

EMERGING TOWNS & CITIES SINGAPORE LTD

Condensed Interim Financial Statements for the six months ended 30 June 2021

This announcement had 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 (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinion made or reports contained in this announcement.

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		
		Half-Year Ended 30/6/2021	Half-Year Ended 30/6/2020	Increase/ (Decrease)
		S\$'000	S\$'000	%
	Notes			
Revenue	4	3,703	16,525	(77.6%)
Cost of sales		(2,341)	(10,368)	(77.4%)
Gross profit		1,362	6,157	(77.9%)
Other income	6	400	3,482	(88.5%)
Distribution costs		(117)	(688)	(83.0%)
Administrative expenses		(1,898)	(1,986)	(4.4%)
Other expenses	7	(9,605)	(310)	n.m*
Finance costs	8	(3,783)	(4,830)	(21.7%)
(Loss)/Profit before taxation	9	(13,641)	1,825	n.m
Taxation	10	2,708	(47)	n.m
(Loss)/Profit for the period		(10,933)	1,778	n.m
(Loss)/Profit attributable to:				
Owners of the Company		(5,609)	498	n.m
Non-controlling interests		(5,324)	1,280	n.m
		(10,933)	1,778	n.m
Other comprehensive (loss)/income				
Items may be reclassified to profit or loss in subsequent periods (net of tax)				
Currency translation differences arising from consolidation of foreign operations				
		1,758	4,588	(61.7%)
Total comprehensive (loss)/income for the period		(9,175)	6,366	n.m
Total comprehensive (loss)/income attributable to:				
Owners of the Company		(3,814)	5,094	n.m
Non-controlling interests		(5,361)	1,272	n.m
		(9,175)	6,366	n.m
(Loss)/Earnings per share attributable to owners of the Company (Singapore cents)				
- Basic	19	(0.57)	0.05	n.m
- diluted	19	(0.57)	0.04	n.m

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

B. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Jun-21 S\$'000	31-Dec-20 S\$'000	30-Jun-21 S\$'000	31-Dec-20 S\$'000
ASSETS					
Non-Current					
Property, plant and equipment	11	4,261	4,360	7	28
Right-of-use assets		15	68	15	68
Subsidiaries		-	-	35,393	35,393
Investment properties	12	106,063	113,780	-	-
Trade receivables	14	1,287	4,671	-	-
		111,626	122,879	35,415	35,489
Current					
Development properties	13	151,381	150,797	-	-
Trade and other receivables	14	13,323	11,169	480	160
Prepayments		190	154	24	26
Cash and cash equivalents	15	1,778	2,137	24	115
		166,672	164,257	528	301
Total assets		278,298	287,136	35,943	35,790
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	18	43,580	43,580	43,580	43,580
Reserves		64,962	68,693	(9,560)	(9,162)
Equity attributable to equity holders of the Company		108,542	112,273	34,020	34,418
Non-controlling interests		5,778	11,139	-	-
Total equity		114,320	123,412	34,020	34,418
LIABILITIES					
Non-Current					
Deferred tax liabilities		24,884	27,145	-	-
Accrued land lease premium	17	24,581	24,826	-	-
Lease liabilities		4	5	4	5
Provision for site restoration		-	23	-	23
		49,469	51,999	4	28
Current					
Borrowings	16	60,202	59,785	-	-
Accrued land lease premium	17	10,957	8,245	-	-
Lease liabilities		10	58	10	58
Trade and other payables		34,112	32,505	1,886	1,286
Provision for site restoration		23	-	23	-
Advance consideration received from customers		9,205	11,132	-	-
		114,509	111,725	1,919	1,344
Total liabilities		163,978	163,724	1,923	1,372
Total equity and liabilities		278,298	287,136	35,943	35,790

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Half-Year Ended 30-June-2021	Half-Year Ended 30-June-2020
Note	S\$'000	S\$'000
Cash Flows from Operating Activities		
(Loss)/Profit before taxation	(13,641)	1,825
Adjustments for:		
Depreciation of property, plant and equipment	187	195
Depreciation of right-of-use assets	53	53
Share-based compensation	-	121
Financing expense on payment from customers	239	81
Financing income on payments from customers	(388)	(970)
Fair value loss/(gain) on investment properties	9,395	(2,421)
Interest income	(2)	(7)
Interest expense	3,544	4,127
Operating (loss)/profit before working capital changes	(613)	3,004
Trade and other receivables	1,782	4,668
Trade and other payables	(1,975)	(14,753)
Development properties	2,286	9,517
Cash generated from operations	1,480	2,436
Income tax paid	-	-
Net cash generated from operating activities	1,480	2,436
Cash Flows from Investing Activities		
Interest received	2	7
Purchase of property, plant and equipment	(11)	-
Additions to investment properties	(9)	(81)
Net cash used in investing activities	(18)	(74)
Cash Flows from Financing Activities		
Bank balances pledged	(381)	-
Interest paid	(462)	(2,268)
Payment of lease liabilities	(49)	(49)
Proceeds from bank loan	-	27,195
Repayment of bank loans	(1,345)	(22,310)
Repayment of third party loan	-	(3,245)
Repayment of related party loans	-	(1,124)
Net cash used in from financing activities	(2,237)	(1,801)
Net (decrease)/increase in cash and cash equivalents	(775)	561
Cash and cash equivalents at beginning of period	2,137	3,222
Effect of exchange rate fluctuations on cash and cash equivalents	35	131
Cash and cash equivalents at end of period	1,397	3,914
	15	

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group

The Group	Share capital S\$'000	Capital reduction reserve S\$'000	Capital reserve S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Equity component of convertible loan S\$'000	Exchange fluctuation reserve S\$'000	Accumulated profits S\$'000	Total attributable to equity holders of the company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance as at 1 January 2021	43,580	15,998	24,695	730	299	13,483	(5,639)	19,127	112,273	11,139	123,412
Total comprehensive loss for the period	-	-	-	-	-	-	1,795	(5,609)	(3,814)	(5,361)	(9,175)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Interest incurred on convertible loan	-	-	-	-	-	83	-	-	83	-	83
Balance at 30 June 2021	43,580	15,998	24,695	730	299	13,566	(3,844)	13,518	108,542	5,778	114,320

The Group	Share capital S\$'000	Capital reduction reserve S\$'000	Capital reserve S\$'000	Share option reserve S\$'000	Revaluation reserve S\$'000	Equity component of convertible loan S\$'000	Exchange fluctuation reserve S\$'000	Accumulated profits S\$'000	Total attributable to equity holders of the company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2020	43,354	15,998	24,695	730	299	13,317	(3,321)	21,711	116,783	12,651	129,434
Total comprehensive income for the period	-	-	-	-	-	-	4,596	498	5,094	1,272	6,366
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issue of ordinary shares arising from performance share plan	121	-	-	-	-	-	-	-	121	-	121
Interest incurred on convertible loan	-	-	-	-	-	83	-	-	83	-	83
Balance at 30 June 2020	43,475	15,998	24,695	730	299	13,400	1,275	22,209	122,081	13,923	136,004

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Company

The Company	Share capital	Capital reduction reserve	Capital reserve	Equity component of convertible loan	Share option reserve	Accumulated losses	Total Equity attributable to equity holders of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2021	43,580	15,998	10,987	13,483	730	(50,360)	34,418
Interest incurred on convertible loan	-	-	-	83	-	-	83
Total comprehensive loss for the period	-	-	-	-	-	(481)	(481)
Balance at 30 June 2021	43,580	15,998	10,987	13,566	730	(50,841)	34,020

The Company	Share capital	Capital reduction reserve	Capital reserve	Equity component of convertible loan	Share option reserve	Accumulated losses	Total Equity attributable to equity holders of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2020	43,354	15,998	10,987	13,317	730	(14,862)	69,524
Interest incurred on convertible loan	-	-	-	83	-	-	83
Issue of ordinary shares arising from performance share plan	121	-	-	-	-	-	121
Total comprehensive loss for the period	-	-	-	-	-	(507)	(507)
Balance at 30 June 2020	43,475	15,998	10,987	13,400	730	(15,369)	69,221

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Emerging Towns & Cities Singapore Ltd. (the “Company”) is incorporated as a limited company and domiciled in Singapore. The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (the “Group”).

The principal activities of the Company are those relating to investing holding. The principal activities of the subsidiaries are:

- a) Investment holding
- b) Property development and investment

2. Summary of significant accounting policies

2.1 Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. The Group has applied various new accounting standards and interpretations of accounting standards for the first time for the annual period beginning on 1 January 2021. The application of these standards and interpretations did not have a material effect on the condensed interim financial statements.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.2 Going concern

For the financial period ended 30 June 2021, the Group incurred a net loss of S\$10,933,000. In addition, as disclosed in Note 16, the Group did not meet a financial covenant in respect of its bank loan during the financial year ended 31 December 2020, resulting in the loan being repayable on demand. Consequently, the bank loan of S\$54,355,000 had been wholly classified as current as at 30 June 2021. The Group had borrowings amounting to S\$60,202,000 due for repayment within the next 12 months or on demand, with cash and bank balance of S\$1,778,000 as at 30 June 2021.

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:

- The Group had net current assets and net assets of S\$52,163,000 and S\$114,320,000 respectively, as at 30 June 2021 while the Company had net assets of S\$34,020,000 as at 30 June 2021.

2.2 Going concern (Cont'd)

- The Group had negotiated the repayment terms with the bank and obtained a temporary relief through the revision of the repayment schedule. The next principal repayment is scheduled on 8 March 2023. The Group does not expect the bank to call for full repayment of the bank loan for the breach in financial covenant.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

The Group's business is organised into three business segments, namely: -

- (i) Property development – relates to the development of properties for sale
- (ii) Property investment – relates to the business of investing in properties to earn rentals and for capital appreciation
- (iii) Corporate – comprises Corporate Office which incurs general corporate expenses and inactive entities in the Group

The Group accounts for inter-segment transactions on terms agreed between parties. Inter-segment transactions comprising advances between segments are eliminated on consolidation.

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

Segment revenue and expenses:

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

4 Segment and revenue information (Cont'd)

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.

The management monitors the operating results of the operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates with these industries. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily in the Company's headquarters), head office expenses, and tax assets and liabilities.

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4.1 Reportable segments

	Property Development Group		Property Investment Group		Corporate Group		Eliminations Group		Total Group	
	Half-Year Ended		Half-Year Ended		Half-Year Ended		Half-Year Ended		Half-Year Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	1,479	13,873	2,224	2,652	-	-	-	-	3,703	16,525
Results										
Segment (loss)/profit	(5,916)	(2,325)	1,778	1,222	(863)	(638)	355	84	(4,646)	(1,657)
Other income/(loss)	399	1,037	(9,395)	2,421	357	264	(356)	(240)	(8,995)	3,482
(Loss)/Profit before taxation	(5,517)	(1,288)	(7,617)	3,643	(506)	(374)	(1)	(156)	(13,641)	1,825
Taxation	359	232	2,349	(279)	-	-	-	-	2,708	(47)
(Loss)/Profit for the period	(5,158)	(1,056)	(5,268)	3,364	(506)	(374)	(1)	(156)	(10,933)	1,778
Attributable to:										
Owners of the Company	(2,523)	(471)	(2,579)	1,499	(506)	(374)	(1)	(156)	(5,609)	498
Non-controlling interests	(2,635)	(585)	(2,689)	1,865	-	-	-	-	(5,324)	1,280
	(5,158)	(1,056)	(5,268)	3,364	(506)	(374)	(1)	(156)	(10,933)	1,778
Assets and liabilities										
Segment assets	171,718	181,642	106,063	124,043	615	485	(98)	(420)	278,298	305,750
Segment liabilities	(105,619)	(121,995)	(56,508)	(46,682)	(1,949)	(1,489)	98	420	(163,978)	(169,746)

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4.2 Geographical segments

Geographical Segments	Myanmar S\$'000	Singapore S\$'000	Total S\$'000
Half-Year ended 30 June 2021			
Revenue	3,703	-	3,703
Non-current assets	111,604	22	111,626
Half-Year ended 30 June 2020			
Revenue	16,525	-	16,525
Non-current assets	138,254	172	138,426

Geographically, the non-current assets and operations of the Group are primarily located in Myanmar of the financial period ended 30 June 2021 and 30 June 2020.

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

4.3 Disaggregation of Revenue

	Group	
	Half-year Ended 30 June 2021	30 June 2020
	S\$'000	S\$'000
Revenue from contracts with customers		
- Sale of development properties	1,479	13,873
- Rental income from investment properties	2,224	2,652
	3,703	16,525
Timing of transfer of goods and services		
- At a point in time	1,479	13,873
- Over time	2,224	2,652
	3,703	16,525

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost				
Trade and other receivables (Note 14)	14,610	15,840	480	160
Cash and bank balances (Note 15)	1,778	2,137	24	115
	16,388	17,977	504	275
Financial liabilities at amortised cost				
Borrowings (Note 16)	60,202	59,785	-	-
Accrued land lease premium (Note 17)	35,538	33,071	-	-
Lease liabilities	14	63	14	63
Trade and other payables	23,763	22,386	1,886	1,286
	119,517	115,305	1,900	1,349

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6 Other Income

	Group	
	Half-Year Ended	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
Fair value gain on investment properties	-	2,421
Financing income on payments from customers	390	970
Others	10	91
	400	3,482

7 Other expenses

	Group	
	Half-Year Ended	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
Fair value loss on investment properties	9,395	-
Other operating expenses	210	310
	9,605	310

8 Finance Cost

	Group	
	Half-Year Ended	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
Accreted interest on accrued land lease premium	2,090	2,064
Accreted interest on lease liabilities	49	49
Financing expense on payments from customers	239	703
Interest expense on borrowings	1,322	1,839
Interest expense on convertible loan	83	83
Others	-	92
	3,783	4,830

9 (Loss)/Profit Before Taxation

Other than as disclosed elsewhere in these condensed interim financial statements, profit before tax for the period has been arrived at after charging/(crediting) the following:

	Group	
	Half-Year Ended	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
Allowance for foreseeable losses	986	-
Depreciation of property, plant and equipment	187	195
Depreciation of right-of-use assets	53	53
Staff costs	1,001	1,495

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9.1 Related Party Transaction

There are no material related party transactions apart from those disclosed elsewhere in the financial statement.

10 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Half-Year Ended	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
Current taxation	-	-
Deferred taxation	2,708	47
	2,708	47

11 Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$11,000 (1H2020: Nil).

12 Investment properties

The Group's investment properties consist of both residential and commercial (retail and office units) properties, held for long-term rental yields.

	Group
	S\$'000
At 31 December 2020, at fair value	113,780
Half-year ended 30 June 2021	
At 1 January 2021	113,780
Additions	9
Transfer to development properties (Note 13)	221
Fair value loss recognised in profit or loss (Note 7)	(9,395)
Exchange difference on translation	1,448
At 30 June 2021	106,063

12. Investment properties (Cont'd)

The investment properties are as follows:

Location	Description	Net floor area (square metres)	Tenure
30 June 2021			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	228 residential units, 5 retail units and 14 office units	31,486	70 years
31 December 2020			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	221 residential units, 5 retail units and 15 office units	31,542	70 years

The carrying amount of investment properties pledged to secure borrowings is S\$80,181,000 (2020: S\$85,755,000).

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.

13. Development Properties

The Group's Development properties consist of both residential and commercial (retail and office units) properties, held for sale.

	Group
	<u>S\$'000</u>
31 December 2020, at cost	150,797
Half-year ended 30 June 2021	
At 1 January 2021	150,797
Transfer from investment properties (Note 12)	221
Units sold and recognised in profit or loss	(1,263)
Allowance for foreseeable losses (Note 13.1)	(986)
Exchange difference on translation	2,612
At 30 June 2021, at cost	151,381

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13.1 Allowance for foreseeable losses

Movements in allowance for foreseeable losses are as follows:

	Group
	S\$'000
At 1 January 2021	-
Allowance made	986
At 30 June 2021	986

Development properties are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

The allowance for foreseeable losses is determined by management after taking into consideration of the estimated selling prices. The estimated selling prices are based on recent selling prices for the development project and prevailing market conditions. The allowance made for foreseeable losses is include in “cost of sales”.

The completed properties held for sales are as follows:

Location	Description	Net floor area (square metres)	Tenure
30 June 2021			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	268 residential units, 9 retail units and 3 office units	42,975	70 years
31 December 2020			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	271 residential units, 9 retail units and 3 office units	43,319	70 years

The carrying amount of development properties pledged to secure borrowings is S\$58,235,000 (2020: S\$54,693,000).

14 Trade and other receivables

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables				
- Non-current	1,287	4,671	-	-
- Current	9,411	7,290	-	-
	10,698	11,961	-	-

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14 Trade and other receivables (Cont'd)

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Amounts due from subsidiaries (non-trade)	-	-	449	126
Amounts due from shareholders of a subsidiary (non-trade)	3,881	3,845	-	-
Other receivables	31	34	31	34
	3,912	3,879	480	160
	14,610	15,840	480	160
Comprising				
- Non-current	1,287	4,671	-	-
- Current	13,323	11,169	480	160
	14,610	15,840	480	160

15 Cash and cash equivalents

	Group	
	30 June 2021	31 December 2020
	S\$'000	S\$'000
Cash and bank balances	1,778	2,137
Less: Bank balances pledged	(381)	(713)
	1,397	1,424

The carrying amount of cash and bank balances pledged to secure borrowings is S\$381,000 (2020: S\$713,000).

16 Borrowings

	Group			
	30 June 2021		31 December 2020	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
Financial liabilities:				
Bank loans ⁽¹⁾	54,355	-	54,138	-
Loan from third party ⁽²⁾	4,245	-	4,113	-
Loans from related parties	-	1,602	-	1,534
	58,600	1,602	58,251	1,534

16 Borrowings (Cont'd)

Details of any collateral

1. The syndicated bank loan is secured by certain assets relating to Golden City and certain shares in Golden City project held by a subsidiary.
2. The loan from third party is secured by certain units of residential apartments.

During the financial year ended 31 December 2020, the Group did not meet certain financial covenants with respect to the entry into a syndicated facility agreement as announced by the Company on 8 June 2020, resulting in the loan being repayable on demand. Consequently, the syndicated bank loan amounting to S\$54,355,000 has been reclassified as current as at 30 June 2021. The Group had negotiated the repayment terms with the bank and obtained a temporary relief through the revision of the repayment schedule. The next principal repayment is scheduled on 8 March 2023. The Group does not expect the bank to call for full repayment of the bank loan for the breach in financial covenant.

17 Accrued Land Lease Premium

	Group
	S\$'000
Half-Year ended 30 June 2021	
At 1 January 2021	33,071
Accreted interest	1,879
Exchange difference on translation	588
At 30 June 2021, at cost	35,538
Represented by:	
Non-Current	24,581
Current	10,957
	35,538

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

18 Share Capital

	The Group and the Company			
	30 June 2021		31 December 2020	
	Number of shares	\$'000	Number of shares	\$'000
Issued and fully paid, with no par value				
Beginning of interim period/year	982,073	43,580	970,932	43,354
Issuance of ordinary shares under performance share plan	-	-	11,141	226
End of interim period/year	982,073	43,580	982,073	43,580

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

19 (Loss)/Earning Per Share

	Group	
	Half-Year Ended 30 June 2021	Half-Year Ended 30 June 2020
<i>(Loss)/Profit per ordinary share:</i>		
(i) Based on weighted average no. of ordinary shares in issue (cents)	(0.57)	0.05
(ii) On a fully diluted basis (cents)	(0.57)	0.04
<i>Number of shares in issue:</i>		
(i) Based on weighted average no. of ordinary shares in issue (in millions)	982	976
(ii) On a fully diluted basis (in millions)	1,181	1,175

As at 30 June 2021, the outstanding convertible loan was excluded from the calculation of the diluted weighted average number of ordinary shares in issue as its effect would have been anti-dilutive.

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

As at 30 June 2021 and 30 June 2020, the 15 million share options outstanding did not have a dilutive effect because the average market price of the Company's ordinary shares for the respective financial periods ended 30 June 2021 and 30 June 2020 did not exceed the exercise price.

20 Dividend

No dividend has been declared or recommended.

21 Net Asset Value

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Net Asset Value (S\$'000)	114,320	123,412	34,020	34,418
Based on existing issued share capital (cents per share)	11.64	12.57	3.46	3.50
Net Asset Value has been computed based on the share capital of (in millions of shares)	982	982	982	982

22 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.

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	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
30 June 2021				
Non-financial assets				
Investment properties	-	-	106,063	106,063
31 December 2020				
Non-financial assets				
Investment properties	-	-	113,780	113,780

23 Subsequent Events

There are no known subsequent events which have led to adjustments to this set of interim financial statement.

F. Other Information Required by Appendix 7C of the Catalist Rule

1. Review

The condensed consolidated statements of financial position of Emerging Towns & Cities Singapore Ltd. (“Company”, together with its subsidiaries, the “Group”) as at 30 June 2021 and the related condensed consolidated statement of profit or loss, and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes (the “Condensed Interim Financial Statements”) have not been audited or reviewed by the Company’s auditors.

2. Review of Financial Performance (1H2021 vs 1H2020)

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

Revenue

	Group		
	1H2021	1H2020	Increase/(decrease)
	S\$'000	S\$'000	%
Golden City			
Sale of Properties	1,479	13,873	(89.3%)
Rental Income	2,224	2,652	(16.1%)
Total Revenue	3,703	16,525	(77.6%)

n.m.: not meaningful

*: in excess of 100%

Revenue for 1H2021 was mainly contributed by the sale of Golden City property units of S\$1.5 million (39.9% of total revenue) and the rental of Golden City property units of S\$2.2 million (60.1% of total revenue). Revenue for 1H2020 was mainly contributed by the sale of Golden City property units of S\$13.9 million (84.0% of total revenue) and the rental of Golden City property units of S\$2.7 million (16.0% of total revenue).

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. 4 and 29 units were recognized as revenue in 1H2021 and 1H2010 respectively for Golden City project.

Gross Profit

	Group		
	1H2021	1H2020	Increase/(decrease)
	S\$'000	S\$'000	%
Golden City			
Sale of Properties	(807)	3,630	n.m
Rental Income	2,169	2,527	(14.2%)
Total Gross Profit	1,362	6,157	(77.9%)

n.m.: not meaningful

*: in excess of 100%

Gross profit of approximately S\$1.4 million was recorded for 1H2021, after deducting direct costs (consisting mainly of cost of the property units sold) and allowance for foreseeable losses of approximately S\$2.3 million.

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2. Review of Financial Performance (1H2021 vs 1H2020) (Cont'd)

Other Income

	Group		
	1H2021	1H2020	Increase/(decrease)
	S\$'000	S\$'000	%
Fair value gain on investment properties	-	2,421	(100.0%)
Imputed interest income	390	970	(59.8%)
Others	10	91	(89.0%)
Other Income	400	3,482	(88.5%)

n.m.: not meaningful

*: in excess of 100%

Other income decreased from S\$3.5 million in 1H2020 to S\$0.4 million in 1H2021 mainly due to the fair value loss of S\$9.4 million (presented under "other expenses") compared to fair value gain of S\$2.4m in 1H2020 from the revaluation of investment properties in the Golden City project. Others included bank interest and penalties received from customers who were past due on instalments.

Distribution Costs

Distribution costs, which arose from the sale of property units, decreased from S\$0.7 million in 1H2020 to S\$0.1 million in 1H2021 mainly due to lower advertising and sales commission expenses in the Golden City project. These expenses comprised primarily of salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

Administration Expenses

Administration expenses decreased from S\$2.0 million in 1H2020 to S\$1.9 million in 1H2021, mainly due to lower professional fees.

Other Expenses

	Group		
	1H2021	1H2020	Increase/(Decrease)
	S\$'000	S\$'000	%
Fair value loss on investment properties	9,395	-	n.m.
Other operating expense	210	310	(32.3%)
Other expenses	9,605	310	n.m.*

n.m.: not meaningful

*: in excess of 100%

Other expenses increased from S\$0.3 million in 1H2020 to S\$9.6 million in 1H2021 mainly due to fair value loss of S\$9.4 million from the revaluation of investment properties in the Golden City project.

Finance Costs

The finance costs decreased from S\$4.8 million in 1H2020 to S\$3.8 million in 1H2021 mainly due to lower interest expenses from borrowings and lower financing expense on payments from customers. 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.

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2. Review of Financial Performance (1H2021 vs 1H2020) (Cont'd)

Taxation

	Group		
	1H2021	1H2020	Increase/(Decrease)
	S\$'000	S\$'000	%
Income tax	-	-	-
Deferred tax	2,708	(47)	n.m.
Taxation	2,708	(47)	n.m.

n.m.: not meaningful

*: in excess of 100%

Taxation decreased from a tax expense of S\$47,000 in 1H2020 to tax credit of S\$2.7 million in 1H2021 mainly due to the fair value loss of investment properties and unwinding of deferred tax liabilities from the sale of development properties in the Golden City project. 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.

3. Review of Financial Position (30 June 2021 vs 31 December 2020)

Non-Current Assets

Property, plant and equipment ("PPE") decreased mainly due to depreciation during the year. Investment properties, which are accounted for at fair value, decreased mainly due to the fair value loss from the revaluation of investment properties. Trade receivables, comprising of amounts due from buyers that are one year or more, have decreased mainly due to the re-classification from non-current assets to current assets as the trade receivables approached maturity and are collectible within one year as at 30 June 2021, partially offset as property units sold were progressively recognized as income upon handover.

Current Assets

Development properties increased mainly due to exchange difference on translation, partially offset by allowance for foreseeable losses recognised during the period. 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 increased as property units sold were progressively recognised as income upon handover, partially offset upon payment of the outstanding amounts by customers. Included in the trade receivables were S\$8.9 million relating to receivables past due but not impaired as the amounts are not expected to be uncollectible due to Golden City having the right to repossess the unit in the event of default of payment by the buyers.

Non-Current Liabilities

Deferred tax liabilities decreased mainly due to the fair value loss for the investment properties as well as 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.

Current Liabilities

Borrowings increased mainly due to exchange difference on translation, partially offset by repayment of bank loan. Accrued land lease premium increased mainly due to the imputed interest expense (which has no cashflow impact) arising from the land lease premium from the Golden City project. Trade and other payables increased mainly due to exchange difference on translation. Advance consideration received from customers decreased mainly due to handover of property units in the Golden City project to buyers.

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4. Review of Cashflow

Net cash generated from operating activities was approximately S\$1.5 million for 1H2021 mainly due to changes in working capital.

Net cash used in investing activities was approximately S\$18,000 for 1H2021 mainly due to addition of investment properties and purchase of property, plant and equipment.

Net cash used in financing activities was S2.2 million for 1H2021 mainly due to repayment of bank loan.

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

The current results are in line with the commentary in paragraph 10 of the 2020 full year Results Announcement dated 25 February 2021.

6. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months.

The Group's core business lies in identifying and investing in niche markets, with particular focus on development properties, investment properties and other related businesses in which it may value-add. The Group's sole project, Golden City, is based in the Yankin township of Yangon, Myanmar.

Golden City Project

As at 30 June 2021, approximately US\$221.4 million (approximately S\$297.7 million) of gross development value comprising 632 units (828,300 square feet) of the Golden City project have been sold. Correspondingly, a total of 575 residential units have been recognised as revenue as at 30 June 2021. Barring any unforeseen circumstances, revenue for the remaining units sold is expected to be progressively recognised upon the handover of the units or one month after notification to buyers to take over the units, whichever occurs earlier. The Golden City project comprises 4 phases. Phase 1 and Phase 2 construction has been completed. Due to the impact of the outbreak of COVID-19 and the political situation in Myanmar, the Board of Directors has decided to suspend the construction of Phase 3 and Phase 4 until the social and economic situation in Myanmar improves.

The recent political crisis and the continuing flight restrictions put uncertainties on the revival of international travels. The closure of sales galleries and activities continued in almost all major condominium development. Condominium and serviced apartments rental rates have come down to significant levels, somewhat spurring some leasing activities among local families and expatriates seeking secured and safer locations amid the security and pandemic situation.

("Thriving during challenging times – Stakeholders wait for further clarity amid ambiguities", Colliers Yangon, 20 April 2021)

Myanmar's economy could contract by 13% in the financial year ending in September due to the fallout to the fallout from its ongoing political crisis. The economic situation unlikely to improve anytime soon as the military expected to remain in power and protests likely to continue. At the same time, Myanmar is facing a potential banking crisis, with cash shortages leading to daily withdrawal limits, as well as possible balance-of-payments crisis with the kyat falling 8% against the US dollar since Feb 1.

("Once a 'growth star', Myanmar GDP could contract 13% due to political crisis: Oxford Economics", BusinessTimes, 25 June 2021)

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6. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months. (Cont'd)

Foreign investments in the Myanmar real estate sector are expected to decline in 2021 as a result of COVID-19, but some developers reckon that there are opportunities to tap into the demand from local buyers.

("Lack of foreign investors could dampen Myanmar property market but local demand intact", Myanmar Times, 14 December 2020)

The Group continues to monitor the outbreak of COVID-19 and the political situation in Myanmar, following the state of emergency declared by the Myanmar military. COVID-19 has caused major disruptions across global supply chains and dampened economic growth prospects across the globe while the political situation in Myanmar continues to evolve and remains unclear at this stage. In the near term, the impact from the above is expected to weigh on the demand for properties and short-term volatilities are likely given the fluidity of the situation, barring any further unforeseen material deterioration of the COVID-19 impact and political situation in Myanmar. Should weaker economic prospects materialise, this may further adversely impact the Group's financial performance, due to but not limited to lower sales, delay in collections from customers, lower operating income and lower property valuations. The Group is actively monitoring the situation and will announce material developments, if any.

7. Where the latest financial statements are subjected to an adverse opinion, qualified opinion or disclaimer of opinion

a) Updates on the effort taken to resolve each outstanding audit issue

(i) Net realisable value of development properties

As at 30 June 2021, the Company has recognised allowance of foreseeable losses amounting to S\$986,000 (Note 13.1). The allowance for foreseeable losses is determined by management after taking into consideration of the estimated selling prices. The estimated selling prices are based on recent selling prices for the development project and prevailing market conditions.

(ii) Independent reviews

The Board will review carefully the findings of the Independent Reviews once available and consider the recommendation, if any, set out in the Independent Reviews, to enhance and improve.

b) Confirmation from the board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

The Board confirms that all impact of outstanding audit issues on the financial statements in relation to FY2020 have been adequately disclosed.

8. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended as the Board would like to conserve cash to fund expansions and acquisitions.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared or recommended as the Board would like to conserve cash to fund expansions and acquisitions.

(c) Date payable

Not applicable.

(d) Record Date

Not applicable.

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

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

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

No new proceeds have been raised in the half year ended 30 June 2021.

11. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5)

Tan Thiam Hee and Zhu Xiaolin, being two of the Directors of Emerging Towns & Cities Singapore Ltd. (the "**Company**"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the half year ended 30 June 2021 to be false or misleading in any material aspect, having considered that, including but not limited to, all material information has been assessed to ensure the reliability of the financial results, and the financial statements provide a fair and balanced view of any material factors that have affected the Company's business conditions and financial position, including the impact of COVID-19.

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12. Confirmation that the issuer had procured undertakings from all its directors and executive officers.

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

ON BEHALF OF THE DIRECTORS

Ang Mong Seng
Non-Executive Group Chairman

BY ORDER OF THE BOARD
16 September 2021