution and/or to abstain from voting in respect of the resolution, please indicate the number of shares in the boxes provided.

Dated this __________ day of ______________________ 2020.

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 (a) 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**; or (b) submitted by email to info@etcsingapore.com 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: Chin Sin Beng
(w.e.f financial year ended 31 December 2019)

PRINCIPAL BANKERS

Citibank N.A.
8 Marina View #16-01
Asia Square Tower 1
Singapore 018960

DBS Bank
12 Marina Boulevard
DBS Asia Central
Marina Bay Financial
Centre Tower 3
Singapore 018982

EMERGING TOWNS & CITIES SINGAPORE LTD.
160 Robinson Road
#12-08 SBF Center
Singapore 068914
Company Registration No: 198003839Z
T: (65) 6245 2313 | F: (65) 6245 2351
E: info@etcsingapore.com
www.etcsingapore.com