

EMERGING TOWNS & CITIES SINGAPORE LTD

Condensed Interim Financial Statements for the six months ended 30 June 2022

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.

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-Jun-22	Half-Year Ended 30-Jun-21
		Unaudited	Unaudited
		S\$'000	S\$'000
	Notes		
Revenue	4	8,063	3,703
Cost of sales [^]		(22,476)	(2,341)
Gross (loss)/profit		(14,413)	1,362
Other income	6	2,160	400
Selling and distribution expenses		(737)	(117)
Administrative expenses		(2,423)	(1,898)
Other expenses	7	(383)	(9,605)
Finance costs	8	(4,544)	(3,783)
Loss before taxation	9	(20,340)	(13,641)
Taxation	10	3,903	2,708
Loss for the period		(16,437)	(10,933)
Loss attributable to:			
Owners of the Company		(8,159)	(5,609)
Non-controlling interests		(8,278)	(5,324)
		(16,437)	(10,933)
Other comprehensive income			
Items may be reclassified to profit or loss in subsequent periods (net of tax)			
Currency translation differences arising from consolidation of foreign operations			
		2,888	1,758
Total comprehensive loss for the period		(13,549)	(9,175)
Total comprehensive loss attributable to:			
Owners of the Company		(5,241)	(3,814)
Non-controlling interests		(8,308)	(5,361)
		(13,549)	(9,175)
Loss per share attributable to owners of the Company (Singapore cents)			
- Basic	19	(0.83)	(0.57)
- diluted	19	(0.83)	(0.57)

[^]: Cost of sales for the half year ended 30 June 2022 and 30 June 2021 included allowance for foreseeable losses on development properties of S\$16,296,000 and S\$986,000 respectively.

B. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-June-22	31-Dec-21	30-Jun-22	31-Dec-21
		Unaudited S\$'000	Audited S\$'000	Unaudited S\$'000	Audited S\$'000
ASSETS					
Non-Current					
Property, plant and equipment	11	4,086	4,117	1	1
Right-of-use assets		4	5	4	5
Subsidiaries		-	-	35,393	35,393
Investment properties	12	111,364	107,350	-	-
Trade receivables	14	1,445	2,437	-	-
		116,899	113,909	35,398	35,399
Current					
Development properties	13	126,817	142,884	-	-
Trade and other receivables	14	7,031	5,997	221	349
Prepayments		86	59	17	25
Cash and cash equivalents	15	4,159	3,844	13	77
		138,093	152,784	251	451
Total assets		254,992	266,693	35,649	35,850
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	18	43,580	43,580	43,580	43,580
Reserves		52,897	58,056	(9,879)	(9,820)
Equity attributable to equity holders of the Company		96,477	101,636	33,701	33,760
Non-controlling interests		(10,214)	(1,906)	-	-
Total equity		86,263	99,730	33,701	33,760
LIABILITIES					
Non-Current					
Deferred tax liabilities		20,238	23,555	-	-
Accrued land lease premium	17	26,128	24,668	-	-
Lease liabilities		2	3	2	3
Advance consideration received from customers		3,172	602	-	-
		49,540	48,828	2	3
Current					
Borrowings	16	62,843	61,329	-	-
Accrued land lease premium	17	14,012	12,897	-	-
Lease liabilities		2	2	2	2
Trade and other payables		34,519	35,167	1,944	2,085
Advance consideration received from customers		7,813	8,740	-	-
		119,189	118,135	1,946	2,087
Total liabilities		168,729	166,963	1,948	2,090
Total equity and liabilities		254,992	266,693	35,649	35,850

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Group	
	Note	Half-Year Ended 30-Jun-22 S\$'000	Half-Year Ended 30-Jun-21 S\$'000
Cash Flows from Operating Activities			
Loss before taxation		(20,340)	(13,641)
Adjustments for:			
Allowance for foreseeable losses on development properties		16,296	-
Forfeiture of advance consideration received from customers		(337)	-
Depreciation of property, plant and equipment		149	187
Depreciation of right-of-use assets		1	53
Financing expense on payment from customers		951	239
Financing income on payments from customers		(589)	(388)
Fair value (gain)/loss on investment properties		(922)	9,395
Interest income		(8)	(2)
Interest expense		3,593	3,544
Operating loss before working capital changes		(1,206)	(613)
Trade and other receivables		194	1,782
Advance consideration received from customers		2,226	(1,927)
Trade and other payables		(3,121)	(48)
Development properties		4,521	2,286
Cash generated from operations		2,614	1,480
Income tax paid		(75)	-
Net cash generated from operating activities		2,539	1,480
Cash Flows from Investing Activities			
Interest received		8	2
Purchase of property, plant and equipment		(15)	(11)
Additions to investment properties		(71)	(9)
Net cash used in investing activities		(78)	(18)
Cash Flows from Financing Activities			
Bank balances pledged		382	(381)
Interest paid		(601)	(462)
Payment of lease liabilities		(2)	(49)
Payment of land lease premium		(539)	-
Repayment of bank loans		(429)	(1,345)
Repayment of related party loans		(583)	-
Net cash used in financing activities		(1,772)	(2,237)
Net increase/(decrease) in cash and cash equivalents			
		689	(775)
Cash and cash equivalents at beginning of period		2,671	2,137
Effect of exchange rate fluctuations on cash and cash equivalents		8	35
Cash and cash equivalents at end of period	15	3,368	1,397

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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 2022	43,580	15,998	24,695	730	299	13,650	(3,089)	5,773	101,636	(1,906)	99,730
Total comprehensive loss for the period	-	-	-	-	-	-	2,918	(8,159)	(5,241)	(8,308)	(13,549)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Interest incurred on convertible loan	-	-	-	-	-	82	-	-	82	-	82
Balance at 30 June 2022	43,580	15,998	24,695	730	299	13,732	(171)	(2,386)	96,477	(10,214)	86,263

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 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

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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 2022	43,580	15,998	10,987	13,650	730	(51,185)	33,760
Interest incurred on convertible loan	-	-	-	82	-	-	82
Total comprehensive loss for the period	-	-	-	-	-	(141)	(141)
Balance at 30 June 2022	43,580	15,998	10,987	13,732	730	(51,326)	33,701

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

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 half year ended 30 June 2022 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 half year ended 30 June 2022 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 2021.

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 2022. 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 2022, the Group incurred a net loss of S\$16,437,000. 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 2021, resulting in the loan being repayable on demand. Consequently, the bank loan of S\$57,090,000 had been wholly classified as current as at 30 June 2022. The Group had borrowings amounting to S\$62,843,000 due for repayment within the next 12 months or on demand, with cash and bank balance of S\$4,159,000 as at 30 June 2022.

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\$18,904,000 and S\$86,263,000 respectively, as at 30 June 2022 while the Company had net assets of S\$33,701,000 as at 30 June 2022.

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 during the year ended 31 December 2021. 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 were applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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.

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 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	6,755	1,479	1,308	2,224	-	-	-	-	8,063	3,703
Results										
Segment (loss)/profit	(23,236)	(5,916)	1,236	1,778	(601)	(863)	101	355	(22,500)	(4,646)
Other income/(loss)	979	399	922	(9,395)	418	357	(159)	(356)	2,160	(8,995)
(Loss)/Profit before taxation	(22,257)	(5,517)	2,158	(7,617)	(183)	(506)	(58)	(1)	(20,340)	(13,641)
Taxation	4,133	359	(230)	2,349	-	-	-	-	3,903	2,708
(Loss)/Profit for the period	(18,124)	(5,158)	1,928	(5,268)	(183)	(506)	(58)	(1)	(16,437)	(10,933)
Attributable to:										
Owners of the Company	(8,859)	(2,523)	941	(2,579)	(183)	(506)	(58)	(1)	(8,159)	(5,609)
Non-controlling interests	(9,265)	(2,635)	987	(2,689)	-	-	-	-	(8,278)	(5,324)
	(18,124)	(5,158)	1,928	(5,268)	(183)	(506)	(58)	(1)	(16,437)	(10,993)
Assets and liabilities										
Segment assets	143,699	171,718	111,364	106,063	132	615	(203)	(98)	254,992	278,298
Segment liabilities	143,896	105,619	23,081	56,508	1,955	1,949	(203)	(98)	168,729	163,978

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4.2 Geographical segments

Geographical Segments	Myanmar S\$'000	Singapore S\$'000	Total S\$'000
Half-Year ended 30 June 2022			
Revenue	8,063	-	8,063
Non-current assets*	115,449	5	115,454
Half-Year ended 30 June 2021			
Revenue	3,703	-	3,703
Non-current assets*	110,317	22	110,339

*Excluding non-current trade receivables

Geographically, the non-current assets and operations of the Group are primarily located in Myanmar for the financial period ended 30 June 2022 and 30 June 2021.

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 2022	30 June 2021
	S\$'000	S\$'000
Revenue from contracts with customers		
- Sale of development properties	6,755	1,479
- Rental income from investment properties	1,308	2,224
	8,063	3,703
Timing of transfer of goods and services		
- At a point in time	6,755	1,479
- Over time	1,308	2,224
	8,063	3,703

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 2022 and 31 December 2021:

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost				
Trade and other receivables (Note 14)	8,476	8,434	221	349
Cash and bank balances (Note 15)	4,159	3,844	13	77
	12,635	12,278	234	426
Financial liabilities at amortised cost				
Borrowings (Note 16)	62,843	61,329	-	-
Accrued land lease premium (Note 17)	40,140	37,565	-	-
Lease liabilities	4	5	4	5
Trade and other payables	23,740	24,650	1,944	2,085
	126,727	123,549	1,948	2,090

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6 Other Income

	Group	
	Half-Year Ended	
	30 June 2022	30 June 2021
	S\$'000	S\$'000
Fair value gain on investment properties	922	-
Imputed interest income	589	390
Forfeiture of advance consideration received from customers	337	-
Foreign exchange gains	259	-
Others	53	10
	2,160	400

7 Other expenses

	Group	
	Half-Year Ended	
	30 June 2022	30 June 2021
	S\$'000	S\$'000
Fair value loss on investment properties	-	9,395
Other operating expenses	383	210
	383	9,605

8 Finance Cost

	Group	
	Half-Year Ended	
	30 June 2022	30 June 2021
	S\$'000	S\$'000
Accreted interest on accrued land lease premium	2,145	2,090
Accreted interest on lease liabilities	1	49
Financing expense on payments from customers	951	239
Interest expense on borrowings	1,365	1,322
Interest expense on convertible loan	82	83
	4,544	3,783

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9 Loss Before Taxation

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

	Group	
	Half-Year Ended	
	30 June 2022	30 June 2021
	S\$'000	S\$'000
Allowance for foreseeable losses	16,296	986
Depreciation of property, plant and equipment	149	187
Staff costs	1,040	1,001

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 2022	30 June 2021
	S\$'000	S\$'000
Current taxation	(75)	-
Deferred taxation	3,978	2,708
	3,903	2,708

11 Property, plant and equipment

During the half-year ended 30 June 2022, the Group acquired assets amounting to S\$15,000 (1H2021: S\$11,000).

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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
	<u>S\$'000</u>
At 31 December 2021, at fair value	107,350
Half-year ended 30 June 2022	
At 1 January 2022	
Additions	71
Transfer from development properties (Note 13)	865
Transfer to development properties (Note 13)	(1,175)
Fair value gain recognised in profit or loss (Note 6)	922
Exchange difference on translation	3,331
At 30 June 2022	111,364

The investment properties are as follows:

Location	Description	Net floor area (square metres)	Tenure
30 June 2022			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	225 residential units, 5 retail units and 16 office units	31,911	70 years
31 December 2021			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	229 residential units, 5 retail units and 14 office units	31,734	70 years

The carrying amount of investment properties pledged to secure borrowings is S\$82,897,000 (2021: S\$80,881,000).

At year ended 31 December 2021, the fair values of investment properties are determined by an independent professional valuer, C.I.M. Property Consultants Co., Ltd. in partnership with Colliers being the reviewer, 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. For the period ended 30 June 2022, the management has determined that there is no significant variance from the valuation performed on as at 31 December 2021.

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 2021, at cost	142,884
Half-year ended 30 June 2022	
At 1 January 2022	
Addition	1,499
Transfer to investment properties (Note 12)	(865)
Transfer from investment properties (Note 12)	1,175
Units sold and recognised in profit or loss	(5,731)
Allowance for foreseeable losses (Note 13.1)	(16,296)
Exchange difference on translation	4,151
At 30 June 2022, at cost	126,817

The completed properties held for sales are as follows:

Location	Description	Net floor area (square metres)	Tenure
30 June 2022			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	239 residential units, 9 retail units and 4 office units	38,582	70 years
31 December 2021			
Golden City Project			
No. 3, Land Survey Block, Kanbe, Yankin Road, Yankin Township, Yangon, Myanmar	254 residential units, 9 retail units and 4 office units	41,692	70 years

The carrying amount of development properties pledged to secure borrowings is S\$41,491,000 (2021: S\$53,908,000).

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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 2022	6,852
Allowance made	16,296
Exchange difference on translation	517
At 30 June 2022	23,665

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 included in "cost of sales".

14 Trade and other receivables

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables				
- Non-current	1,445	2,437	-	-
- Current	7,023	5,991	-	-
	8,468	8,428	-	-
	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Amounts due from shareholders of a subsidiary (non-trade)	4,047	3,923	-	-
Allowance for impairment losses	(4,047)	(3,923)	-	-
	-	-	-	-
Amounts due from subsidiaries (non-trade)	-	-	34,700	34,830
Allowance for impairment losses	-	-	(34,487)	(34,487)
	-	-	213	343
Other receivables	8	6	8	6
	8	6	221	349
Comprising				
- Non-current	1,445	2,437	-	-
- Current	7,031	5,997	221	349
	8,476	8,434	221	349

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15 Cash and cash equivalents

The carrying amount of cash and bank balances pledged to secure borrowings is S\$791,000 (2021: S\$1,173,000).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	30 June 2022	31 December 2021
	S\$'000	S\$'000
Cash and bank balances	4,159	3,844
Less: Bank balances pledged	(791)	(1,173)
	3,368	2,671

16 Borrowings

	Group			
	30 June 2022		31 December 2021	
	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⁾	57,090	-	55,173	-
Loan from third party ⁽²⁾	4,444	-	4,311	-
Loans from related parties	-	1,309	-	1,845
	61,534	1,309	59,484	1,845

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 2021, 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\$57,090,000 has been reclassified as current as at 30 June 2022. 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.

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17 Accrued Land Lease Premium

	Group
	S\$'000
31 December 2021, at cost	37,565
Half-year ended 30 June 2022	
At 1 January 2022	
Accreted interest	1,928
Payment of land lease premium	(539)
Exchange difference on translation	1,186
At 30 June 2022, at cost	40,140
Represented by:	
Non-Current	26,128
Current	14,012
	40,140

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 2022		31 December 2021	
	Number of shares	\$'000	Number of shares	\$'000
Issued and fully paid, with no par value				
Beginning and 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 2022.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

19 Loss Per Share

	Group	
	Half Year Ended 30 June 2022	Half Year Ended 30 June 2021
Loss per ordinary share:		
(i) Based on weighted average no. of ordinary shares in issue (cents)	(0.83)	(0.57)
(ii) On a fully diluted basis (cents)	(0.83)	(0.57)
Number of shares in issue:		
(i) Based on weighted average no. of ordinary shares in issue (in millions)	982	982
(ii) On a fully diluted basis (in millions)	1,181	1,181

19 Loss Per Share (Cont'd)

As at 30 June 2022 and 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 2022 and 30 June 2021, 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 2022 and 30 June 2021 did not exceed the exercise price.

20 Dividend

No dividend has been declared or recommended.

21 Net Asset Value

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Net Asset Value (S\$'000)	86,263	99,730	33,701	33,760
Based on existing issued share capital (cents per share)	8.78	10.16	3.43	3.44
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).

22 Fair Value Measurement (Cont'd)

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 2022				
Non-financial assets				
Investment properties	-	-	111,364	111,364
31 December 2021				
Non-financial assets				
Investment properties	-	-	107,350	107,350

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 Rules

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 2022 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 (1H2022 vs 1H2021)

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		
	1H2022	1H2021	Increase/(decrease)
	S\$’000	S\$’000	%
Golden City			
Sale of Properties	6,755	1,479	n.m.*
Rental Income	1,308	2,224	(41.2%)
Total Revenue	8,063	3,703	n.m.*

n.m.: not meaningful

*: in excess of 100%

Revenue for 1H2022 was mainly contributed by the sale of Golden City property units of S\$6.8 million (83.7% of total revenue) and the rental of Golden City property units of S\$1.3 million (16.3% of total revenue). Revenue for 1H2021 was 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).

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. 14 and 4 units were recognised as revenue in 1H2022 and 1H2021 respectively for Golden City project.

Gross Profit

	Group		
	1H2022	1H2021	Increase/(decrease)
	S\$’000	S\$’000	%
Golden City			
Sale of Properties	648	179	n.m.*
Rental Income	1,235	2,169	(43.1%)
Allowance for foreseeable losses	(16,296)	(986)	n.m.*
Total Gross (Loss)/Profit	(14,413)	1,362	n.m.

n.m.: not meaningful

*: in excess of 100%

Gross loss of S\$14.4 million was recorded for 1H2022, after deducting direct costs (consisting mainly of cost of the property units sold) and allowance for foreseeable losses on development properties of S\$16.3 million.

2. Review of Financial Performance (1H2022 vs 1H2021) (Cont'd)

Other Income

	Group		
	1H2022	1H2021	Increase/(decrease)
	S\$'000	S\$'000	%
Fair value gain on investment properties	922	-	n.m.
Imputed interest income	589	390	51.0%
Forfeiture of advance consideration received from customers	337	-	n.m.
Foreign exchange gains	259	-	n.m.
Others	53	10	n.m.*
Other Income	2,160	400	n.m.*

n.m.: not meaningful

*: in excess of 100%

Other income increased from S\$400,000 in 1H2021 to S\$2.2 million in 1H2022 mainly due to fair value gain on investment properties, higher imputed interest income, forfeiture of advance consideration received from customers who were past due on instalments and higher foreign exchange gains.

Selling and distribution expenses

Selling and distribution expenses, which arose from the sale of property units, increased from S\$117,000 in 1H2021 to S\$737,000 in 1H2022 mainly due to higher sales commission expenses and advertisement costs 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 increased from S\$1.9 million in 1H2021 to S\$2.4 million in 1H2022, mainly due to higher professional fees incurred during the period.

Other Expenses

	Group		
	1H2022	1H2021	Increase/(Decrease)
	S\$'000	S\$'000	%
Fair value loss on investment properties	-	9,395	(100.0%)
Other operating expense	383	210	82.4%
Other expenses	383	9,605	(96.0%)

Other expenses decreased from S\$9.6 million in 1H2021 to S\$383,000 in 1H2022 mainly due to fair value gain of S\$922,000 (presented under "other income") compared to fair value loss of S\$9.4 million in 1H2021 from the revaluation of investment properties in the Golden City project, partially offset by higher operating expense due to higher property management fees paid on the vacant units in the Golden City project .

2. Review of Financial Performance (1H2022 vs 1H2021) (Cont'd)

Finance Costs

The finance costs increased from S\$3.8 million in 1H2021 to S\$4.5 million in 1H2022 mainly due to higher 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.

Taxation

	Group		
	1H2022	1H2021	Increase/(Decrease)
	S\$'000	S\$'000	%
Income tax	(75)	-	n.m.
Deferred tax	3,978	2,708	46.9%
Taxation	3,903	2,708	44.1%

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

Taxation increased from a tax credit of S\$2.7 million in 1H2021 to S\$3.9 million in 1H2022 mainly due to the unwinding of deferred tax liabilities from the allowance of foreseeable losses of development properties in the Golden City project. Deferred tax liabilities were recognised 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 2022 vs 31 December 2021)

Non-Current Assets

Property, plant and equipment ("PPE") decreased mainly due to depreciation during the period. Investment properties, which are accounted for at fair value, increased mainly due to exchange difference on translation. 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 2022, partially offset as property units sold were progressively recognised as income upon handover.

Current Assets

Development properties decreased mainly due to the progressive recognition of income from property sold upon handover, as well as 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 by payment of the outstanding amounts by customers. Included in the trade receivables were S\$7.0 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.

3. Review of Financial Position (30 June 2022 vs 31 December 2021) (Cont'd)

Non-Current Liabilities

Deferred tax liabilities decreased mainly due to the unwinding of deferred tax liabilities from the allowance of foreseeable losses of development properties recognised during the period, thereby reducing the deferred tax liabilities recognised for the development properties. Deferred tax liabilities relating to development properties were recognised 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. Accrued land lease premium increased mainly due to exchange difference on translation. Advance consideration received from customers increased mainly due to sales made during the period.

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, partially offset by the repayment of land lease premium. Advance consideration received from customers decreased mainly due to handover of property units in the Golden City project to buyers.

4. Review of Cashflow

Net cash generated from operating activities was approximately S\$2.5 million for 1H2022 mainly due to changes in working capital.

Net cash used in investing activities was approximately S\$78,000 for 1H2022 mainly due to addition of investment properties and purchase of property, plant and equipment.

Net cash used in financing activities was approximately S\$1.8 million for 1H2022 mainly due to repayment of loans, land lease premium and interest paid.

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 4 of the 2021 full year results announcement dated 25 February 2022.

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.

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)

Golden City Project

As at 30 June 2022, approximately US\$232.2 million (approximately S\$323.0 million) of gross development value comprising 665 units (878,500 square feet) of the Golden City project have been sold. Correspondingly, a total of 602 residential units have been recognised as revenue as at 30 June 2022. 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 first half of 2022 had property activities moving with better-than-expected results. Gradually unfolding from the impact brought by the Covid crisis, business confidence is starting to show signs of resurgence. With Myanmar opening-up to international arrivals, some foreign businesses have also returned, artificially sating demand for the hotel and serviced apartment markets.

(“1H2022 Yangon Property Report”, CIM Property Consultant, 15 July 2022)

According to the World Bank, the outlook for Myanmar’s economy remains weak as surging inflation, dollar shortages and lingering domestic conflict pose challenges to its pandemic recovery. It is expecting a 3% GDP growth for the fiscal year ending September 2022. Overall, Myanmar is lagging the recovery as compared to the region where GDP in other large countries is seen to have rebounded above 2019 levels or projected to do so in 2023.

(“ World Bank Says Myanmar Economy Remains Fragile as Prices soar”, Bloomberg, 20 July 2022)

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 2022, the Company has recognised allowance of foreseeable losses amounting to S\$23.7 million (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

As disclosed in the Company's announcement dated 22 September 2021, the independent financial review by the appointed independent reviewer, Nexia TS Advisory Pte Ltd, has been completed. The independent legal review of the Group's dealings in Myanmar by the appointed independent reviewer, Kelvin Chia Partnership, is currently ongoing. Further to comments from the Singapore Exchange Regulation (the "SGX RegCo") on 21 October 2021, the Company has engaged KCP to undertake a follow-on engagement to address matters in the current legal review that require further clarification or elaboration and additional issues which were not previously contemplated, including those arising from the issuance of a legal memorandum by Felicity Gerry QC on 20 October 2021. The SGX RegCo has provided their further comments on 2 August 2022, which the Company is reviewing closely together with KCP and the Sponsor. 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 FY2021 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.

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

No dividend was declared or recommended.

(c) Date payable

Not applicable.

(d) Record Date

Not applicable.

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- (e) **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

No dividend has been declared or recommended for the financial period ended 30 June 2022 as the Company intends to reserve its cash resources to safeguard the Group's and the Company's ability to continue as a going concern.

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 2022.

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

Joseph Lim 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 2022 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.

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
12 August 2022