

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198003839Z)

RESUMPTION OF TRADING OF SHARES

The Board of Directors (the “**Board**”) of Emerging Towns & Cities Singapore Ltd. (the “**Company**”) refers to the following announcements:

- (a) the Company's announcement released on 20 November 2017 in relation to the request for suspension;
- (b) the Company's announcement released on 18 January 2018 in relation to the settlement deed (the “**Settlement Deed**”) entered into on 18 January 2018 by the Company, Cedar Properties Pte. Ltd. (“**CPPL**”) and Mr Luo Shandong (“**Mr Luo**”); and
- (c) the Company's announcement released on 18 January 2018 in relation to the addendum deed (the “**Addendum Deed**”) entered into on 18 January 2018 by the Company and Mr Luo to the convertible loan agreement entered into 25 January 2017 by the Company and Mr Luo on (the “**CLA**”),

(the “**Announcements**”).

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as in the Announcements.

1. RECEIPT OF APPROVAL FROM SGX REGCO IN RELATION TO APPLICATION TO RESUME TRADING IN THE COMPANY'S SHARES

- 1.1 The Board wishes to announce that Singapore Exchange Regulation Pte Ltd (“**SGX Regco**”) had on 21 June 2018 issued a letter (the “**Response Letter**”) in relation to the Company's application, through its Sponsor, for the resumption of trading in the Company's shares (“**Shares**”) (the “**Resumption Application**”).
- 1.2 In the Response Letter, SGX Regco noted that it has no further comments on the Resumption Application, taking into account that the Company has:
 - (a) entered into a Settlement Deed with Mr Luo on 18 January 2018 as a full and final settlement of any and all, *inter alia*, disputes, claims and/or counterclaims between the Company and Mr Luo arising out of, under and/or in connection with the Unauthorised Withdrawals, the Singapore Lawsuit, the PRC Proceedings, the First Requisition Notice and the Section 216A Notice;
 - (b) entered into the Addendum Deed to the CLA of 25 January 2017 on 18 January 2018 which, *inter alia*, requires Mr Luo to obtain prior approval from the Company to exercise the Conversion Right and/or to novate, assign, transfer, delegate or otherwise dispose of all or part of his rights, title, interest, benefits, obligations and liabilities under the CLA; and
 - (c) completed an internal audit on the Company's current only remaining operating subsidiary, Golden Land Real Estate Development Co., Ltd on 25 August 2017 and no material internal control weaknesses had been raised.
- 1.3 SGX Regco's approval is subject to the Company disclosing the following via an SGXNet announcement to be released simultaneously with the request for lift of trading suspension, as well as submission of undertakings as set out in paragraph 1.4 of this announcement:

- (a) confirmation from the Board and the Sponsor that the Group has in place adequate and effective internal controls addressing financial, operational and compliance risks;
- (b) confirmation from the Board and the Sponsor, that the Company and the Group have sufficient working capital for the next 12 months from the date of trading resumption;
- (c) confirmation from the Board and the Sponsor that the Company and the Group will be able to continue to operate as a going concern; and
- (d) confirmation by the Board that sufficient information has been disseminated to the market to ensure fair and orderly trading in the Company's Shares upon lifting of the trading suspension.

Please refer to paragraph 2 of this announcement for details of the confirmations from the Board and the Sponsor.

1.4 The Board is required to submit the following to the Sponsor:

- (a) an undertaking to procure third parties who are independent of Mr Luo and his concert parties to take over Mr Luo's shares as and when he exercises his right under the CLA and the Addendum Deed; and
- (b) an undertaking that in the event the Company is not able to procure any such third parties as and when Mr Luo exercises his right under the CLA and the Addendum Deed, the Company is to redeem a portion of the CLA in cash such that at any point in time, Mr Luo will not hold more than 10% of the enlarged share capital of the Company or will not become the single largest shareholder of the Company.

Please refer to paragraph 3 of this announcement for details of the undertakings submitted to the Sponsor.

1.5 Shareholders are to note that the Singapore Exchange Securities Trading Limited (the "**Exchange**") reserves the right to amend and/or vary the above decision and such decision is subject to changes in the Exchange's policies.

2. **CONFIRMATIONS FROM THE BOARD AND SPONSOR**

The Board wishes to announce, confirm and disclose the following:

(a) **Adequacy and effectiveness of the internal controls addressing financial, operational and compliance risks**

The Company's internal auditors, Baker Tilly Consultancy (Singapore) Pte Ltd ("**Baker Tilly**"), concluded in their internal audit report dated 25 August 2017 (the "**IA Report**") that the overall results of the internal audit review were satisfactory in that controls are adequately designed and operating effectively.

The Board is pleased to note that Baker Tilly has not reported any major issues that require urgent remediation by the Management. The issues that were reported relate to general deficiencies either in the design of internal controls or instances of non-compliances with respect to established organization procedures. However, the control deficiencies noted do not pose a high risk to the Company in general.

Other issues contained in the IA Report pertain to minor internal controls deficiencies or are performance enhancement suggestions that Baker Tilly has come up with to assist the Management in improving internal controls procedures. The Board is also pleased to note that Baker Tilly stated in the IA Report that Management was generally in agreement with the issues highlighted and has undertaken proactive actions to remediate the issues highlighted by Baker Tilly.

Taking into account the Company's corporate structure and scope of operations and based on the internal controls established and maintained by the Group, work performed by the external and internal auditors (including the IA Report), reviews performed by the Management, the Audit Committee (the "AC") and the Board, the Board is of the opinion that the Group has in place adequate and effective internal controls addressing financial, operational and compliance risks, and during the period from 26 August 2017 to the date hereof, there have not been any material adverse issues pertaining to the Group's internal controls.

Having reviewed the IA Report and based on the Board's abovementioned opinion, and after careful and reasonable enquiries made, the Sponsor concurs with the Board's opinion on the adequacy and effectiveness of the Group's internal controls addressing financial, operational and compliance risks.

(b) Sufficiency of the Company and the Group's working capital for the next 12 months from the date of trading resumption

The Board is of the opinion that, after taking into consideration the Group's internal resources, operating cash flows and banking facilities (including existing banking facilities and banking facilities which are in the process of being finalised), the Company and the Group have sufficient working capital for the next 12 months from the date of trading resumption.

Please refer to paragraph 2(c) of this announcement for details of the confirmation by the Sponsor on the sufficiency of the Company and the Group's working capital.

(c) Company and the Group to continue to operate as a going concern

Barring any unforeseen circumstances and based on the Group's cash balances and steady operating cash flow as at 31 December 2017 and the forecasted cash flow and positive cash balances as described in a Board Memorandum (prepared by the Management and reviewed and approved by the Board), the Board confirms that the Company and the Group have the ability to continue to operate as a going concern.

Having reviewed the Board Memorandum (including its key assumptions) and based on the Board's confirmation (in respect of, *inter alia*, the sufficiency of the Company and the Group's working capital for the next 12 months from the date of trading resumption, and the ability of the Company and the Group to operate as a going concern), and after careful and reasonable enquiries made, the Sponsor concurs with the Board's opinion on the sufficiency of the Company and the Group's working capital and ability of the Company and the Group to operate as a going concern stated above.

(d) Dissemination of sufficient information to the market to ensure fair and orderly trading in the Company's Shares upon lifting of the trading suspension

The Board confirms that it is not aware of any material information (including but not limited to financial and operational information) with respect to the Group that has not been disclosed or announced. In addition, the Company wishes to assure its shareholders that as and when there are material developments, it has and will continue to make appropriate announcements on the SGXNet in a timely manner to update all shareholders. Accordingly, the Board confirms that sufficient information has been disseminated to the market to ensure fair and orderly trading in the Company's Shares upon lifting of the trading suspension.

3. UNDERTAKINGS TO THE SPONSOR

In addition to the confirmations from the Board and Sponsor set out in paragraph 2 of this announcement, the Company has on 28 June 2018 submitted the following undertakings to the Sponsor:

- (a) an undertaking to procure third parties who are independent of Mr Luo and his concert parties to take over Mr Luo's shares as and when he exercises his right under the CLA and the Addendum Deed; and
- (b) an undertaking that in the event the Company is not able to procure any such third parties as and when Mr Luo exercises his right under the CLA and the Addendum Deed, the Company is to redeem a portion of the CLA in cash such that at any point in time, Mr Luo will not hold more than 10% of the enlarged share capital of the Company or will not become the single largest shareholder of the Company as a direct consequence of Luo's exercise of his right under the CLA and the Addendum Deed.

4. REQUEST FOR RESUMPTION OF TRADING FROM SUSPENSION

The Company will be requesting for the resumption of trading of its Shares from suspension on the SGX-Catalist with effect from 9.00 am (Singapore time) on 29 June 2018.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Resumption Application, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

Tan Thiam Hee
Executive Director and Group Chief Executive Officer

28 June 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:

*Name: Mr. Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.)
Address: 9 Raffles Place #29-01, Republic Plaza Tower 1 Singapore 048619
Tel: 6381 6757*