

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED  
30 JUNE 2018

Part 1

INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2, Q3 AND Q4), HALF-YEAR AND FULL YEAR RESULTS

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

	Group					
	2 <sup>nd</sup> Qtr Ended 30/6/2018	2 <sup>nd</sup> Qtr Ended 30/6/2017	Increase/ (Decrease)	YTD 2 <sup>nd</sup> Qtr Ended 30/6/2018	YTD 2 <sup>nd</sup> Qtr Ended 30/6/2017	Increase/ (Decrease)
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
<b>Revenue</b>	<b>7,171</b>	<b>10,151</b>	<b>(29.4%)</b>	<b>21,920</b>	<b>20,204</b>	<b>8.5%</b>
Cost of sales	(4,603)	(7,983)	(42.3%)	(15,408)	(15,252)	1.0%
<b>Gross profit</b>	<b>2,568</b>	<b>2,168</b>	<b>18.5%</b>	<b>6,512</b>	<b>4,952</b>	<b>31.5%</b>
Other income	877	788	11.3%	1,333	9,120	(85.4%)
Distribution costs	(522)	(1,676)	(68.9%)	(1,531)	(2,632)	(41.8%)
Administrative expenses	(2,564)	(3,692)	(30.6%)	(3,529)	(8,230)	(57.1%)
Other operating expenses	(167)	(77)	n.m.*	(362)	(156)	n.m.*
Finance costs	(150)	(1,324)	(88.7%)	(769)	(2,862)	(73.1%)
<b>Profit/(loss) before taxation</b>	<b>42</b>	<b>(3,813)</b>	<b>n.m.</b>	<b>1,654</b>	<b>192</b>	<b>n.m.*</b>
Taxation	(53)	778	n.m.	941	(525)	n.m.
<b>Profit/(loss) for the period</b>	<b>(11)</b>	<b>(3,035)</b>	<b>(99.6%)</b>	<b>2,595</b>	<b>(333)</b>	<b>n.m.</b>
<b>Profit/(loss) attributable to:</b>						
Owners of the Company	(19)	(2,721)	(99.3%)	965	(1,711)	n.m.
Non-controlling interests	8	(314)	n.m.	1,630	1,378	18.3%
	<b>(11)</b>	<b>(3,035)</b>	<b>(99.6%)</b>	<b>2,595</b>	<b>(333)</b>	<b>n.m.</b>

n.m.: not meaningful

\*: in excess of 100%

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

	Group					
	2nd Qtr Ended 30/6/2018	2nd Qtr Ended 30/6/2017	Increase/ (Decrease)	YTD 2nd Qtr Ended 30/6/2018	YTD 2nd Qtr Ended 30/6/2017	Increase/ (Decrease)
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Depreciation of property, plant & equipment	(40)	(92)	(56.5%)	(132)	(206)	(35.9%)
Gain on disposal of subsidiaries, net	-	-	-	446	-	n.m.
Fair value gain on investment properties	822	762	7.9%	822	9,057	(90.9%)
Exchange gain/(loss), net	(1,075)	(1,229)	(12.5%)	9	(2,051)	n.m.
Interest income	55	16	n.m.*	64	25	n.m.*
Interest expense	(150)	(1,317)	(88.6%)	(769)	(2,855)	(73.1%)
Rental income	654	503	30.0%	1,645	1,010	62.9%

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

	Group					
	2nd Qtr Ended 30/6/2018	2nd Qtr Ended 30/6/2017	Increase/ (Decrease)	YTD 2nd Qtr Ended 30/6/2018	YTD 2nd Qtr Ended 30/6/2017	Increase/ (Decrease)
	\$'000	\$'000	%	S\$ '000	S\$ '000	%
<b>Profit/(loss) for the period</b>	<b>(11)</b>	<b>(3,035)</b>	<b>(99.6%)</b>	<b>2,595</b>	<b>(333)</b>	<b>n.m.</b>
<b>Other comprehensive income</b>						
Currency translation difference (Nil tax) - Gain/(loss)	4,082	(1,085)	n.m.	2,464	(3,959)	n.m.
<b>Total comprehensive profit/(loss) for the period</b>	<b>4,071</b>	<b>(4,120)</b>	<b>n.m.</b>	<b>5,059</b>	<b>(4,292)</b>	<b>n.m.</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	<b>3,803</b>	<b>(3,843)</b>	<b>n.m.</b>	<b>4,010</b>	<b>(5,670)</b>	<b>n.m.</b>
Non-controlling interests	<b>268</b>	<b>(277)</b>	<b>n.m.</b>	<b>1,049</b>	<b>1,378</b>	<b>(23.9%)</b>
	<b>4,071</b>	<b>(4,120)</b>	<b>n.m.</b>	<b>5,059</b>	<b>(4,292)</b>	<b>n.m.</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 -18 S\$'000	31-Dec-17 S\$'000	30-Jun-18 S\$'000	31-Dec-17 S\$'000
<b>ASSETS</b>				
<b>Non-Current</b>				
Property, plant and equipment	4,612	5,509	16	42
Subsidiaries	-	-	35,393	45,269
Investment properties	49,137	95,594	-	-
	<b>53,749</b>	<b>101,103</b>	<b>35,409</b>	<b>45,311</b>
<b>Current</b>				
Development properties	206,247	208,521	-	-
Trade and other receivables	19,939	26,340	37,019	35,822
Cash and cash equivalents	1,751	21,072	330	3,395
	<b>227,937</b>	<b>255,933</b>	<b>37,349</b>	<b>39,217</b>
<b>Total assets</b>	<b>281,686</b>	<b>357,036</b>	<b>72,758</b>	<b>84,528</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	43,126	43,126	43,126	43,126
Capital reduction reserve	15,998	15,998	15,998	15,998
Equity component of convertible loan reserve	13,066	29,886	13,066	29,886
Capital reserve	24,249	24,249	4,057	4,057
Revaluation reserve	299	299	-	-
Share option reserve	730	632	730	632
Foreign currency translation reserve	(681)	(3,998)	-	-
Accumulated profit/(loss)	15,114	14,150	(5,488)	(10,887)
<b>Equity attributable to equity holders of the Company</b>	<b>111,901</b>	<b>124,342</b>	<b>71,489</b>	<b>82,812</b>
Non-controlling interests	1,525	11,364	-	-
<b>Total equity</b>	<b>113,426</b>	<b>135,706</b>	<b>71,489</b>	<b>82,812</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 -18 S\$'000	31-Dec-17 S\$'000	30-Jun -18 S\$'000	31-Dec-17 S\$'000
<b>LIABILITIES</b>				
<b>Non-Current</b>				
Provisions for site restoration	30	30	30	30
Deferred tax liabilities	24,597	31,447	-	-
Financial liabilities	21,087	20,700	-	-
Accrued land lease premium	17,907	17,573	-	-
	<b>63,621</b>	<b>69,750</b>	<b>30</b>	<b>30</b>
<b>Current</b>				
Financial liabilities	14,555	24,397	-	-
Accrued land lease premium	8,176	8,024	-	-
Trade and other payables	30,942	43,584	1,239	1,686
Deposits from customers for sale of development properties	50,966	71,388	-	-
Current tax payable	-	4,187	-	-
	<b>104,639</b>	<b>151,580</b>	<b>1,239</b>	<b>1,686</b>
<b>Total liabilities</b>	<b>168,260</b>	<b>221,330</b>	<b>1,269</b>	<b>1,716</b>
<b>Total equity and liabilities</b>	<b>281,686</b>	<b>357,036</b>	<b>72,758</b>	<b>84,528</b>

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

	Group		Group	
	30-Jun -18		31-Dec-2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<b>Amount repayable in one year or less, or on demand</b>				
Financial Liabilities:				
Bank loans	6,537	-	21,822	-
Loans from related parties	-	8,018	-	2,575
	<u>6,537</u>	<u>8,018</u>	<u>21,822</u>	<u>2,575</u>
<b>Amount repayable after one year</b>				
Financial Liabilities:				
Bank Loans	21,087	-	20,700	-
	<u>21,087</u>	<u>-</u>	<u>20,700</u>	<u>-</u>

**Details of any collateral**

The bank loans are secured by bank guarantees with pledge over a commercial building and 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			
	2 <sup>nd</sup> Qtr Ended 30/6/2018	2 <sup>nd</sup> Qtr Ended 30/6/2017	YTD 2 <sup>nd</sup> Qtr Ended 30/6/2018	YTD 2 <sup>nd</sup> Qtr Ended 30/6/2017
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
<b>Cash Flows from Operating Activities</b>				
Profit/(loss) before taxation	42	(3,813)	1,654	192
Adjustments for:				
Depreciation of property, plant and equipment	40	92	132	206
Share-based compensation	44	97	98	194
Fair value gain on investment properties	(822)	(762)	(822)	(9,057)
Interest Income	(55)	(16)	(64)	(25)
Interest expense	150	1,317	769	2,855
Operating profit/(loss) before working capital changes	(601)	(3,085)	1,767	(5,635)
Trade and other receivables	(1,440)	(8,760)	1,475	(3,453)
Trade and other payables	(7,565)	7,021	(8,516)	(6,584)
Investment properties	(4,170)	(4,375)	(4,688)	(11,229)
Development properties	7,285	7,072	10,805	22,453
Cash generated from/(used in) operations	(6,491)	(2,127)	843	(4,448)
Income tax paid	-	(1,379)	-	(2,550)
<b>Net cash (used in)/generated from operating activities</b>	<b>(6,491)</b>	<b>(3,506)</b>	<b>843</b>	<b>(6,998)</b>
<b>Cash Flows from Investing Activities</b>				
Interest received	55	16	64	25
Acquisition of non-controlling interest in a subsidiary	-	-	-	(2,106)
Purchase of property, plant and equipment	-	-	-	(33)
Disposal of subsidiary, net of cash disposed of (Note A)	-	-	(10,709)	-
<b>Net cash generated from/(used in) investing activities</b>	<b>55</b>	<b>16</b>	<b>(10,645)</b>	<b>(2,114)</b>
<b>Cash Flows from Financing Activities</b>				
Issue of ordinary shares arising from exercise of warrants	-	3,107	-	4,061
Issue of ordinary shares arising from conversion of convertible loan	-	8,010	-	8,010
Proceeds from shareholder' loans	-	(413)	5,374	(413)
Proceeds from bank loan	4,240	5,701	4,240	5,701
Repayment of bank loan	-	(124)	(19,138)	(124)
<b>Net cash generated from/(used in) financing activities</b>	<b>4,240</b>	<b>16,281</b>	<b>(9,524)</b>	<b>17,235</b>

	Group			
	2 <sup>nd</sup> Qtr Ended 30/6/2018	2 <sup>nd</sup> Qtr Ended 30/6/2017	YTD 2 <sup>nd</sup> Qtr Ended 30/6/2018	YTD 2 <sup>nd</sup> Qtr Ended 30/6/2017
<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,196)	12,791	(19,326)	8,123
Cash and cash equivalents at beginning of period	4,054	12,378	21,072	16,521
Effect of exchange rate fluctuations on cash and cash equivalents	(107)	(619)	5	(94)
<b>Cash and cash equivalents at end of period</b>	<b>1,751</b>	<b>24,550</b>	<b>1,751</b>	<b>24,550</b>

Note A: The net assets and liabilities arising from the disposal of subsidiary and the cash flow effects of the cash flow effects of the disposal were as follows:

	Group
	YTD 2 <sup>nd</sup> Qtr Ended 30/6/2018
	S\$ '000
Property, plant and equipment	913
Investment properties	51,051
Development properties	1,721
Trade and other receivables	5,275
Bank balances	10,709
Trade and other payables	(20,600)
Current tax payable	(4,152)
Advances from customers	(21,489)
Deferred tax liabilities	(6,330)
<b>Net assets disposed</b>	<b>17,098</b>
Foreign currency translation reserve loss realised	271
Less: Non-controlling interests	(10,888)
Novation of amount due to the Company to the Purchaser	10,010
Net gain on disposal of subsidiary	446
<b>Total consideration</b>	<b>16,937</b>
Amount set off against convertible loan	(16,937)
Cash and cash equivalents in subsidiary disposed of	(10,709)
<b>Net cash outflow arising from disposal</b>	<b>(10,709)</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 periods ended 30 June 2018 and 30 June 2017 - 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	Warrant 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 2018	43,126	15,998	24,249	632	299	-	29,886	(3,998)	14,150	124,342	11,364	135,706
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	(777)	984	207	781	988
<b>Transactions with owners, recognised directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Disposal of subsidiary	-	-	-	-	-	-	(16,937)	271	-	(16,666)	(10,888)	(27,554)
Interest incurred on convertible loan	-	-	-	-	-	-	68	-	-	68	-	68
Share-based compensation	-	-	-	54	-	-	-	-	-	54	-	54
<b>Balance at 31 March 2018</b>	<b>43,126</b>	<b>15,998</b>	<b>24,249</b>	<b>686</b>	<b>299</b>	<b>-</b>	<b>13,017</b>	<b>(4,504)</b>	<b>15,134</b>	<b>108,005</b>	<b>1,257</b>	<b>109,262</b>
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	3,823	(20)	3,803	268	4,071
<b>Transactions with owners, recognised directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Interest incurred on convertible loan	-	-	-	-	-	-	49	-	-	49	-	49
Share-based compensation	-	-	-	44	-	-	-	-	-	44	-	44
<b>Balance at 30 June 2018</b>	<b>43,126</b>	<b>15,998</b>	<b>24,249</b>	<b>730</b>	<b>299</b>	<b>-</b>	<b>13,066</b>	<b>(681)</b>	<b>15,114</b>	<b>111,901</b>	<b>1,525</b>	<b>113,426</b>



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***Consolidated Statement of Changes in Equity for the periods ended 30 June 2018 and 30 June 2017 – Group (Continued)***

<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	Warrant Reserve S\$'000	Equity component of convertible loan S\$'000	Exchange fluctuation reserve S\$'000	Accumulated losses 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 2017	131,618	15,998	2,278	243	-	2,879	-	(581)	(98,398)	54,037	40,150	94,187
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	(2,838)	1,010	(1,828)	1,655	(173)
<b>Transactions with owners, recognised directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Issue of ordinary shares arising from exercise of warrants	1,551	-	-	-	-	(597)	-	-	-	954	-	954
Acquisition of remaining interest in a subsidiary	6,547	-	992	-	-	-	-	-	-	7,539	(9,644)	(2,105)
Share-based compensation	-	-	-	97	-	-	-	-	-	97	-	97
Capital reduction	(112,000)	-	-	-	-	-	-	-	112,000	-	-	-
<b>Balance at 31 March 2017</b>	<b>27,716</b>	<b>15,998</b>	<b>3,270</b>	<b>340</b>	<b>-</b>	<b>2,282</b>	<b>-</b>	<b>(3,419)</b>	<b>14,612</b>	<b>60,799</b>	<b>32,161</b>	<b>92,960</b>
Total comprehensive loss for the period	-	-	-	-	-	-	-	(1,121)	(2,722)	(3,843)	(277)	(4,120)
<b>Transactions with owners, recognised directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Issue of ordinary shares arising from exercise of warrants	4,595	-	-	-	-	(1,768)	-	-	-	2,827	-	2,827
Issue of ordinary shares arising from conversion of convertible loan	8,010	-	-	-	-	-	(8,010)	-	-	-	-	-
Issue of convertible loan	-	-	4,057	-	-	-	37,727	-	-	41,784	-	41,784
Expiry of warrants	-	-	-	-	-	(514)	-	-	514	-	-	-
Share-based compensation	280	-	-	97	-	-	-	-	-	377	-	377
<b>Balance at 30 June 2017</b>	<b>40,601</b>	<b>15,998</b>	<b>7,327</b>	<b>437</b>	<b>-</b>	<b>-</b>	<b>29,717</b>	<b>(4,540)</b>	<b>12,404</b>	<b>101,944</b>	<b>31,884</b>	<b>133,828</b>

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**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 periods ended 30 June 2018 and 30 June 2017 - Company***

<b>The Company</b>	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	Warrant reserve S\$'000	Accumulated losses S\$'000	Total Equity attributable to equity holders of the Company S\$'000
Balance at 1 January 2018	43,126	15,998	4,057	29,886	632	-	(10,887)	82,812
Disposal of subsidiary	-	-	-	(16,937)	-	-	-	(16,937)
Interest incurred on convertible loan	-	-	-	68	-	-	-	68
Share-based compensation	-	-	-	-	54	-	-	54
Total comprehensive income for the period	-	-	-	-	-	-	6,090	6,090
<b>Balance at 31 March 2018</b>	<b>43,126</b>	<b>15,998</b>	<b>4,057</b>	<b>13,017</b>	<b>686</b>	-	<b>(4,797)</b>	<b>72,087</b>
Interest incurred on convertible loan	-	-	-	49	-	-	-	49
Share-based compensation	-	-	-	-	44	-	-	44
Total comprehensive loss for the period	-	-	-	-	-	-	(691)	(691)
<b>Balance at 30 June 2018</b>	<b>43,126</b>	<b>15,998</b>	<b>4,057</b>	<b>13,066</b>	<b>730</b>	-	<b>(5,488)</b>	<b>71,489</b>

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***Consolidated Statement of Changes in Equity for the periods ended 30 June 2018 and 30 June 2017 – Company (Continued)***

<b>The Company</b>	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	Warrant reserve S\$'000	Accumulated losses S\$'000	Total Equity attributable to equity holders of the Company S\$'000
Balance at 1 January 2017	131,618	15,998	-	-	243	2,879	(118,993)	31,745
Issue of ordinary shares arising from exercise of warrants	1,551	-	-	-	-	(597)	-	954
Share-based compensation	-	-	-	-	97	-	-	97
Acquisition of remaining interest in a subsidiary	6,547	-	-	-	-	-	-	6,547
Capital reduction	(112,000)	-	-	-	-	-	112,000	-
Total comprehensive loss for the period	-	-	-	-	-	-	(1,391)	(1,391)
<b>Balance at 31 March 2017</b>	<b>27,716</b>	<b>15,998</b>	<b>-</b>	<b>-</b>	<b>340</b>	<b>2,282</b>	<b>(8,384)</b>	<b>37,952</b>
Issue of ordinary shares arising from exercise of warrants	4,595	-	-	-	-	(1,768)	-	2,827
Expiry of warrants	-	-	-	-	-	(514)	514	-
Share-based compensation	280	-	-	-	97	-	-	377
Issue of convertible loan	-	-	4,057	37,727	-	-	-	41,784
Issue of ordinary shares arising from conversion of convertible loan	8,010	-	-	(8,010)	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(2,074)	(2,074)
<b>Balance at 30 June 2017</b>	<b>40,601</b>	<b>15,998</b>	<b>4,057</b>	<b>29,717</b>	<b>437</b>	<b>-</b>	<b>(9,944)</b>	<b>80,866</b>

- 1 (d)(ii) Details of any changes in the issuer’s share capital arising from right issue, bonus issue, 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 30 June 2018	962,166,934

There were no changes to share capital of the Company during the period ended 30 June 2018.

As at 30 June 2018, convertibles (including options to subscribe for ordinary shares in our Company) that remained outstanding after share consolidation (Comparatives are restated to show the effects of the share consolidation) are as follows:

	As at 30 June 2018 No. of shares	As at 30 June 2017 No. of shares
Convertible loan dated 25 January 2017 (expire on 25 April 2019)	191,770,399	378,315,397
Share Options granted on 17 May 2016 (expire on 17 May 2026)	15,000,000	16,000,000
	206,770,399	394,315,397

The Company did not hold any treasury shares as at 30 June 2018 and 30 June 2017.

There were no subsidiary holdings as at 30 June 2018 and 30 June 2017.

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

The Company’s total number of issued shares (excluding treasury shares) as at 30 June 2018 is 962,166,934 (31 December 2017: 962,166,934).

- 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 qualifications or emphasis of a matter).**

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 regarding the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) effective on 1 January 2018, 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 2017.

**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 financial reporting framework, SFRS(I), mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS(I)s, amendments to and interpretations of SFRS(I) effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers* (Amendments to SFRS(I) 15 and Clarifications to SFRS(I) 15);
- SFRS(I) 9 *Financial Instruments*;
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- *Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of these SFRS(I)s, amendments to and interpretations of SFRS(I) did not have a material impact on the financial statements of the Group.

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).

	Group			
	2 <sup>nd</sup> Qtr Ended 30/6/2018	2 <sup>nd</sup> Qtr Ended 30/6/2017	YTD 2 <sup>nd</sup> Qtr Ended 30/6/2018	YTD 2 <sup>nd</sup> Qtr Ended 30/6/2017
<b><i>Profit/(loss) per ordinary share</i></b> (Comparatives are restated to show the effects of the share consolidation):				
(i) Based on weighted average no. of ordinary shares in issue (cents)	-*	(0.31)	0.10	(0.21)
(ii) On a fully diluted basis (cents)	-*	(0.22)	0.09	(0.14)
*: less than (0.01)				
<b><i>Number of shares in issue</i></b> (Comparatives are restated to show the effects of the share consolidation):				
(i) Based on weighted average no. of ordinary shares in issue (in million)	962	874	962	832
(ii) On a fully diluted basis (in million)	1,154	1,255	1,154	1,214

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.

Diluted earnings per ordinary share is calculated based on the same basis as earnings per share by adjusting the weighted average number of ordinary shares to include the outstanding warrants and options deemed converted up to the respective reporting periods. The diluted earnings per share is the same as basic earnings per share as the Group does not have any dilutive capital instruments. The warrants and share options have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the warrants or share options.

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-18	31-Dec-17	30-Jun-18	31-Dec-17
Net Asset Value (S\$'000)	113,426	135,706	71,489	82,812
Based on existing issued share capital (cents per share)	11.79	14.10	7.43	8.61
Net Asset Value has been computed based on the share capital of (in millions of shares)	962	962	962	962

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 (2Q2018 vs 2Q2017)**

*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, quarterly results may not be a good indication of profitability trend. Contributions from Daya Bay were included in the revenue, cost of sales, other income and expenses in the financial period under review until the disposal of Cedar Properties Pte Ltd ("CPPL"), effectively divesting the stake in the Daya Bay project, on 15 March 2018.*

Revenue

	Group		
	2Q2018	2Q2017	Increase/(Decrease)
	S\$ '000	S\$ '000	%
Sale of Properties			
- Golden City	6,517	9,447	(31.0%)
- Daya Bay	-	201	(100.0%)
Total Sales of Properties	6,517	9,648	(32.5%)
Rental Income			
- Golden City	633	-	n.m.
- Daya Bay	-	489	(100.0%)
- ETC	21	14	50.0%
Total Rental Income	654	503	30.0%
Total Revenue	7,171	10,151	(29.4%)

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

Revenue for 2Q2018 was mainly contributed by the sale of property units in the Golden City project of S\$6.5 million (91% of total revenue) and the rental of Golden City residential and commercial units of S\$0.6 million, following the disposal of CPPL, effectively divesting the stake in the Daya Bay project, on 15 March 2018. Revenue for 2Q2017 was mainly contributed by the sale of property units in the Golden City project of S\$9.4 million (93% of total revenue), the Daya Bay project of S\$0.2 million and the rental of Daya Bay holiday apartments of S\$0.5 million.

The Group reported revenue of S\$7.2 million<sup>1</sup>, with no related impairment losses, for units sold (i.e. units where the sale and purchase agreement has 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. The Golden City project recognized or reported 9 units as revenue arising from the sales of properties in 2Q2018, of which S\$0.2 million<sup>1</sup> relate to recoverable amounts in lieu of receivables, mainly due to Golden City having the right to repossess the unit upon default of payment by the buyers.

The 399 units of holiday apartments held as investment properties in the Daya Bay project have given us a fixed monthly rental income of RMB2,000 (approximately S\$417) per room since December 2015, until the disposal of CPPL, effectively divesting the stake in the Daya Bay project, on 15 March 2018.

Gross Profit

	<b>Group</b>		
	<b>2Q2018</b> S\$ '000	<b>2Q2017</b> S\$ '000	<b>Increase/(Decrease)</b> %
Sale of Properties			
- Golden City	1,944	1,715	13.4%
- Daya Bay	-	38	(100.0%)
<b>Total Sale of Properties</b>	<b>1,944</b>	<b>1,753</b>	<b>10.9%</b>
Rental Income			
- Golden City	603	-	n.m.
- Daya Bay	-	401	(100.0%)
- ETC	21	14	50.0%
<b>Total Rental Income</b>	<b>624</b>	<b>415</b>	<b>50.4%</b>
<b>Total Gross Profit</b>	<b>2,568</b>	<b>2,168</b>	<b>18.5%</b>

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

Gross profit of approximately S\$2.6 million was reported for 2Q2018, after deducting direct costs (consisting mainly of cost of the property units sold) of approximately S\$4.6 million. The gross profit margins for sale of properties for Golden City was approximately 29.8%.

<sup>1</sup> With reference to paragraphs 113 (a) and (b) under SFRS (I) 15 – Revenue from Contracts with Customers.



Other Income

	<b>Group</b>		
	<b>2Q2018</b>	<b>2Q2017</b>	<b>Increase/(Decrease)</b>
	S\$ '000	S\$ '000	%
Fair value gain	822	762	7.9%
Interest income	55	16	n.m.*
Others	-	10	(100.0%)
<b>Other Income</b>	<b>877</b>	<b>788</b>	<b>11.3%</b>

n.m.: not meaningful

\*: in excess of 100%

Other income increased from S\$0.8 million in 2Q2017 to S\$0.9 million in 2Q2018 mainly due to the fair value gain of S\$0.8 million for the transfer of 6 units of residential apartments from development properties to investment properties following the commencement of an operating lease to a 3<sup>rd</sup> party in the Golden City project in 2Q2018, whilst in 2Q2017 there was a transfer of 4 units of residential apartments from development properties to investment properties following the commencement of an operating lease to a 3<sup>rd</sup> party in the Golden City project.

Distribution Costs

Distribution costs of S\$0.5 million in 2Q2018 arose from the sale of property units in the Golden City project. It has decreased from S\$1.7 million in 2Q2017 to S\$0.5m in 2Q2018, mainly due to the disposal of the Daya Bay project and lower advertising and sales commission expenses in the Golden City project. These expenses comprise 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\$3.7 million in 2Q2017 to S\$2.6 million in 2Q2018, mainly due to lower salaries and management performance incentive expenses by Golden City project offset by higher unrealized exchange losses arising from the Golden City project.

Finance Costs

The finance costs of S\$0.2 million in 2Q2018 pertained mainly to interest expenses arising from bank loans and shareholders' loans.

Taxation

	<b>Group</b>		
	<b>2Q2018</b>	<b>2Q2017</b>	<b>Increase/(Decrease)</b>
	S\$ '000	S\$ '000	%
Income tax	10	76	(86.8%)
Deferred tax	(63)	702	n.m.
<b>Taxation</b>	<b>(53)</b>	<b>778</b>	<b>n.m.</b>

n.m.: not meaningful

\*: in excess of 100%

Taxation increased from a tax credit of S\$0.8 million in 2Q2017 to a tax expense of S\$53,000 in 2Q2018 mainly due to the deferred tax liabilities recognised when development properties were reclassified to investment properties offset by 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.

**Review of Financial Position (30 June 2018 vs 31 December 2017)**

*Note: Significant changes in balance sheet items during the financial period under review were mainly attributed to the disposal of Cedar Properties Pte Ltd (“CPPL”), effectively divesting the Group’s stake in the Daya Bay project, on 15 March 2018.*

**Non-current Assets**

Property, plant and equipment and investment properties decreased mainly due to the disposal of CPPL, effectively divesting the Group’s stake in the Daya Bay project on 15 March 2018. Property, plant and equipment also decreased due to depreciation incurred.

**Current Assets**

Development properties decreased mainly due to the property units sold that were progressively recognised as income upon handover and disposal of CPPL. The development properties are being recorded at fair value after the Purchase Price Allocation exercise conducted by an independent professional valuer.

Trade and other receivables decreased mainly due to lower trade receivables upon payment of the outstanding amounts by customers and the disposal of CPPL. Included in the trade receivables were S\$3.7 million<sup>1</sup> relating to recoverable amounts in lieu of receivables mainly due to Golden City having the right to repossess the unit upon default of payment by the buyers.

**Non-current Liabilities**

Deferred tax liabilities decreased mainly due to the development property units that were progressively sold, thereby reducing the deferred tax liabilities recognized for the development properties and disposal of CPPL. 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.

**Current Liabilities**

Financial liabilities decreased mainly due to net repayment of bank loan in the Golden City project, partially offset by increase in shareholders’ loans in the Golden City project. Trade and other payables, deposits from customers for sale of development properties and current tax payable decreased mainly due to the disposal of CPPL.

**Equity**

The decrease in the equity component of the convertible loan reserve was mainly due to the setting off from the consideration of RMB 81 million (approximately S\$16.9 million) from the disposal of CPPL the equivalent sum under the outstanding Convertible Loan (“CL”) which has been classified under equity. As the lender of the CL does not have the right to demand repayment in cash, and the Company, in its absolute and sole discretion, can convert the total outstanding amount (Principal+Interest) at the maturity date into new shares of the Company, into a fixed number of shares at a pre-determined exchange rate and accordingly, the entire CL is considered to be equity.

**Cash Flow**

Net cash used in operating activities was approximately S\$6.5 million for 2Q2018 mainly due to operating loss in 2Q2018 and changes in working capital.

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<sup>1</sup>With reference to paragraphs 113 (a) and (b) under SFRS (I) 15 – Revenue from Contracts with Customers.

Net cash generated from investing activities was S\$55,000 for 2Q2018 arising from bank interest received.

Net cash generated from financing activities was S\$4.2 million for 2Q2018 mainly due to the proceeds from 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 1Q2018 Results Announcement dated 11 May 2018.

**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 2018, approximately US\$196.8 million (approximately S\$268.0 million) of gross development value comprising 550 units (747,200 square feet) of the Golden City project have been sold. Correspondingly, a total of 275 units have been recognised as revenue as at 30 June 2018. Revenue for the remaining 275 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. Golden City project comprises of 4 phases. While Phase 1's construction has already been completed, Phase 2 is expected to be completed in 2H2018, following which work for Phase 3 and 4 is expected to start in FY2018 and FY2019 respectively.

According to Collier's estimates, Yangon office rents have witnessed a dramatic decline of about 25.0%-30.0% over the past two years and can be blamed on a number of factors including the military's crackdown on Rohingya Muslims as well as supply and demand. With much of the property price boom of 2011-2014 resulting from the drastic influx of foreign direct investments (FDI) during the period, a slowing number of FDI approvals in Myanmar in recent times has resulted in a supply glut and declining property market prices. Industry observers have noted however that after slipping from its peak in 2013, the Myanmar property market could now be at a turning point as recent market conditions are looking better than before.

*("Myanmar property falls back to earth", Asia Times, 18 May 2018)*

*("Property cycle at trough, turning point in sight, agents say", Myanmar Times, 23 July 2018)*

The Yangon Regional Government has announced several real estate policy changes, including the setting of a benchmark price for properties, set to take effect in the 2018-19 fiscal year. While the Condominium Law is expected to herald more positive sentiment from foreign property seekers in Myanmar, a more transparent property market as a result of this policy change is expected to boost consumer confidence, lead to better practices and ultimately attract foreign businesses and investors to Yangon. Leading market observers and other industry stakeholders have however

expressed mixed reactions to this new measure, commenting that real estate markets should be allowed to operate freely in order to be sustainable.

*("Policy changes could trigger a new era for Myanmar real estate", PropertyGuru, 18 June 2018)*

A steady rise in demand from education providers has provided a much needed boost to the local property market in Myanmar. As foreigners became permitted to wholly invest in the provision of educational services in the country earlier this year, demand for high-standard condominium and office units subsequently surged. Mainly resulting from the ease of leasing or buying condominium units or renting new office spaces to open schools, favourable effects resulting from these developments have also been experienced by real estate developers, many of which found it difficult previously to offload the existing supply of high-class condominiums and office units. Situated in the vicinity of international schools, hospitals and various lifestyle amenities, the rising number of international tenants and families moving into the country is likely to bolster demand for the Group's Golden City project.

*("Demand from education providers jolts real estate market", Myanmar Times, 18 July 2018)*

**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) Books closure date**

Not applicable.

**12. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual**

Ang Mong Seng and Tan Thiam Hee, 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 2<sup>nd</sup> quarter ended 30 June 2018 to be false or misleading in any material aspect.

- 13. 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.

- 14. 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 quarter ended 30 June 2018.

- 15. 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**

**8 Aug 2018**

*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.*

*The details of the contact person for the Sponsor is:*

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