



## EMERGING TOWNS & CITIES SINGAPORE LTD.

(formerly known as Cedar Strategic Holdings Ltd)

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### FOR IMMEDIATE RELEASE

## ETC Singapore records 14.6% yoy revenue growth to S\$10.1 million for 2Q2017 on the back of progressive recognition from Golden City project

- Increase in pre-sales deposits to a high of S\$66.5 million reflects growing interest in the Group's properties under development
- In line with its two-pronged growth strategy of increasing recurring revenue for long-term earnings visibility, the Group's investment properties increased to S\$80.0 million
- While confident on executing its growth strategies in niche markets, the Group remains cautious on the tepid outlook in key markets such as in Myanmar and China

**SINGAPORE, 11 August 2017** – Catalyst-listed Emerging Towns & Cities Singapore Ltd. ("ETC Singapore" or the "Company", and together with its subsidiaries, the "Group"), today reported its financial results for the second quarter ended 30 June 2017 ("2Q2017").

The Group reported increasing revenue amounting to S\$10.1 million for 2Q2017, up 14.6% year-on-year ("yoy") following continued interest of its mixed-use luxury development, Golden City, in Yangon, Myanmar. The sale of 15 units from the Golden City project worth S\$9.4 million have been recognised as revenue in 2Q2017 with the remaining 243 units to be progressively recognised in the second half of 2017 and 2018. Similarly, revenue for the remaining 200 units sold at the Daya Bay project in Huizhou, China is expected to be progressively recognised this year.

For the Group's development projects in Golden City and Daya Bay, stable gross margins were reported at 18.0% and 19.0% respectively for 2Q2017. While development profit continues to form the bulk of the Group's contributions, it expects to execute a two-pronged strategy of reaping short-term development profit and long-term recurring rental income from its portfolio projects. As such, the Group has begun executing plans to boost recurring income as investment properties rose to S\$80.0 million as at 30 June 2017 (S\$61.3 million as at 31 December 2016).

The Group registered an increase in administrative expenses to S\$3.7 million (2Q2016: S\$0.8 million) while distribution expenses rose to S\$1.7 million (2Q2016: S\$0.3 million) for 2Q2017. Part of the increase was due to a ramp up in marketing costs ahead of the new sales launch of the balance units at Daya Bay. This was reciprocated by the growing interest for the Group's properties under development, as pre-sales deposits climbed to a high of S\$66.5 million as at 30 June 2017.

Alongside the necessary increase in expenses, the Group performed in line with the guidance provided in the preceding quarter. Demand for the Myanmar's property market was expected to slow during 2Q2017, in view of the festive season, Burmese New Year. While registering comparable revenue with 1Q2017, the Group recorded a much lower fair value gain of S\$0.8 million for 2Q2017 as compared to S\$8.3 million booked in 1Q2017. Consequently, a net loss attributable to shareholders of S\$2.7 million was posted for the quarter.

**Mr. Tan Thiam Hee, Executive Director and Group Chief Executive Officer of ETC Singapore,** remarked, *"Despite cooling measures implemented by the Chinese government over concerns of potential price bubbles, growth in the China's property market remains resilient, accelerating 7.9% in June from a year earlier.<sup>1</sup> This enduring demand is evidenced by the steady increase in our pre-sale deposits for development properties, recording a sizeable amount of S\$66.5 million. We are however cautious on the outlook of the property market as Government curbs may only develop later in the year as a result of lag effects.<sup>2</sup>*

<sup>1</sup> "China property investment, sales quicken in June despite government curbs", CNBC, 16 July 2017

<sup>2</sup> "China home prices rise in more cities in march", South China Morning Post, 18 April 2017

The Group continues to make strides in optimising its capital structure to maximise returns for shareholders. With a partial conversion of the convertible loan yielding S\$8.0 million and S\$3.1 million received from exercising some of the outstanding warrants, the Group's balance sheet strengthened with cash and cash equivalents increasing to S\$24.6 million as at 30 June 2017 (S\$16.5 million as at 31 December 2016). Correspondingly, total equity of the Group rose to S\$133.8 million from S\$94.2 million during the period.

**Mr. Tan** further commented, *"We are taking incremental steps to build recurring income streams and have taken deliberate efforts to transfer four of our residential apartments from Golden City's development properties to investment properties via an operating lease executed by a third party. While the management team is committed to gradually expand the asset base of the Group to grow the intrinsic value and steady earnings, efforts are also centred on driving sales of our existing projects. In line with expectations, our second quarter booked in a weaker financial performance due to seasonality but we are cautiously optimistic that business conditions will recover in the second half."*

*As a result of our strengthened balance sheet, the Group is in a favourable position to maintain our sights on quality investments. With an aim to maximise shareholder returns, we assess each investment case rigorously to ensure that the right asset is included in our portfolio. We will however continue to maintain a cautious approach while exploring these potential investments."*

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### **About Emerging Towns & Cities Singapore Ltd.**

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Emerging Towns & Cities Singapore Ltd. was incorporated in Singapore on 17 October 1980. Formerly known as China Titanium Ltd. and later Cedar Strategic Holdings Ltd., the Company adopted the name Emerging Towns & Cities Singapore Ltd. on 27 February 2017 to mark the resolution of its legacy issues and cement its positioning as a niche market player. Going forward, the Group intends to continue to focus on property investment and development and related businesses in niche towns and cities.

*Issued on behalf of Emerging Towns & Cities Singapore Ltd by: Financial PR*

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