

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD
ENDED 30 JUNE 2019

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 nd Qtr Ended 30/6/2019	2 nd Qtr Ended 30/6/2018 (Restated) [#]	Increase/ (Decrease) %	YTD 2 nd Qtr Ended 30/6/2019	YTD 2 nd Qtr Ended 30/6/2018 (Restated) [#]	Increase/ (Decrease) %
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Revenue	7,321	6,386	14.6%	23,724	20,350	16.6%
Cost of sales	(4,549)	(4,606)	(1.2%)	(16,899)	(15,411)	9.7%
Gross profit	2,772	1,780	55.7%	6,825	4,939	38.2%
Other income	10,099	1,107	n.m.*	13,222	1,346	n.m.*
Distribution costs	(329)	(522)	(37.0%)	(801)	(1,531)	(47.7%)
Administrative expenses	(1,209)	(2,564)	(52.8%)	(3,261)	(3,529)	(7.6%)
Other operating expenses	(131)	(167)	(21.6%)	(440)	(362)	21.5%
Finance costs	(2,448)	(969)	n.m.*	(5,124)	(2,407)	n.m.*
Profit/(loss) before taxation	8,754	(1,335)	n.m.	10,421	(1,544)	n.m.
Taxation	(1,971)	(53)	n.m.*	(2,175)	941	n.m.
Profit/(loss) for the period	6,783	(1,388)	n.m.	8,246	(603)	n.m.
Profit/(loss) attributable to:						
Owners of the Company	3,100	(693)	n.m.	3,587	(828)	n.m.
Non-controlling interests	3,683	(695)	n.m.	4,659	225	n.m.*
	6,783	(1,388)	n.m.	8,246	(603)	n.m.

n.m.: not meaningful

*: in excess of 100%

[#]: Comparative results have been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customers and prior year adjustments

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

	Group					
	2nd Qtr Ended 30/6/2019	2nd Qtr Ended 30/6/2018 (Restated)[#]	Increase/ (Decrease)	YTD 2nd Qtr Ended 30/6/2019	YTD 2nd Qtr Ended 30/6/2018 (Restated)[#]	Increase/ (Decrease)
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Depreciation expense	(158)	(40)	n.m.*	(544)	(132)	n.m.*
Exchange (loss)/gain, net	-	(1,075)	100.0%	(43)	9	n.m.
Fair value gain on investment properties	8,637	822	n.m.*	11,150	822	n.m.*
Interest income	1	55	(98.2%)	4	64	(93.8%)
Financing income arising from payments from customers	733	230	n.m.*	1,260	460	n.m.*
Financing expense arising from payments from customers	(160)	-	n.m.	(653)	-	n.m.
Interest expense on accrued land lease premium	(961)	(914)	5.1%	(1,912)	(1,840)	3.9%
Interest expense on borrowings	(1,151)	(55)	n.m.*	(2,244)	(567)	n.m.*
Rental income	1,641	654	n.m.*	2,242	1,645	36.3%

n.m.: not meaningful

*: in excess of 100%

[#]: Comparative results have been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customers and prior year adjustments

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

	Group					
	2 nd Qtr Ended 30/6/2019	2 nd Qtr Ended 30/6/2018 (Restated) [#]	Increase/ (Decrease) %	YTD 2 nd Qtr Ended 30/6/2019	YTD 2 nd Qtr Ended 30/6/2018 (Restated) [#]	Increase/ (Decrease) %
	\$'000	\$'000	%	S\$ '000	S\$ '000	%
Profit/(loss) for the period	6,783	(1,388)	n.m.	8,246	(603)	n.m.
Other comprehensive income						
Currency translation differences arising from consolidation of foreign operations	(2,258)	4,083	n.m.	(1,813)	2,194	n.m.
Reclassification of foreign currency translation differences on disposal of subsidiary	-	-	-	-	271	(100.0%)
Total comprehensive profit for the period	4,525	2,695	68.0%	6,433	1,862	n.m.*
Total comprehensive income attributable to:						
Owners of the Company	844	3,129	(73.0%)	1,759	2,216	(20.6%)
Non-controlling interests	3,681	(434)	n.m.	4,674	(354)	n.m.
	4,525	2,695	68.0%	6,433	1,862	n.m.*

n.m.: not meaningful

*: in excess of 100%

#: Comparative results have been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customer year adjustments

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-19 S\$'000	31-Dec-18 S\$'000	30-Jun-19 S\$'000	31-Dec-18 S\$'000
ASSETS				
Non-Current				
Property, plant and equipment	4,124	4,942	98	144
Right-of-use assets	218	-	218	-
Subsidiaries	-	-	35,393	35,393
Investment properties	116,989	65,228	-	-
Trade receivables	4,584	9,390	-	-
	125,915	79,560	35,709	35,537
Current				
Development properties	162,917	219,616	-	-
Prepayments	1,536	1,415	53	23
Trade and other receivables	15,075	14,450	35,661	35,629
Cash and cash equivalents	1,542	3,026	75	850
	181,070	238,507	35,789	36,502
Total assets	306,985	318,067	71,498	72,039
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	43,354	43,126	43,354	43,126
Capital reduction reserve	15,998	15,998	15,998	15,998
Equity component of convertible loan reserve	13,233	13,150	13,233	13,150
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	(3,142)	(1,314)	-	-
Accumulated profit/(losses)	18,589	15,001	(14,088)	(13,274)
Equity attributable to equity holders of the Company	113,756	111,685	70,214	70,717
Non-controlling interests	9,411	4,737	-	-
Total equity	123,167	116,422	70,214	70,717

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-19 S\$'000	31-Dec-18 S\$'000	30-Jun-19 S\$'000	31-Dec-18 S\$'000
LIABILITIES				
Non-Current				
Lease liabilities	98	-	98	-
Provisions for site restoration	23	23	23	23
Deferred tax liabilities	28,235	26,283	-	-
Advance consideration received from customers	5,025	3,549	-	-
Borrowings	37,559	35,005	-	-
Accrued land lease premium	24,716	24,920	-	-
	95,656	89,780	121	23
Current				
Lease liabilities	102	-	102	-
Borrowings	8,780	13,188	11	80
Accrued land lease premium	5,715	3,842	-	-
Trade and other payables	55,255	68,395	1,050	1,219
Advance consideration received from customers	18,310	26,440	-	-
	88,162	111,865	1,163	1,299
Total liabilities	183,818	201,645	1,284	1,322
Total equity and liabilities	306,985	318,067	71,498	72,039

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

	Group		Group	
	30-Jun-19		31-Dec-18	
	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	2,028	-	5,794	-
Loan from third party	4,056	-	4,090	-
Loans from related parties	-	2,696	-	3,304
	<u>6,084</u>	<u>2,696</u>	<u>9,884</u>	<u>3,304</u>
Amount repayable after one year				
Financial liabilities:				
Bank loans	21,629	-	19,004	-
Loan from third party	15,930	-	16,001	-
	<u>37,559</u>	<u>-</u>	<u>35,005</u>	<u>-</u>

Details of any collateral

The bank loans are secured by bank guarantees with pledge over certain units of residential apartments. 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			
	2 nd Qtr Ended 30-Jun-19	2 nd Qtr Ended 30-Jun-18 [#]	YTD 2 nd Qtr Ended 30-Jun-19	YTD 2 nd Qtr Ended 30-Jun-18 [#]
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Cash Flows from Operating Activities				
Profit/(loss) before taxation	8,754	(1,335)	10,421	(1,544)
Adjustments for:				
Depreciation of property, plant and equipment	158	40	544	132
Share-based compensation	-	44	-	98
Fair value gain on investment properties	(8,637)	(822)	(11,150)	(822)
Interest income	(1)	(55)	(4)	(64)
Financing income on payments from customers	(733)	(230)	(1,260)	(460)
Finance costs	2,448	969	5,124	2,407
Operating profit/(loss) before working capital changes	1,989	(1,389)	3,675	(253)
Trade and other receivables	4,561	(1,439)	5,474	1,476
Trade and other payables	(7,491)	(6,775)	(23,903)	(7,015)
Development properties	6,771	3,115	20,847	6,635
Cash generated from/(used in) operations	5,830	(6,488)	6,093	843
Income tax paid	-	-	-	-
Net cash generated from/(used in) operating activities	5,830	(6,488)	6,093	843
Cash Flows from Investing Activities				
Interest received	1	55	4	64
Purchase of investment property	(1,133)	-	(2,101)	-
Purchase of property, plant and equipment	-	-	-	-
Disposal of subsidiary, net of cash disposed of (Note A)	-	-	-	(10,709)
Net cash (used in)/generated from investing activities	(1,132)	55	(2,097)	(10,645)
Cash Flows from Financing Activities				
Interest paid	(189)	-	(1,703)	-
Lease payments	(26)	-	(52)	-
Proceeds from shareholders' loans	-	-	-	5,374
Proceeds from bank loan	-	4,240	-	4,240
Repayment of bank loan	(3,718)	-	(3,718)	(19,138)
Net cash (used in)/generated from financing activities	(3,933)	4,240	(5,473)	(9,524)

Group

	2 nd Qtr Ended 30-Jun-19	2 nd Qtr Ended 30-Jun-18 [#]	YTD 2 nd Qtr Ended 30-Jun-19	YTD 2 nd Qtr Ended 30-Jun-18 [#]
Net increase/(decrease) in cash and cash equivalents	765	(2,193)	(1,477)	(19,326)
Cash and cash equivalents at beginning of period	890	4,054	3,026	21,072
Effect of exchange rate fluctuations on cash and cash equivalents	(113)	(110)	(7)	5
Cash and cash equivalents at end of period	1,542	1,751	1,542	1,751

[#]: Comparative results have been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customers and prior year adjustments

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

	Group YTD 2 nd Qtr Ended 30-Jun-18
	S\$ '000
Plant and equipment	913
Investment properties	51,051
Development properties	1,721
Trade and other receivables	5,275
Cash and bank balances	10,709
Trade and other payables	(10,590)
Current tax payable	(4,152)
Advances from customers	(21,489)
Deferred tax liabilities	(6,330)
Net assets disposed	27,108
Foreign currency translation reserve gain realised	271
Non-controlling interests	(10,888)
Gain on disposal of subsidiaries, recorded in capital reserve	446
Total consideration	16,937
Amount set off against convertible loan	(16,937)
Cash and bank balances in subsidiaries disposed of	(10,709)
Net cash outflow arising from disposal	(10,709)

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 2019 and 30 June 2018 - 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 at 1 January 2019	43,126	15,998	24,695	730	299	13,150	(1,314)	15,001	111,685	4,737	116,422
Adoption of SFRS(I) 16	-	-	-	-	-	-	-	1	1	-	1
Balance as at 1 January 2019 as restated	43,126	15,998	24,695	730	299	13,150	(1,314)	15,002	111,686	4,737	116,423
Total comprehensive income for the period	-	-	-	-	-	-	428	487	915	993	1,908
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issue of ordinary shares arising from performance share plan	228	-	-	-	-	-	-	-	228	-	228
Interest incurred on convertible loan	-	-	-	-	-	41	-	-	41	-	41
Balance at 31 March 2019	43,354	15,998	24,695	730	299	13,191	(886)	15,489	112,870	5,730	118,600
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(2,256)	3,100	844	3,681	4,525
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Interest incurred on convertible loan	-	-	-	-	-	42	-	-	42	-	42
Balance at 30 June 2019	43,354	15,998	24,695	730	299	13,233	(3,142)	18,589	113,756	9,411	123,167

- 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 2019 and 30 June 2018 – Group (Continued)

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 2018	43,126	15,998	24,249	632	299	29,886	(3,952)	11,572	121,810	8,723	130,533
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(777)	(136)	(913)	80	(833)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Disposal of subsidiary	-	-	446	-	-	(16,937)	271	-	(16,220)	(10,888)	(27,108)
Interest incurred on convertible loan	-	-	-	-	-	68	-	-	68	-	68
Share-based compensation	-	-	-	54	-	-	-	-	54	-	54
Balance at 31 March 2018	43,126	15,998	24,695	686	299	13,017	(4,458)	11,436	104,799	(2,085)	102,714
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	3,821	(692)	3,129	(434)	2,695
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Interest incurred on convertible loan	-	-	-	-	-	49	-	-	49	-	49
Share-based compensation	-	-	-	44	-	-	-	-	44	-	44
Balance at 30 June 2018	43,126	15,998	24,695	730	299	13,066	(637)	10,744	108,021	(2,519)	105,502

- 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 2019 and 30 June 2018 - 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 2019	43,126	15,998	10,987	13,150	730	(13,274)	70,717
Adoption of SFRS(I) 16	-	-	-	-	-	1	1
Balance as at 1 January 2019 as restated	43,126	15,998	10,987	13,150	730	(13,273)	70,718
Issue of ordinary shares arising from performance share plan	228	-	-	-	-	-	228
Interest incurred on convertible loan	-	-	-	41	-	-	41
Total comprehensive loss for the period	-	-	-	-	-	(372)	(372)
Balance at 31 March 2019	43,354	15,998	10,987	13,191	730	(13,645)	70,615
Interest incurred on convertible loan	-	-	-	42	-	-	42
Total comprehensive loss for the period	-	-	-	-	-	(443)	(443)
Balance at 30 June 2019	43,354	15,998	10,987	13,233	730	(14,088)	70,214

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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 2019 and 30 June 2018 – Company (Continued)

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 2018	43,126	15,998	4,057	29,886	632	(10,887)	82,812
Share-based compensation	-	-	-	-	54	-	54
Disposal of subsidiary	-	-	6,930	(16,937)	-	-	(10,007)
Interest incurred on convertible loan	-	-	-	68	-	-	68
Total comprehensive loss for the period	-	-	-	-	-	(840)	(840)
Balance at 31 March 2018	43,126	15,998	10,987	13,017	686	(11,727)	72,087
Interest incurred on convertible loan	-	-	-	49	-	-	49
Share-based compensation	-	-	-	-	44	-	44
Total comprehensive loss for the period	-	-	-	-	-	(691)	(691)
Balance at 30 June 2018	43,126	15,998	10,987	13,066	730	(12,418)	71,489

- 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.**

Share Capital	Number of shares
Ordinary shares issued and fully paid	
Balance as at 30 June 2019	970,931,934

There were no changes to share capital of the Company during the quarter ended 30 June 2019.

As at 30 June 2019, convertibles (including options to subscribe for ordinary shares in our Company) are as follows:

	As at 30 June 2019	As at 30 June 2018
	No. of shares	No. of shares
Convertible loan dated 25 January 2018 (maturity date: 25 April 2020)	193,621,726	191,770,399
Share options granted on 17 May 2016 (expire on 17 May 2026)	15,000,000	15,000,000
	208,621,726	206,770,399

Pursuant to a second addendum deed entered on 1 March 2019 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 by an additional 12 months, from 25 April 2019 to 25 April 2020 and (ii) to extend the expiry date of the conversion right due to the change of maturity date, which has been approved by the shareholders on 23 April 2019.

The Company did not hold any treasury shares as at 30 June 2019 and 30 June 2018.

There were no subsidiary holdings as at 30 June 2019 and 30 June 2018.

- 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 2019 is 970,931,934 (31 December 2018: 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, 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 2018.

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 2019. 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:

- SFRS(I) 16 *Leases*;
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*;
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*;
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*;
- Amendments to SFRS(I) 3 and 11 *Previously held interest in a joint operation*;
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*; and
- Amendments to SFRS(I) 1-23 *Borrowing costs eligible for capitalisation*.

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

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

Group and Company balance sheet	1 January 2019
	S\$'000
Increase in right-of-use assets	269
Decrease in property, plant and equipment	(20)
Increase in lease liabilities	(248)
Increase in accumulated profits/(losses)	1

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			
	2nd Qtr Ended 30/6/2019	2nd Qtr Ended 30/6/2018 (Restated)	YTD 2nd Qtr Ended 30/6/2019	YTD 2nd Qtr Ended 30/6/2018 (Restated)
<i>Profit/(loss) per ordinary share (Comparatives are restated to show the effects of the share consolidation):</i>				
(i) Based on weighted average no. of ordinary shares in issue (cents)	0.32	(0.07)	0.37	(0.09)
(ii) On a fully diluted basis (cents)	0.27	(0.07)	0.31	(0.09)

	Group			
	2 nd Qtr Ended 30/6/2019	2 nd Qtr Ended 30/6/2018 (Restated)	YTD 2 nd Qtr Ended 30/6/2019	YTD 2 nd Qtr Ended 30/6/2018 (Restated)
Number of shares in issue (Comparatives are restated to show the effects of the share consolidation):				
(i) Based on weighted average no. of ordinary shares in issue (in million)	971	962	968	962
(ii) On a fully diluted basis (in million)	1,165	1,154	1,162	1,154

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 2019 and 30 June 2018, the 15 million share options outstanding do not have a dilutive effect because the average market price of the Company's ordinary shares for the respective financial periods ended 30 June 2019 and 30 June 2018 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-19	31-Dec-18	30-Jun-19	31-Dec-18
Net Asset Value (S\$'000)	123,167	116,422	70,214	70,717
Based on existing issued share capital (cents per share)	12.69	12.10	7.23	7.35
Net Asset Value has been computed based on the share capital of (in millions of shares)	971	962	971	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 (2Q2019 vs 2Q2018)

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		Increase/(Decrease)
	2Q2019	2Q2018 (Restated)	
	S\$ '000	S\$ '000	%
Sale of Properties			
- Golden City	5,680	5,732	(0.9%)
Total Sales of Properties	5,680	5,732	(0.9%)
Rental Income			
- Golden City	1,641	633	n.m.*
- ETC	-	21	(100.0%)
Total Rental Income	1,641	654	n.m.*
Total Revenue	7,321	6,386	14.6%

n.m.: not meaningful

*: in excess of 100%

Revenue for 2Q2019 was mainly contributed by the sale of property units in the Golden City project of S\$5.7 million (78% of total revenue) and the rental of Golden City residential and commercial units of S\$1.6 million. Revenue for 2Q2018 was mainly contributed by the sale of property units in the Golden City project of S\$5.7 million (90% of total revenue) and the rental of Golden City residential and commercial units of S\$0.6 million.

The Group booked revenue, and therefore profits, 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 recognised or booked 17 units as revenue arising from the sales of properties in 2Q2019.

Gross Profit

	Group		Increase/(Decrease)
	2Q2019	2Q2018 (Restated)	
	S\$ '000	S\$ '000	%
Sale of Properties			
- Golden City	1,214	1,156	5.0%
Total Sale of Properties	1,214	1,156	5.0%
Rental Income			
- Golden City	1,558	603	n.m.*
- ETC	-	21	(100.0%)
Total Rental Income	1,558	624	n.m.*

Total Gross Profit	2,772	1,780	55.7%
n.m.: not meaningful			
*: in excess of 100%			

Gross profit of approximately S\$2.8 million was recorded for 2Q2019, after deducting direct costs (consisting mainly of cost of the property units sold) of approximately S\$4.5 million. The gross profit margins for sale of properties for Golden City was approximately 21.4%.

Other Income

	Group		
	2Q2019	2Q2018 (Restated)	Increase/(Decrease)
	S\$ '000	S\$ '000	%
Fair value gain	8,637	822	n.m.*
Imputed interest income	733	230	n.m.*
Interest income	1	55	(98.2%)
Others	728	-	n.m.
Other Income	10,099	1,107	n.m.*
n.m.: not meaningful			
*: in excess of 100%			

Other income increased from S\$1.1 million in 2Q2018 to S\$10.1 million in 2Q2019 mainly due to the fair value gain of S\$8.6 million for the transfer of 150 units of residential and commercial units from development properties to investment properties following the commencement of operating lease to 3rd party, supplemented by higher imputed finance income arising from customer financing as some residential units from the Golden City project were sold on an instalment plan to customers. Others included penalties received from customers who were past due on instalments.

Distribution Costs

Distribution costs, which arose from the sale of property units in the Golden City project, decreased from S\$0.5 million in 2Q2018 to S\$0.3 million in 2Q2019 mainly due to lower advertising and sales commission expenses in the Golden City project. These expenses comprised primarily of salaries and related costs for the sales and marketing staff, travelling and transportation costs, commissions and marketing expenses.

Administration Expenses

Administration expenses decreased from S\$2.6 million in 2Q2018 to S\$1.2 million in 2Q2019, mainly due to lower unrealised exchange losses arising from the Golden City project and lower salaries and management performance incentives in the Golden City project.

Finance Costs

The finance costs of S\$2.4 million in 2Q2019 mainly comprised 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		Increase/(Decrease)
	2Q2019	2Q2018	
	S\$ '000	S\$ '000	%
Income tax	-	10	(100.0%)
Deferred tax	(1,971)	(63)	n.m.*
Taxation	(1,971)	(53)	n.m.*

n.m.: not meaningful

*: in excess of 100%

Taxation increased from S\$53,000 in 2Q2018 to S\$2.0 million in 2Q2019 mainly due to the recognition of deferred tax liabilities from the fair value gain of investment properties in the Golden City project partially offset by the unwinding of deferred tax liabilities (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) from the sale of development properties in the Golden City project.

Review of Financial Position (30 June 2019 vs 31 December 2018)

Non-current Assets

Investment properties, which are accounted for at fair value, increased mainly due to the transfer of 159 units of residential and commercial units from development properties to investment properties following the commencement of operating lease to 3rd party. Property, plant and equipment decreased mainly due to depreciation and transfer to investment properties following the commencement of operating lease to 3rd party. 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 2019, 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 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 increased as property units sold were progressively recognised as income upon handover. Included in the trade receivables were S\$4.0 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.

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 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. Advance consideration received from customers increased arising from cash collections from property units sold in the Golden City project.

Current Liabilities

Accrued land lease premium increased 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. Borrowings decreased due to partial repayment of bank loan.

Cash Flow

Net cash generated from operating activities was approximately S\$5.8 million for 2Q2019 mainly from the operating profit and changes in working capital.

Net cash used in investing activities was approximately S\$1.1 million for 2Q2019 mainly due to the purchase of furniture and fittings for decoration of residential units that are classified as investment properties.

Net cash used in financing activities was S\$3.9 million for 2Q2019 mainly due to the partial repayment of 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 1Q2019 Results Announcement dated 10 May 2019.

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 2019, approximately US\$213.7 million (approximately S\$288.9 million) of gross development value comprising 600 units (806,600 square feet) of the Golden City project have been sold. Correspondingly, a total of 488 units have been recognised as revenue as at 30 June 2019. 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's and Phase 2's construction has been completed and work for Phase 3 and 4 is slated to commence in FY2020 and FY2021 respectively.

Myanmar's property market has been lacklustre since 2015 and this situation is expected to continue until next year, said U Myo Myint, general secretary of the Myanmar Construction Entrepreneur Association during an industry discussion in Yangon last week. "This is the current situation. However, what is good is that there will be no worsening in the conditions or a downturn. We cannot say precisely whether the market will climb in 2020 as a lot depends on the policies of the government," he said. On the other hand, the market did receive a small boost over the last year due to the introduction of long-term home loans by private and government banks. While still out of reach for many, the loans are a great help to the middle class although not in sufficient

numbers to move the market. If the government provides support in terms of policy, the construction sector and the country's economy will develop and the property market will follow, he said.

("Property market in Myanmar expected to stay flat till 2020", Myanmar Times, 06 May 2019)

The market for rental property, which is the lifeblood of the real estate sector in Yangon, rebounded during first quarter of this year, with more units getting rented out rather than sold. However, the overall environment of the property market remains muted, industry analysts and leaders said. The Myanmar Real Estate Services Association is trying to propose a law for the sector in 2019, she said, adding that more people are buying homes with loans rather than paying the full price as in the past.

("Rental transactions rise in Yangon, even as larger market stays muted", Myanmar Times, 08 May 2019)

Generally, the demand for traditional office spaces will remain pronounced. In fact, despite the modest decline observed as of Q2 2019, the citywide occupancy remained above the 70% mark. Trailing the same path, the citywide average rental rate further corrected downwards at USD39.5 per sq meter per month. Going forward, Colliers expects both occupancy and absorption levels to further improve once the government allows more foreign businesses to operate in the country. Given the recent developments regarding the easing of sanctions for foreign banks and foreign insurance providers, demand for quality office spaces is predicted to rise.

("Yangon Office Market Report Q2 2019", Colliers Myanmar, 29 July 2019)

Owing to construction delays witnessed in majority of projects across the city, no new serviced apartments were introduced as of Q1 2019. In turn, the average occupancy almost reached 80%. Meanwhile, rental rates across all unit categories have remained generally stable QoQ. We expect demand to remain robust all throughout 2019. However, preference for mid-tier but modern projects will become more pronounced at least in the immediate future.

("Yangon Serviced Apartment Market Report Q1 2019", Colliers Myanmar, 13 May 2019)

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. 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) of the Listing Manual**

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 2nd quarter ended 30 June 2019 to be false or misleading in any material aspect.

- 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 quarter ended 30 June 2019.

- 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
14 Aug 2019

*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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