

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED  
30 JUNE 2020

Part 1

INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF-YEAR RESULTS

1 (a) (i) An income statement (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year.

	Group		Increase/ (Decrease)
	Half-Year Ended 30/6/2020	Half-Year Ended 30/6/2019	
	S\$'000	S\$'000	%
<b>Revenue</b>	<b>16,525</b>	<b>23,724</b>	<b>(30.3%)</b>
Cost of sales	(10,368)	(16,899)	(38.6%)
<b>Gross profit</b>	<b>6,157</b>	<b>6,825</b>	<b>(9.8%)</b>
Other income	3,482	13,222	(73.7%)
Distribution costs	(688)	(801)	(14.1%)
Administrative expenses	(2,608)	(3,261)	(20.0%)
Other operating expenses	(310)	(440)	(29.5%)
Finance costs	(4,208)	(5,124)	(17.9%)
<b>Profit before taxation</b>	<b>1,825</b>	<b>10,421</b>	<b>(82.5%)</b>
Taxation	(47)	(2,175)	(97.8%)
<b>Profit for the period</b>	<b>1,778</b>	<b>8,246</b>	<b>(78.4%)</b>
<b>Profit attributable to:</b>			
Owners of the Company	498	3,587	(86.1%)
Non-controlling interests	1,280	4,659	(72.5%)
	<b>1,778</b>	<b>8,246</b>	<b>(78.4%)</b>

n.m.: not meaningful

\*: in excess of 100%

1 (a) (ii) Included in the determination of profit before taxation are the following items:

	Group		
	Half-Year Ended 30/6/2020	Half-Year Ended 30/6/2019	Increase/ (Decrease)
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	(248)	(544)	(54.4%)
Foreign exchange gain/(loss), net	128	(43)	n.m.
Fair value gain on investment properties	2,421	11,150	(78.3%)
Interest income	7	4	75.0%
Financing income on payments from customers	970	1,260	(23.0%)
Financing expense on payments from customers	(81)	(653)	(87.6%)
Interest expense on accrued land lease premium	(2,064)	(1,912)	7.9%
Interest expense on borrowings	(2,063)	(2,244)	(8.1%)
Rental income	2,652	2,242	18.3%

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

A statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Half-Year Ended 30/6/2020	Half-Year Ended 30/6/2019	Increase/ (Decrease)
	S\$'000	S\$'000	%
<b>Profit for the period</b>	<b>1,778</b>	<b>8,246</b>	<b>(78.4%)</b>
<b>Other comprehensive income</b>			
<b>Items may be reclassified to profit or loss in subsequent periods (net of tax)</b>			
Currency translation differences arising from consolidation of foreign operations	4,588	(1,813)	n.m.
<b>Total comprehensive income for the period</b>	<b>6,366</b>	<b>6,433</b>	<b>(1.0%)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	5,094	1,759	n.m.*
Non-controlling interests	1,272	4,674	(72.8%)
	<b>6,366</b>	<b>6,433</b>	<b>(1.0%)</b>

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

1 (b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30-Jun-20 S\$'000	31-Dec-19 S\$'000	30-Jun-20 S\$'000	31-Dec-19 S\$'000
<b>ASSETS</b>				
<b>Non-Current</b>				
Property, plant and equipment	4,189	4,235	51	73
Right-of-use assets	121	174	121	174
Subsidiaries	-	-	35,393	35,393
Investment properties	124,043	113,087	-	-
Trade receivables	10,073	8,787	-	-
	<b>138,426</b>	<b>126,283</b>	<b>35,565</b>	<b>35,640</b>
<b>Current</b>				
Development properties	154,432	162,354	-	-
Trade and other receivables	8,441	12,935	34,951	35,109
Prepayments	537	584	25	27
Cash and cash equivalents	3,914	3,222	146	166
	<b>167,324</b>	<b>179,095</b>	<b>35,122</b>	<b>35,302</b>
<b>Total assets</b>	<b>305,750</b>	<b>305,378</b>	<b>70,687</b>	<b>70,942</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	43,475	43,354	43,475	43,354
Capital reduction reserve	15,998	15,998	15,998	15,998
Equity component of convertible loan reserve	13,400	13,317	13,400	13,317
Capital reserve	24,695	24,695	10,987	10,987
Revaluation reserve	299	299	-	-
Share option reserve	730	730	730	730
Foreign currency translation reserve	1,275	(3,321)	-	-
Accumulated profit/(losses)	22,209	21,711	(15,369)	(14,862)
<b>Equity attributable to equity holders of the Company</b>	<b>122,081</b>	<b>116,783</b>	<b>69,221</b>	<b>69,524</b>
Non-controlling interests	13,923	12,651	-	-
<b>Total equity</b>	<b>136,004</b>	<b>129,434</b>	<b>69,221</b>	<b>69,524</b>

1 (b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. (cont'd...)

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
	S\$'000	S\$'000	S\$'000	S\$'000
<b>LIABILITIES</b>				
<b>Non-Current</b>				
Deferred tax liabilities	30,142	29,039	-	-
Borrowings	28,007	11,825	-	-
Accrued land lease premium	18,337	21,486	-	-
Lease liabilities	8	57	8	57
Advance consideration received from customers	2,026	1,877	-	-
Provision for site restoration	23	23	23	23
	<b>78,543</b>	<b>64,307</b>	<b>31</b>	<b>80</b>
<b>Current</b>				
Borrowings	15,936	31,567	-	-
Accrued land lease premium	16,983	10,699	-	-
Lease liabilities	104	104	104	104
Trade and other payables	44,752	51,511	1,331	1,234
Advance consideration received from customers	13,428	17,756	-	-
	<b>91,203</b>	<b>111,637</b>	<b>1,435</b>	<b>1,338</b>
<b>Total liabilities</b>	<b>169,746</b>	<b>175,944</b>	<b>1,466</b>	<b>1,418</b>
<b>Total equity and liabilities</b>	<b>305,750</b>	<b>305,378</b>	<b>70,687</b>	<b>70,942</b>

1 (b) (ii) Aggregate amount of group's borrowings and debt securities

	Group		Group	
	30-Jun-2020		31-Dec-2019	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Amount repayable in one year or less, or on demand</b>				
Financial liabilities:				
Bank loans	7,461 <sup>(1)</sup>	-	21,527 <sup>(2)</sup>	-
Loan from third party <sup>(3)</sup>	6,725	-	7,267	-
Loans from related parties	-	1,750	-	2,773
	<u>14,186</u>	<u>1,750</u>	<u>28,794</u>	<u>2,773</u>
<b>Amount repayable after one year</b>				
Financial liabilities:				
Bank loan	18,192 <sup>(1)</sup>	-	-	-
Loan from third party <sup>(3)</sup>	9,815	-	11,825	-
	<u>28,007</u>	<u>-</u>	<u>11,825</u>	<u>-</u>

Details of any collateral

1. The syndicated bank loan is secured by certain assets relating to Golden City and all the shares in Golden City project held by a subsidiary.
2. The bank loans are secured by bank guarantees with pledge over certain units of residential apartments.
3. The loan from third party is secured by certain units of residential apartments.

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Half-Year Ended 30-June-2020	Half-Year Ended 30-June-2019
	S\$'000	S\$'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,825	10,421
Adjustments for:		
Depreciation of property, plant and equipment	195	492
Depreciation of right-of-use assets	53	52
Share-based compensation	121	-
Financing expense on payment from customers	81	653
Financing income on payments from customers	(970)	(1,260)
Fair value gain on investment properties	(2,421)	(11,150)
Interest income	(7)	(4)
Interest expense	4,127	4,156
Operating profit before working capital changes	3,004	3,360
Trade and other receivables	4,668	5,474
Trade and other payables	(14,753)	(23,588)
Development properties	9,517	20,847
Cash generated from operations	2,436	6,093
Income tax paid	-	-
<b>Net cash generated from operating activities</b>	<b>2,436</b>	<b>6,093</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	7	4
Additions to investment properties	(81)	(2,101)
<b>Net cash used in investing activities</b>	<b>(74)</b>	<b>(2,097)</b>
<b>Cash Flows from Financing Activities</b>		
Interest paid	(2,268)	(1,703)
Payment of lease liabilities	(49)	(52)
Proceeds from bank loan	27,195	-
Repayment of bank loans	(22,310)	(3,718)
Repayment of third party loan	(3,245)	-
Repayment of related party loans	(1,124)	-
<b>Net cash used in from financing activities</b>	<b>(1,801)</b>	<b>(5,473)</b>

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd...)

	Group	
	Half-Year Ended 30-June-2020	Half-Year Ended 30-June-2019
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>561</b>	<b>(1,477)</b>
Cash and cash equivalents at beginning of period	3,222	3,026
Effect of exchange rate fluctuations on cash and cash equivalents	131	(7)
<b>Cash and cash equivalents at end of period</b>	<b>3,914</b>	<b>1,542</b>

**ETC SINGAPORE**

**Company Registration No. 198003839Z**

- 1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

***Consolidated Statement of Changes in Equity for the years ended 30 June 2020 and 30 June 2019 - Group***

<b>The Group</b>	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 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
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Issue of ordinary shares arising from performance share plan	121	-	-	-	-	-	-	-	121	-	121
Interest incurred on convertible loan	-	-	-	-	-	83	-	-	83	-	83
<b>Balance at 30 June 2020</b>	<b>43,475</b>	<b>15,998</b>	<b>24,695</b>	<b>730</b>	<b>299</b>	<b>13,400</b>	<b>1,275</b>	<b>22,209</b>	<b>122,081</b>	<b>13,923</b>	<b>136,004</b>



ETC SINGAPORE

Company Registration No. 198003839Z

- 1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd...)

*Consolidated Statement of Changes in Equity for the years ended 30 June 2020 and 30 June 2019 – Group (cont'd...)*

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 2019	43,126	15,998	24,695	730	299	13,150	(1,314)	15,001	111,685	4,737	116,422
Adjustment on application of SFRS (I) 16	-	-	-	-	-	-	-	1	1	-	1
<b>Adjusted balance at 1 January 2019</b>	<b>43,126</b>	<b>15,998</b>	<b>24,695</b>	<b>730</b>	<b>299</b>	<b>13,150</b>	<b>(1,314)</b>	<b>15,002</b>	<b>111,686</b>	<b>4,737</b>	<b>116,423</b>
Total comprehensive income for the period	-	-	-	-	-	-	(1,828)	3,587	1,759	4,674	6,433
<b>Transactions with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Issue of ordinary shares arising from performance share plan	228	-	-	-	-	-	-	-	228	-	228
Interest incurred on convertible loan	-	-	-	-	-	83	-	-	83	-	83
<b>Balance at 30 June 2019</b>	<b>43,354</b>	<b>15,998</b>	<b>24,695</b>	<b>730</b>	<b>299</b>	<b>13,233</b>	<b>(3,142)</b>	<b>18,589</b>	<b>113,756</b>	<b>9,411</b>	<b>123,167</b>

## ETC SINGAPORE

Company Registration No. 198003839Z

- 1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd...)

*Consolidated Statement of Changes in Equity for the years ended 30 June 2020 and 30 June 2019 - Company*

The Company	Share capital S\$'000	Capital reduction reserve S\$'000	Capital reserve S\$'000	Equity component of convertible loan S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total Equity attributable to equity holders of the Company 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)
<b>Balance at 30 June 2020</b>	<b>43,475</b>	<b>15,998</b>	<b>10,987</b>	<b>13,400</b>	<b>730</b>	<b>(15,369)</b>	<b>69,221</b>

The Company	Share capital S\$'000	Capital reduction reserve S\$'000	Capital reserve S\$'000	Equity component of convertible loan S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total Equity attributable to equity holders of the Company S\$'000
Balance at 1 January 2019	43,126	15,998	10,987	13,150	730	(13,274)	70,717
Adjustment on application of SFRS (I) 16	-	-	-	-	-	1	1
<b>Adjusted balance at 1 January 2019</b>	<b>43,126</b>	<b>15,998</b>	<b>10,987</b>	<b>13,150</b>	<b>730</b>	<b>(13,273)</b>	<b>70,718</b>
Interest incurred on convertible loan	-	-	-	83	-	-	83
Issue of ordinary shares arising from performance share plan	228	-	-	-	-	-	228
Total comprehensive loss for the period	-	-	-	-	-	(815)	(815)
<b>Balance at 30 June 2019</b>	<b>43,354</b>	<b>15,998</b>	<b>10,987</b>	<b>13,233</b>	<b>730</b>	<b>(14,088)</b>	<b>70,214</b>

1 (d)(ii) Details of any changes in the issuer's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares, excluding treasury shares of the issuer and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares
<b>Share Capital</b>	
<b>Ordinary shares issued and fully paid</b>	
Balance as at 31 December 2019	970,931,934
Issue of ordinary shares	7,122,000
<b>Balance as at 30 June 2020</b>	<b>978,053,934</b>

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

As at 30 June 2020, convertibles (including options to subscribe for ordinary shares in our Company) are as follows:

	As at 30 June 2020 No. of shares	As at 30 June 2019 No. of shares
Convertible loan dated 25 January 2017	199,175,708	193,621,726
Share Options granted on 17 May 2016 (expire on 17 May 2026)	15,000,000	15,000,000
	<u>214,175,708</u>	<u>208,621,726</u>

Pursuant to a third addendum deed entered on 15 June 2020 between the Company and Mr Luo Shandong ("Mr Luo"), the Company and Mr Luo have agreed (i) to extend the maturity date of the convertible loan agreement from 39 months from the date of the convertible loan agreement to 75 months from the date of the convertible loan agreement and (ii) the extension of the expiry date of the conversion right due to the change of maturity date shall be subject to approval from the SGX-ST, if necessary, and the shareholders.

The Company did not hold any treasury shares as at 30 June 2020 and 30 June 2019.

There were no subsidiary holdings as at 30 June 2020 and 30 June 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at end of the immediately preceding year.**

The Company's total number of issued shares (excluding treasury shares) as at 30 June 2020 is 978,053,934 (31 December 2019: 970,931,934).

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares at the end of the current financial period reported on.**

Not Applicable. The Company does not hold any treasury shares.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the financial period reported on.**

Not Applicable. There were no subsidiary holdings.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not Applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.  
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not Applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2019.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

The Group has adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*;
- Amendments to SFRS(I) 3 *Definition of a Business*;
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*

The adoption of the above amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

Adoption of amendments to SFRS(I) 1-1 and SFR(I) 1-8

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

The amendments clarify the definition of material and how it should be applied by including in the definition guidance.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: -**

- (a) Based on the weighted average number of ordinary shares on issue; and  
 (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	<b>Group</b>	
	<b>Half-Year Ended 30/6/2020</b>	<b>Half-Year Ended 30/6/2019</b>
<b><i>Profit per ordinary share:</i></b>		
(i) Based on weighted average no. of ordinary shares in issue (cents)	0.05	0.37
(ii) On a fully diluted basis (cents)	0.04	0.31
<b><i>Number of shares in issue:</i></b>		
(i) Based on weighted average no. of ordinary shares in issue (in millions)	976	968
(ii) On a fully diluted basis (in millions)	1,175	1,162

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

As at 30 June 2020 and 30 June 2019, 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 2020 and 30 June 2019 does not exceed the exercise price.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital (excluding treasury shares) of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net Asset Value (S\$'000)	136,004	129,434	69,221	69,524
Based on existing issued share capital (cents per share)	13.91	13.33	7.08	7.16
Net Asset Value has been computed based on the share capital of (in millions of shares)	978	971	978	971

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of Financial Performance (1H2020 vs 1H2019)**

*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, half year results may not be a good indication of profitability trend.*

Revenue

	Group		
	1H2020 S\$'000	1H2019 S\$'000	Increase/(Decrease) %
Sale of Properties			
- Golden City	13,873	21,482	(35.4%)
Total Sale of Properties	13,873	21,482	(35.4%)
Rental Income			
- Golden City	2,652	2,242	18.3%
Total Rental Income	2,652	2,242	18.3%
Total Revenue	16,525	23,724	(30.3%)

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

**Review of Financial Performance (1H2020 vs 1H2019) (cont'd...)**

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). Revenue for 1H2019 was mainly contributed by the sale of Golden City property units of S\$21.5 million (90.5% of total revenue) and the rental of Golden City property units of S\$2.2 million (9.5% 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. 29 and 68 units were recognized as revenue in 1H2020 and 1H2019 respectively for Golden City project.

**Gross Profit**

	<b>Group</b>		
	<b>1H2020</b>	<b>1H2019</b>	<b>Increase/(Decrease)</b>
	S\$'000	S\$'000	%
Sale of Properties			
- Golden City	3,630	4,695	(22.7%)
<b>Total Sale of Properties</b>	<b>3,630</b>	<b>4,695</b>	<b>(22.7%)</b>
Rental Income			
- Golden City	2,527	2,130	18.7%
<b>Total Rental Income</b>	<b>2,527</b>	<b>2,130</b>	<b>18.7%</b>
<b>Total Gross Profit</b>	<b>6,157</b>	<b>6,825</b>	<b>(9.8%)</b>

n.m.: not meaningful

\*: in excess of 100%

Gross profit of approximately S\$6.2 million was recorded for 1H2020, after deducting direct costs (consisting mainly of cost of the property units sold) of approximately S\$10.4 million. The gross profit margin for sale of properties for Golden City was approximately 26.2%.

**Other Income**

	<b>Group</b>		
	<b>1H2020</b>	<b>1H2019</b>	<b>Increase/(Decrease)</b>
	S\$'000	S\$'000	%
Fair value gain	2,421	11,150	(78.3%)
Imputed interest income	970	1,260	(23.0%)
Others	91	812	(88.8%)
<b>Other Income</b>	<b>3,482</b>	<b>13,222</b>	<b>(73.7%)</b>

n.m.: not meaningful

\*: in excess of 100%

Other income decreased from S\$13.2 million in 1H2019 to S\$3.5 million in 1H2020 mainly due to the lower fair value gain of S\$8.7 million arising from the transfer of 6 property units from development properties to investment properties, following the commencement of operating lease to 3<sup>rd</sup> party, coupled with lower imputed finance income arising from customer financing as some residential units from the Golden City project were sold on instalment basis to customers. Others included penalties received from customers who were past due on instalments.

**Review of Financial Performance (1H2020 vs 1H2019) (cont'd...)**

**Distribution Costs**

Distribution costs, which arose from the sale of property units, decreased from S\$0.8 million in 1H2019 to S\$0.7 million in 1H2020 mainly due to lower advertisement 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\$3.3 million in 1H2019 to S\$2.6 million in 1H2020, mainly due to lower salaries and related costs, lower depreciation expenses and unrealised exchange gains in 1H2020 compared to unrealised exchange losses in 1H2019.

**Other Operating Expenses**

Other operating expenses decreased from S\$0.4 million in 1H2019 to S\$0.3 million in 1H2020 mainly due to lower property management fees paid on the vacant units in the Golden City project.

**Finance Costs**

The finance costs reduced from S\$5.1 million in 1H2019 to S\$4.2 million in 1H2020 mainly due to lower imputed financing expenses arising from advance consideration received from customers and lower interest expenses incurred from borrowings. 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**

	<b>Group</b>		
	<b>1H2020</b>	<b>1H2019</b>	<b>Increase/(Decrease)</b>
	S\$'000	S\$'000	%
Income tax	-	-	-
Deferred tax	(47)	(2,175)	(97.8%)
<b>Taxation</b>	<b>(47)</b>	<b>(2,175)</b>	<b>(97.8%)</b>

n.m.: not meaningful

\*: in excess of 100%

Taxation decreased from a tax expense of S\$2.2 million in 1H2019 to S\$47,000 in 1H2020 mainly due to the unwinding of deferred tax liabilities (deferred tax liabilities were recognized when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer) from the sale of development properties in the Golden City project partially offset by the recognition of deferred tax liabilities from the fair value gain of investment properties in the Golden City project.

**Review of Financial Position (30 June 2020 vs 31 December 2019)**

**Non-Current Assets**

Investment properties, which are accounted for at fair value, increased mainly due to the net transfer of 6 units of residential and commercial units from development properties to investment properties following the commencement of the operating lease to 3<sup>rd</sup> party. Trade receivables, comprising of amounts due from buyers that are one year or more, increased mainly due to property units sold were progressively recognized as income upon handover, partially offset by re-classification from non-current assets to current assets as the trade receivables approach maturity and are collectible within one year as at 30 June 2020.



**Review of Financial Position (30 June 2020 vs 31 December 2019) (cont'd...)**

**Current Assets**

Development properties decreased mainly due to the progressive recognition of income from property units sold upon handover, as well as the transfer to investment properties. The development properties acquired at acquisition date are being recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer. Trade receivables decreased mainly due to lower trade receivables upon payment of the outstanding amounts by customers, partially offset as property units sold were progressively recognized as income upon handover. Included in the trade receivables were S\$3.6 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 increased mainly due to the fair value gain for the transfer of units from development properties to investment properties, partially offset by development property units that were progressively sold, thereby reducing the deferred tax liabilities recognized for the development properties. Deferred tax liabilities relating to development properties were recognized when the development properties were recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer and when development properties are transferred to investment properties following the commencement of operating leases. Borrowings increased mainly due to a syndicated bank loan taken up in 1H2020.

**Current Liabilities**

Borrowings decreased mainly due to repayment of bank loans, partially offset by a syndicated bank loan taken up in 1H2020. Accrued land lease premium increased mainly due to the imputed interest expense (which have no cashflow impact) arising from the land lease premium from the Golden City project. Trade and other payables decreased mainly due to payments made to suppliers. Advance consideration received from customers decreased mainly due to handover of property units in the Golden City project to buyers.

**Cash Flow**

Net cash generated from operating activities was approximately S\$2.4 million for 1H2020 mainly from the operating profit.

Net cash used in investing activities was approximately S\$0.1 million for 1H2020 mainly due to additions to investment properties.

Net cash used in financing activities was S\$1.8 million for 1H2020 mainly due to the interest paid and repayment of loans, partially offset by proceeds from new bank loan.

**9. 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 FY2019 Results Announcement dated 27 February 2020.

**10. 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 2020, approximately US\$219.7 million (approximately S\$306.4 million) of gross development value comprising 626 residential units (821,200 square feet) of the Golden City project have been sold. Correspondingly, a total of 557 units have been recognised as revenue as at 30 June 2020. Barring any unforeseen circumstances, revenue for the remaining units sold is expected to be progressively recognised upon handover of the units or one month after notification to buyers to take over the units, whichever occurs earlier. The Golden City project comprises of 4 phases. Phase 1 and Phase 2 construction have been completed and commencement of Phase 3 is subject to feasibility studies and project financing.

Much of the real estate sector depends on local demand, and as future business and economic developments seem less certain now, companies need to plan for a slowdown – at least for the next six months or so, said MKT Construction Company's CEO U Myo Myint.

("COVID-19 and the real estate sector", Myanmar Times, 19 March 2020)

As it has been a consistent theme over past years, we see delays on construction and launches to continue to characterise the market. Meanwhile, both the cumulative absorption level and selling prices improved. However, these developments appear momentary, hence, indicating that the sector has yet to recover, especially now with the global health crisis at the forefront. In the short term, we can expect overall vacancy rates to rise and average selling prices to decline. With business activity curtailed, we may see a slowdown in unit purchases. However, given the government's recent efforts to contain the virus, we expect to see purchasing activity recover in the medium-term.

("Yangon Condominium Market Report Q1 2020", Colliers Myanmar, 22 April 2020)

Compared to early 2020, the number of purchases dropped by 60 percent during the COVID-19 restrictions, said iMyanmarHouse.com's managing director U Nay Min Thu. Despite the market decline, prices haven't dropped significantly and transactions are still made over the counter. The online expos have helped the market to pick-up in recent weeks, he said.

Myanmar people living overseas are more interested in online property expos, said U Kaung Thu Win from ShweProperty.com. The expos also offer exclusive special discounts and promotions, and may persuade many to make the decision to return to Myanmar to make a real estate investment.

("Online expos saves the real estate market during COVID19", Myanmar Times, 13 July 2020)

- 10. 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...)**

While remaining cautiously optimistic of its outlook, the Group continues to monitor the outbreak of COVID-19 which has caused major disruptions across global supply chains and dampened economic growth prospects across the globe. In the near term, the impact from COVID-19 is expected to weigh on the demand for properties and short term volatilities are likely given the fluidity of the COVID-19 situation and the resultant significant macroeconomic uncertainties globally, barring any further unforeseen material deterioration of the COVID-19 impact in Myanmar. Although there may not be significant adverse impact to the Group's financial performance for the remainder of the year, 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.

- 11. 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.

- 12. 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 as the Board would like to conserve cash for working capital requirements.

- 13. 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 2020 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.

- 14. 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.

- 15. 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 2020.

- 16. 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 Aug 2020**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

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

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