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ETC Singapore's Myanmar divestment raises more questions for Singapore

The Singapore Exchange-listed company Emerging Towns & Cities Singapore (ETC) has announced an agreement to sell its controlling stake in the Golden City real estate development, built on land leased from the Office of the Commander-in-Chief (Army), Office of the Quartermaster General.

The deal involves the sale of the ETC Singapore subsidiary DAS, which owns 70% of the Singapore company Uni Global Power. Uni Global Power own 70% of the Myanmar company Golden Land Real Estate Development, which is the developer of the Golden City project.

The buyer is Grand Ally Pte Ltd, a private Singapore company set up in February 2023 and owned by key members of ETC who manage the Golden City project.

Grand Ally is controlled by Li Bo, a Chinese citizen who is the Vice President of Sales and Marketing for ETC, and the company's regional sales and marketing director for Myanmar. The other shareholder/directors are Lai Xuejun and Zhang Xiaoping, who are also Chinese citizens.

ETC sold its stake in Golden City for S\$4 million, which involved a loss of S\$80.2 million, according to the company's [announcement](#).

The fact that ETC's sale involves related parties creates risks that the company may still maintain links to the Myanmar military through its personnel and shareholders.

Justice For Myanmar asked ETC if Li Bo, Lai Xuejun and Zhang Xiaoping will continue to have a role and hold shares in ETC after completion of the sale but did not receive a response.

As Grand Ally is registered in Singapore, Singapore will continue to be exposed to Golden City's business with the Myanmar military, which is committing ongoing war crimes and crimes against humanity with total impunity.

Through its campaign of terror against the people, the Myanmar military junta has so far murdered over 3,700, arbitrarily arrested more than 23,700, committed indiscriminate airstrikes and shelling, torture, sexual violence and displaced at least 1.5 million since the coup attempt in 2021.

Justice For Myanmar urges Singapore Exchange Regulation to scrutinise ETC's divestment to ensure that SGX has no further direct or indirect exposure to business with the Myanmar military.

We urge Singapore to deregister Grand Ally Pte Ltd and to impose sanctions on the junta and its business interests.

Singapore banks should ensure that they do not hold accounts for Grand Ally or support the Golden City project in any way.

Governments should impose sanctions on Grand Ally Investments, its Myanmar partner, Jewellery Luck Group of Companies, and their owners and directors. Jewellery Luck Group of Companies

owns 30% of Golden Land Real Estate Development through its subsidiary, Nature Link Company Limited.

Under the sale, ETC will discharge itself from a loan facility between Golden Land Real Estate and the international banks ICBC, E.SUN, and the Myanmar crony bank, Kanbawza, which will continue to be exposed to the financing of the Myanmar military through the Golden City project. All banks should end their business with the Myanmar military and its associates.

ETC's road to divestment

The sale comes after a February 25, 2021, Justice For Myanmar report into ETC's payments to the Myanmar army and the implications for Singapore Exchange, which found that payments to the army included a US\$6.8 million "land use premium" and annual payments of US\$2.8 million. The deal is under a build-operate-transfer contract, where the army receives the building as an asset at the end of the maximum 70-year term. Total payments to the army over the full 70 years would amount to US\$191.1 million.

In response to Justice For Myanmar's report, Singapore Exchange Regulation took regulatory actions against ETC on February 26 2021 and the company suspended trading.

To address questions from the SGX regulator, ETC commissioned independent reviews into payments to the Myanmar military and its legal compliance.

The independent review of transactions, carried out by Nexia TS for the period from October 2016 to February 2021, identified two payments to the Office of the Quartermaster General in 2018 and one in 2020, totalling US\$5.035 million. According to the summary of findings, payments to the army were communicated "verbally and there were no formal written invoices".

The review also found that annual payments to the army were made in MMK using a below market exchange rate of 830 MMK to the USD agreed to with the quartermaster general's office, although the reviewers noted that there is "no formal written agreement or notification". ETC had kept the balance as an accrued land lease premium.

In October 2021, Justice For Myanmar and the Australian Centre for International Justice published a legal memo from international law experts Felicity Gerry KC, International Criminal Court counsel, and Daye Gang of the Victorian Bar in Australia, which found that international law and guidance places due diligence obligations on the Singapore Exchange and possible liability on the Monetary Authority of Singapore and the Singapore Government for companies doing business with the Myanmar military.

The legal memo found that Singapore has an international legal obligation "to investigate, prevent and cease transactions that amount to wrongful acts", which are applicable to business transactions with the Myanmar military and its business interests, and that legal remedies would be "easily pursued and enforced" against SGX if the Myanmar military's financial organs are found to be in breach of international laws and/or compliance regulations including international human rights and humanitarian law.

In December 2022, ETC released an executive summary of its legal compliance review, after a follow-on engagement was commissioned to respond to the October 2021 legal memo following questions from Singapore Exchange Regulation.

The review, conducted by Kelvin Chia Partnership, outlined steps for ETC to avoid being caught by unilateral sanctions, such as by avoiding company personnel who are US, UK or EU citizens; to

pay the Myanmar military in kyat; to avoid business in the US, UK or EU; and to use third-party contractors in Golden City for the installation of any machinery from the US, UK or EU.

ETC's latest [annual report](#) shows a "partial payment" of 2.33 billion kyat (S\$1.68 million) to the Myanmar army in 2022, which deepened ETC's complicity in the Myanmar military's atrocity crimes.

Justice For Myanmar spokesperson Yadanar Maung says: "ETC is a longstanding business partner of the Myanmar military that is complicit in the junta's genocide, war crimes and crimes against humanity.

"ETC's divestment was necessary but raises further questions that we urge Singapore authorities to address, including whether SGX will remain exposed to the Golden City project, and the fact that a private Singapore company will continue to bankroll the murderous junta.

"We are heartened that Singapore Exchange Regulation has taken swift action against ETC over its business with the Myanmar military, and to issue [sanctions guidance](#) that strengthens the impact of Myanmar sanctions for SGX-listed companies.

"It is a positive sign that Singapore authorities are investigating companies for possible links to the supply of arms and equipment to the Myanmar military, but Singapore needs to do far more to respond to the crisis in Myanmar and to prevent the Singapore companies from providing funds to the junta, including through imposing sanctions as it has done on Russia.

"Governments must now sanction Grand Ally and its owners, who, together with Jewellery Luck Group of Companies, have chosen to continue to pursue business with the Myanmar army and finance its atrocities."

More information:

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Justice For Myanmar, a group of covert activists campaigning for justice and accountability for the people of Myanmar, is calling for an end to military business and for federal democracy and a sustainable peace.