



## EMERGING TOWNS & CITIES SINGAPORE LTD.

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### FOR IMMEDIATE RELEASE

## ETC Singapore unveils 3Q2017 financial results alongside a series of corporate developments

- Revenue doubles to S\$19.6 million while net gain attributable to shareholders spikes 161.8% yoy to S\$1.4 million fueled by steady demand for both *Golden City* and *Daya Bay* projects
- Pre-sales deposits continue to signal demand for the Group's development properties, with S\$72.3 million to be booked progressively through 2017-2018 upon handover of units
- Capitalising on the high growth prospects of Myanmar, the Group further hikes its effective stake by up to 20.0% in flagship *Golden City* project to up to 69.0% with up to US\$20.0 million acquisition
- Clinches the Group's first greenfield project in portfolio with US\$24.4 million<sup>1</sup> acquisition for a 61.0% stake to develop a high-end residential development located at Yangon's CBD district
- Both acquisitions would be financed via the issuance of up to 668,466,667 new shares at S\$0.09/share (13.9%<sup>2</sup> premium to last closing price) and/or notes to strategic partners with ability to value add due to their extensive networks in Myanmar

**SINGAPORE, 14 November 2017** – Catalyst-listed Emerging Towns & Cities Singapore Ltd. ("ETC Singapore" or the "Company", and together with its subsidiaries, the "Group"), today reported its financial results for the third quarter ended 30 September 2017 ("3Q2017"). Concurrently, the Group unveils a series of corporate developments, aimed at safeguarding and enhancing long-term shareholder value.

Driven by sustained demand for *Golden City* units, coupled with the fresh launch of holiday apartments in *Daya Bay* previously held as investment properties, the Group posted a 101.1% year-on-year ("yoy") revenue growth to S\$19.6 million for 3Q2017. During the quarter, 22 units from *Golden City* worth S\$12.7 million have been recognised as revenue while the sale of 27 units (net) of *Daya Bay* worth S\$5.9 million was recognised. Revenue for the remaining 237 and 363 units for *Golden City* and *Daya Bay* respectively are expected to be progressively recognised in the final quarter of FY2017 and FY2018, sustaining the growth momentum.

On the development properties front, *Golden City* and *Daya Bay* continue to provide a steady stream of income as gross margins remain steady at 19.0% and 25.0% respectively. In-line with the Group's two-pronged strategy to enhance long-term earnings visibility, marketing efforts to lift rental demand have come to fruition as income from rental units increased two-fold from the preceding quarter to S\$1.0 million. *Golden City* rental units recorded S\$0.5 million in revenue for 3Q2017, on top of recurring contribution from *Daya Bay* since December 2015.

Distribution costs and administration expenses rose steadily in 3Q2017 to S\$2.8 million (3Q2016: S\$0.8 million) and S\$1.0 million (3Q2016: S\$0.6 million) respectively. Consistent with the preceding quarter, higher expenses were incurred as a result of a ramp-up in sales and marketing activities to support the new sales launch of balance units at both *Golden City* and *Daya Bay*. Resultantly, the Group's sales and marketing efforts continue to bear fruit as pre-sales deposits rose to S\$72.3 million (2Q2017: S\$66.5 million), even as a larger proportion of revenue was recognised in 3Q2017.

<sup>1</sup> Or such lesser amount required after due diligence investigations have been completed. Current consideration figure does not include any liabilities that may be inherited as a result of the acquisition.

<sup>2</sup> Based on the last closing price of S\$0.079/share as at 13 November 2017

Recovering from a loss in the preceding quarter, the Group managed to record a net gain attributable to shareholders of S\$1.4 million (3Q2016: S\$0.5 million) on the back of strong revenue figures, further supplemented by a fair value and exchange gain of S\$0.7 million and S\$1.2 million respectively.

**Mr. Tan Thiam Hee, Executive Director and Group Chief Executive Officer of ETC Singapore,** remarked, *“While we are pleased to share about the Group’s financial score card for the quarter, there are also several other key corporate developments that were undertaken by the management.*

*Upholding the management and Board’s ethos of utmost transparency and governance, we reacted promptly to the issue of unauthorised withdrawals by entities controlled by one of our controlling shareholders. The necessary legal actions, in the form of letters of demand, have been carried out in the jurisdiction of Singapore and China. Apart from strict instructions to halt further unauthorised withdrawals, the relevant company seal and financial books are also in the midst of being recovered.”*

Despite the commencement of legal action, the Group would like to assure all shareholders that business operations remain largely unaffected. The Board also wishes to highlight that the financial impact of the unauthorised withdrawals is not expected to be material as a similar quantum of approximately RMB112.0 million is expected to be repaid to the said controlling shareholder by 31 December 2017. Pursuant to this, it is also worth noting that the Group continues to have an outstanding liability, in the form of a convertible loan, amounting US\$23.9 million owed towards the said controlling shareholder which would be due in April 2018.

On this matter, **Mr Tan** added, *“With an aim to implement the best corporate practices across all our regional operations, the management is confident of moving beyond this episode and is focused on driving growth to maximise shareholder value in the mid-long term.*

*Supported by the sanguine property outlook in Myanmar, interest in our Golden City residential units continue to grow in tandem with the successful launch of the Golden City Business Centre, as we grow host to various multi-national corporations whom have already inked agreements. Furthermore, our recent partnership with Yoma Bank to provide affordable financing to Myanmar citizens has gained traction with the locals witnessed by the encouraging pre-sales received.*

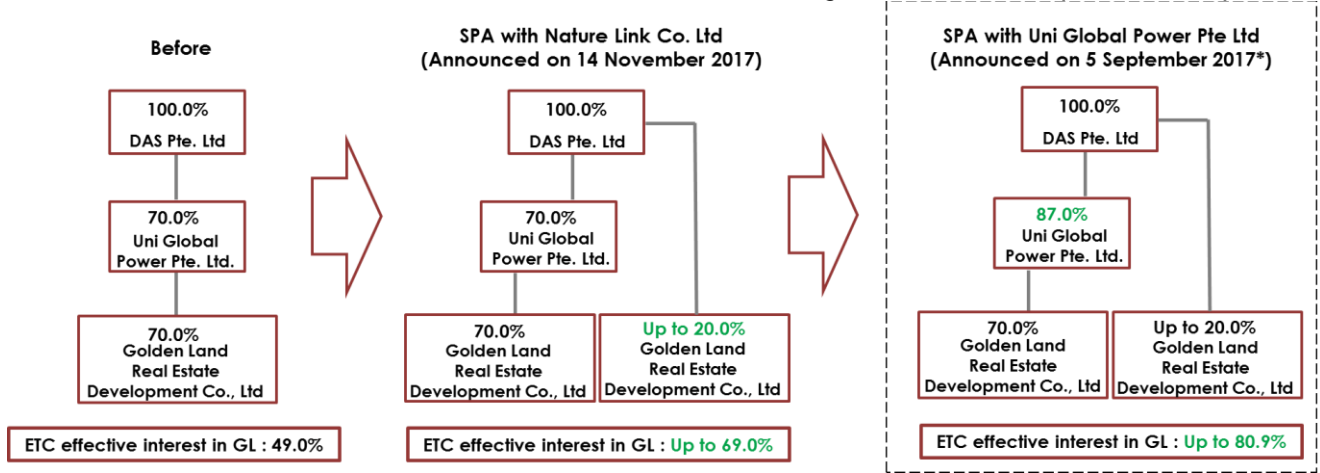
*While the local property market continues to thrive, we are convinced that the advent of the impending Condominium Law, which will attract foreign direct investments from eager overseas buyers, will drive Myanmar into the next golden era of real estate development<sup>3</sup>. Golden City’s prime location in the Yankin Township is well poised to capitalise on the influx of fresh investments once the Condominium Law is enacted.”*

Evidenced by the uptick in demand for Myanmar’s real estate market, the Group has taken further steps to capitalise on the nation’s growth prospects. Following the Group’s recently announced acquisition to hike its effective interest in the *Golden City* project in September 2017<sup>4</sup>, an additional acquisition amounting up to US\$20.0 million would be made for an up to 20.0% stake in Golden Land Real Estate Development Co., Ltd. (“GL”), increasing the Group’s effective stake in the project to up to 69.0%. This acquisition would be funded via an issuance of up to 301,111,111 new shares at S\$0.09/share or notes or a combination of both. Subject to securing shareholders’ approval for the former acquisition at an Extraordinary General Meeting to be convened, the Group would eventually have an effective interest of up to 80.9% in *Golden City* project.

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<sup>3</sup> “Citizens working overseas expected to boost demand for condo market”, Myanmar Times, 18 August 2017

<sup>4</sup> Proposed US\$11.9 million acquisition where the Group’s wholly owned subsidiary, DAS Pte. Ltd. would purchase 17.0% equity interest in Uni Global Power Pte. Ltd. via an issuance of 179,161,111 new shares at S\$0.09/share. Given that this involves an Interested Person Transaction, the acquisition is subject to shareholders’ approval at an Extraordinary General Meeting to be convened.



\*Additional stake in Uni Global Power Pte. Ltd. is subject to shareholders' approval to be secured at an Extraordinary General Meeting to be convened due to the Interested Person Transactions (IPT)

Figure 1: Changes in shareholding structure for effective interest in GL

Leveraging on the experience garnered in Myanmar, the Group takes aim at developing its first green-field project with an US\$24.4 million<sup>5</sup> acquisition – effectively clinching a 61.0% stake in a luxurious residential development which resides on a 2-hectare land in the prime Central Business District (“CBD”) of Yangon, Myanmar. Nestled conveniently in a zone complete with amenities and near government institutions, which includes the Yangon Regional Parliament and Embassy of the Republic of Singapore, the project would be one of the most prestigious and luxurious residential development in the area.



Figure 2: Location of the residential project in the prime CBD district of Yangon, Myanmar

Equally to be funded via shares issuance, the Group is expected to place out 367,355,556 new shares at S\$0.09/share or notes or a combination of both. The placement price of S\$0.09/share represents a premium of 13.9% over the last closing price of S\$0.079/share. Notwithstanding the potential operational synergies that may be reaped, this coincides with the Group’s efforts to diversify and enhance its shareholding structure.

<sup>5</sup> Or such lesser amount required after due diligence investigations have been completed. Current consideration figure does not include any liabilities that may be inherited as a result of the acquisition.

**Mr Tan** added, “*Furthering our positive progress with organic growth reflected in our 3Q2017 financial performance, the onus is on the management to prospect for value and earnings accretive acquisitions to sustain our growth trajectory. We continue to invest in people to ensure that we have the right team on-ground to execute and deliver. Marking our progress to undertake the first green-field project in the Group’s portfolio, we are highly encouraged by the synergies that may be reaped from the new group of strategic shareholders. This not only rejuvenates our shareholding structure but also welcomes the right set of stakeholders who share the management’s long-term view to growing the organisation and enhancing shareholder value.*”

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**About Emerging Towns & Cities Singapore Ltd.**

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited, Emerging Towns & Cities Singapore Ltd. was incorporated in Singapore on 17 October 1980. Formerly known as China Titanium Ltd. and later Cedar Strategic Holdings Ltd., the Company adopted the name Emerging Towns & Cities Singapore Ltd. on 27 February 2017 to mark the resolution of its legacy issues and cement its positioning as a niche market player. Going forward, the Group intends to continue to focus on property investment and development and related businesses in niche towns and cities.

*Issued on behalf of Emerging Towns & Cities Singapore Ltd by: Financial PR*

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