

EMERGING TOWNS & CITIES SINGAPORE LTD.

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

THIRD ADDENDUM DEED TO CONVERTIBLE LOAN AGREEMENT

1. INTRODUCTION

1.1. The Board of Directors (the “**Board**”) of Emerging Towns & Cities Singapore Ltd. (the “**Company**”) and together with its subsidiaries the “**Group**”) refers to:

- (a) the Company’s announcement dated 25 January 2017 in relation to the Convertible Loan Agreement (the “**25 January 2017 Announcement**”);
- (b) the circular to Shareholders dated 3 February 2017;
- (c) the Company’s announcement dated 18 January 2018 in relation to the addendum deed entered into on the same date by the Company and Mr Luo Shandong (“**Mr Luo**”) (the “**Addendum Deed**”) (the “**18 January 2018 Announcement**”);
- (d) the circular to Shareholders dated 28 February 2018;
- (e) the Company’s announcement dated 28 June 2018 in relation to the resumption of trading of the Company’s shares (the “**28 June 2018 Announcement**”);
- (f) the Company’s announcement dated 1 March 2019 in relation to the second addendum deed entered into on the same date by the Company and Mr Luo (the “**Second Addendum Deed**”) (the “**1 March 2019 Announcement**”);
- (g) the circular to Shareholders dated 8 April 2019; and
- (h) the Company’s announcement dated 25 April 2020 in relation to the update on Convertible Loan Agreement with Mr Luo (the “**25 April 2020 Announcement**”).

Unless otherwise defined, all capitalised terms used this Announcement shall bear the same meaning as in the 25 January 2017 Announcement, the 18 January 2018 Announcement, the 28 June 2018 Announcement, the 1 March 2019 Announcement and the 25 April 2020 Announcement.

1.2. One 25 April 2020, the Company announced that:

- (a) pursuant to the convertible loan agreement entered into between Mr Luo and the Company on 25 January 2017, as supplemented and amended by the Addendum Deed and the Second Addendum Deed (the “**Convertible Loan Agreement**”), the outstanding Principal Amount and interest shall have become fully due and payable by the Company on the Maturity Date, being 39 months from the date of the Convertible Loan Agreement (i.e. 25 April 2020);
- (b) prior to 25 April 2020 and since the end of 2019, the Company and Board made several attempts to reach out to Mr Luo, including and not limited to making trips to the People’s Republic of China before the travel ban, to negotiate for an extension of the expiry date of the Conversion Right and Maturity Date. Despite all the efforts, the Company had not been able to contact Mr Luo directly;
- (c) the Company had submitted an application to SGX Regco, through the Sponsor, for a waiver and to be released from the Undertaking (as defined in paragraph 2 below) submitted to the Sponsor on 28 June 2018 (the “**Application**”) for the reasons as set

out in the 25 April 2020 Announcement; and

- (d) pending the outcome of the Application, the Company had elected to convert approximately US\$12,272,346 (approximately S\$17,426,732¹), being the total indebtedness outstanding as at the Maturity Date under the Convertible Loan Agreement, automatically into 193,630,352 fully paid new ordinary shares (the “**New Shares**”) in the Company on the Maturity Date, at the conversion price of S\$0.09 per Conversion Share. The New Shares were deemed issued and allotted on the Maturity Date, subject to any requisite approvals from the SGX-ST and/or SGX Regco being obtained in relation to the New Shares, and would rank *pari passu* in all respects with the existing Shares of the Company.

Note:

1. Based on the exchange rate of US\$1.00: S\$1.42 according to the Convertible Loan Agreement dated 25 January 2017

- 1.3. The Board wishes to announce that following the 25 April 2020 Announcement, Mr Luo contacted the Company through his representative on 25 May 2020 and requested that the Company withdraw its notice dated 25 April 2020 to Mr Luo (the “**Notice**”), pursuant to which the Company had elected to convert the total indebtedness outstanding as at the Maturity Date automatically into the New Shares.
- 1.4. The Company and Mr Luo had on 15 June 2020 entered into a third addendum deed (the “**Third Addendum Deed**”) to the Convertible Loan Agreement. Pursuant to the Third Addendum Deed, *inter alia*:
 - (a) notwithstanding the Notice, at the request of Mr Luo, the Company agreed to withdraw the Notice, and Mr Luo agreed to and acknowledged the Company’s withdrawal of the Notice and that the total indebtedness outstanding at 25 April 2020 has not been converted in accordance with the Convertible Loan Agreement;
 - (b) the Maturity Date has been amended from 39 months from the date of the Convertible Loan Agreement to 75 months from the date of the Convertible Loan Agreement. For avoidance of doubt, the revised Maturity Date is 25 April 2023;
 - (c) the extension of the expiry date of the Conversion Right due to the change of Maturity Date (the “**Third Extension**”) shall be subject to approval from the SGX-ST, if necessary, and the Shareholders; and
 - (d) Mr Luo has unconditionally and irrevocably undertaken to the Company, *inter alia*, that:
 - (i) he shall, subject to any applicable laws, rules or regulations and provided that he and/or his associates are not required by the SGX-ST to abstain from voting as shareholders of the Company in respect of the Third Extension, vote or procure the voting of, all his shareholdings in the Company and all the shareholdings of his associates in the Company at the time thereof, whether held directly or indirectly, in favour of the Third Extension in order to procure the passing of the resolution(s) of Shareholders, if necessary, for and in connection with the Third Extension; and
 - (ii) to the extent it is within his power and authority to do so without contravention of any applicable laws or regulations, he shall not, directly or indirectly, take any action, or omit to take any action, which would:
 - (A) cause him to breach his obligations under the Third Addendum Deed;
 - (B) conflict with or diminish his obligations under the Third Addendum Deed; or
 - (C) be or may be prejudicial to or otherwise frustrate the Third Extension.

- 1.5. Save as stated in the Third Addendum Deed, all the other terms and conditions of the Convertible Loan Agreement shall remain in full force and effect.
- 1.6. The Company shall through its Sponsor, consult with the SGX-ST and, if necessary, seek its approval for the Third Extension.
- 1.7. As at the date of this Announcement, the Company has not obtained SGX Regco's approval for a waiver and release from the Undertaking.
- 1.8. In view of the Third Addendum Deed, the Company has, through the Sponsor, submitted its application to SGX Regco to withdraw the Application.
- 1.9. As the Notice has been withdrawn pursuant to the Third Addendum Agreement and the New Shares were only deemed issued and allotted subject to any requisite approvals from the SGX-ST and/or SGX Regco being obtained in relation to the New Shares (which, as set out in paragraph 1.7 above, has not been obtained), the New Shares have not been allotted and issued, and there has been no increase in the total number of issued and paid-up ordinary shares of the Company, which remains as 978,053,934 ordinary shares as at the date of this Announcement.

2. RATIONALE FOR THE PROPOSED THIRD EXTENSION

On 28 June 2018, the Company announced that SGX Regco had on 21 June 2018 issued a letter in relation to the Company's application, through its Sponsor, for the resumption of trading in the Company's shares. SGX Regco's approval on the application was subject to, *inter alia*, the submission of certain undertakings to the Sponsor and the Company had on 28 June 2018 submitted the following undertakings (the "**Undertaking**") to the Sponsor:

- (i) an undertaking to procure third parties who are independent of Mr Luo and his concert parties to take over Mr Luo's shares in the Company as and when he exercises the Conversion Right; and
- (j) an undertaking that in the event the Company is not able to procure any such third parties as and when Mr Luo exercises the Conversion Right, the Company is to redeem a portion of the Convertible Loan Agreement 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 Mr Luo's exercise of the Conversion Right.

The Company has, since the signing of the Undertaking, been trying to seek new investors to either buy out Mr Luo's Convertible Loan Agreement and/or Shares and/or new share placements in order to reduce the shareholding percentages of Mr Luo when the total indebtedness outstanding under the Convertible Loan Agreement (the "**Outstanding Amount**") is converted into new Shares, and has not been able to procure third parties to take over Mr Luo's Shares as and when Mr Luo exercises the Conversion Right.

The Company is seeking the Third Extension for the following reasons:

- (i) if the Company is unable to obtain the Third Extension and it is unable to convert the Outstanding Amount into Shares, the Company would then be liable to repay the Outstanding Amount to Mr Luo in cash;
- (ii) the Company has accounted for the Outstanding Amount under the Convertible Loan Agreement as equity and if the Company is unable to obtain the Third Extension and is unable to convert the Outstanding Amount into Shares, the Company would have to reclass the Outstanding Amount from equity to current liabilities, this will have a negative material impact on the Company's financial position;
- (iii) given the current cashflow situation of the Company, if the Company were required to

repay the Outstanding Amount to Mr Luo in cash, this may have a negative material impact on the Company's cashflow and finances; and

- (iv) the Third Extension would provide the Company with more time to seek new investors to either buy out Mr Luo's Convertible Loan Agreement and/or Shares and/or new share placements in order to reduce the shareholding percentages of Mr Luo when the Outstanding Amount is converted into new Shares.

Accordingly, after considering these circumstances, the Board believes that the Third Extension is in the best interests of the Company.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the Convertible Loan Agreement and the Third Addendum Deed, other than through their respective shareholdings in the Company.

4. EGM AND CIRCULAR

The Company intends to seek the approval of the Shareholders for the Third Extension at an extraordinary general meeting ("EGM") of the Company and a circular to shareholders containing, *inter alia*, details thereof, together with the opinions and recommendations of the Directors in relation thereto, will be dispatched to Shareholders in due course.

5. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Convertible Loan Agreement and the Third Addendum Deed will be available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

In light of the prevailing regulations due to the COVID-19 situation, any Shareholder who wishes to inspect the documents should contact the Company at the email address info@etcsingapore.com at least 3 working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents. Shareholders will need to identify themselves by stating his/her/its full name as it appears on his/her/its CDP/CPF/SRS share records, contact number and NRIC/Passport/UEN number and state the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

6. 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 Third Addendum Deed, 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 this 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 those sources and/or reproduced in this Announcement in its proper form and context.

7. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the matters set out in this Announcement as appropriate or when there are material developments on the same.

8. CAUTION IN DEALING

Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

By Order of the Board

Mr Tan Thiam Hee
Group Chief Executive Officer and Executive Director

15 June 2020

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 (the "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 assume 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 contact person for the Sponsor is: Name: Mr Shervyn Essex, Registered Professional, RHT Capital Pte. Ltd. Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 Telephone: (65) 6381 6966