

EMERGING TOWNS & CITIES SINGAPORE LTD.

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

FURTHER CLARIFICATION RELATING TO LEGAL ACTION IN RESPECT OF UNAUTHORISED WITHDRAWALS FROM HUIZHOU DAYA BAY MEI TAI CHENG PROPERTY DEVELOPMENT CO., LIMITED

1. The Board of Directors (the “**Board**”) of Emerging Towns & Cities Singapore Ltd. (the “**Company**”) refers to the announcement (the “**14 November Announcement**”) dated 14 November 2017 relating to the legal action in respect of unauthorised withdrawals of funds from Huizhou Daya Bay as well as the article titled “Property developer ETC uncovers unauthorised withdrawals in China” which appeared in the 16 November 2017 edition of The Business Times. All capitalised terms used but not defined herein shall have the meaning ascribed to such term in the 14 November Announcement.
2. The Board wishes to clarify its view that the Unauthorised Withdrawals are not expected to be material due to the following reasons:
 - a. the total amount of the Unauthorised Withdrawals that has not been repaid as at 25 October 2017 is RMB106 million whilst Huizhou Daya Bay currently owes a total of RMB112 million to companies controlled by Mr Luo Shandong. If the amounts owing to Mr Luo’s controlled companies are offset against the Unauthorised Withdrawals, there will still be a net amount owing from Huizhou Daya Bay to Mr Luo controlled companies of RMB6 million (approximately S\$1.2 million based on current exchange rates);
 - b. in addition to the net amount owing from Huizhou Daya Bay to Mr Luo’s controlled companies, the Company also owes Mr Luo approximately US\$23.9 million (approximately RMB159 million or approximately S\$32.3 million based on current exchange rates) pursuant to a convertible loan agreement dated 25 January 2017. Please refer to the SGXNET announcement released on 26 January 2017 for further details of the said convertible loan agreement;
 - c. accordingly, based on the above, there is in fact a net owing from the Company and Huizhou Daya Bay to Mr Luo and/or his controlled companies of RMB164 million or approximately S\$33.5 million based on current exchange rates;
 - d. thus and whilst certain monies are expected from the future business of Huizhou Daya Bay, we are hopeful that our preventative actions including serving legal letters against select staff, will protect all or most of these monies. In the event that it does not, our projections show that the amount we owe Mr Luo will continue to significantly exceed what can be taken; and
 - e. based on bank statements obtained by the Company from Huizhou Daya Bay, there does not appear to be much cash left in Huizhou Daya Bay’s bank account from which the Unauthorised Withdrawals were made and the balance in such bank account is only about S\$0.1 million as at 25 October 2017.
3. The Board also wishes to advise that each of the Company’s subsidiaries which directly hold the Group’s interests in the various projects are totally independent of each other, henceforth containing the Group’s risk exposure. To put into perspective, the Group’s operations at Golden Land Real Estate Development Co. Ltd. (Golden City) for instance are completely independent of the operations at Huizhou Daya Bay.
4. The Board will make further announcements on any material developments, as and when required.

By Order of the Board

Mr Christopher Chong Meng Tak
Non-Executive Group Chairman

16 November 2017

*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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