

# EMERGING TOWNS & CITIES SINGAPORE LTD.

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

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## ENTRY INTO SALE AND PURCHASE AGREEMENT

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### 1. INTRODUCTION

#### 1.1 Background information

The Board of Directors of Emerging Towns & Cities Singapore Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that on 1 July 2023, the Company has entered into a sale and purchase agreement (the “**SPA**”) with Grand Ally Investments Pte. Ltd. (the “**Purchaser**” and together with the Company, the “**Parties**”) for the disposal of all of the shares held by the Company (the “**Sale Shares**”) in DAS Pte. Ltd. (“**DAS**” and together with its subsidiary, the “**DAS Group**”), representing 100% of the total issued and paid up capital of DAS (the “**Proposed Disposal**”).

#### 1.2 Chapter 10 of the Catalist Rules

The Proposed Disposal is considered a “major transaction” of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is subject to the approval of the shareholders of the Company (the “**Shareholders**”) being obtained at an extraordinary general meeting (the “**EGM**”) to be convened. For further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules, please refer to Section 6 of this Announcement.

Upon the completion of the Proposed Disposal, DAS will cease to be a subsidiary of the Group.

### 2. INFORMATION ON THE PURCHASER AND DAS

#### 2.1 The Purchaser

As at the date of this Announcement, the Purchaser is a private company limited by shares incorporated in Singapore on 3 February 2023 and is an investment holding company. The directors and shareholders of the Purchaser are Lai Xuejun, Li Bo and Zhang Xiaoping and the remaining shareholders are Li Xiaolin, Zhang Yongming and Tang Ronghui, all of whom are the management of Golden Land Real Estate Development Co., Ltd. (“**Golden Land**”).

#### 2.2 DAS

DAS, a wholly-owned subsidiary of the Company, is an investment holding company which holds 70% shareholding interest in Uni Global Power Pte. Ltd. (“**UGP**”), which in turn holds 70% shareholding interest in Golden Land. Golden Land is the developer of the Golden City project, a luxury mixed-use development in the Yankin township of Yangon, Myanmar.

Based on the latest announced consolidated financial statements of the Group for the financial period ended 31 March 2023 (“**Latest Accounts**”), both the net asset value and net tangible assets of DAS Group are S\$24.0 million, and the loss before tax of DAS Group is S\$2.9 million.

### 3. PRINCIPAL TERMS OF THE SPA

#### 3.1 Proposed Disposal of DAS

Pursuant to the terms and subject to the conditions of the SPA, the Company shall sell to the Purchaser and the Purchaser shall purchase the Sale Shares, representing 100% of the total

issued and paid up capital of DAS.

### 3.2 Consideration

The consideration for the proposed disposal of DAS is S\$4 million in cash (the "**Consideration**"). The Consideration shall be payable by way of cashier's order or bank remittance in favour of the Company by the Purchaser to the Company in the following manner:

- (a) a deposit of S\$500,000 to be paid within seven (7) days of the date of the SPA (the "**Deposit**");
- (b) a first tranche of S\$1,500,000 on completion;
- (c) a second tranche of S\$1,000,000 within six (6) months after the completion date; and
- (d) a third tranche of S\$1,000,000 within twelve (12) months after the completion date.

If completion is unable take place due to the Company's inability to satisfy any Condition Precedent (as defined below) for which it is responsible by the long-stop date, the Deposit shall be refunded to the Purchaser in full. If completion is unable to take place due to any other reason, the Deposit shall be forfeited in favour of the Company.

The Consideration was arrived at by agreement between the Company and the Purchaser at arm's length, on a "willing-buyer, willing-seller" basis after taking into account the company's situation as elaborated under Section 5 below.

### 3.3 Conditions Precedent

Completion shall be conditional upon the following being satisfied (or waived, if capable of being waived) ("**Conditions Precedent**") on or prior to the long-stop date:

- (a) execution of the following:
  - (i) the deed of discharge to be executed by Industrial and Commercial Bank of China Limited (Yangon Branch) ("**ICBC**") in favour of the Company, in relation to the irrecoverable and unconditional discharge and release of the Company from the deed of guarantee and undertaking dated 8 June 2020 made between the Company and ICBC to secure the loans between Golden Land and ICBC, E.SUN Commercial Bank, Ltd (Yangon Branch) and Kanbawza Bank (Yangon) (the "**Discharge**"); and
  - (ii) the pledge agreement in such form and containing such terms and conditions as the Company may require which relates to the provision of property units in Golden City owned by Golden Land in aggregate valued at no less than S\$3,000,000 based on an independent valuation as collateral;
- (b) all consents, approvals, waivers or clearances for the Proposed Disposal and the Discharge which are necessary or which the Company and/or the Purchaser has been advised that it is desirable to obtain, including but not limited to such consents, approvals, waivers or clearances from such government or regulatory authorities or third parties as the case may be, having been obtained by the Company and/or the Purchaser, such consents approvals, waivers or clearances not having been amended or revoked before the completion, and to the extent that such consents, approvals, waivers and clearances are subject to any conditions required to be fulfilled before the completion, all such conditions being reasonably acceptable to the Company and the Purchaser and having been duly so fulfilled, including but not limited to all necessary consents and/or waivers being obtained from ICBC, E.SUN Commercial Bank, Ltd (Yangon Branch) and Kanbawza Bank (Yangon) for the entry by the Company into the Proposed Disposal and the Discharge;

- (c) completion of all necessary financial, legal and all other due diligence by the Purchaser on DAS (with the results being reasonably satisfactory to the Purchaser in all respects);
- (d) board and shareholder approvals of the Purchaser for the Proposed Disposal and the Discharge (if required);
- (e) the approval of the Company's Board of Directors of, *inter alia*:
  - (i) the Proposed Disposal and the Discharge; and
  - (ii) all matters which are necessary or incidental to the Proposed Disposal and the Discharge;
- (f) the approval of Company's shareholders at a general meeting of, *inter alia*:
  - (i) the Proposed Disposal and the Discharge;
  - (ii) all matters which are necessary or incidental to the Proposed Disposal and the Discharge;
- (g) all relevant authorisations, consents, approvals, resolutions, licences and exemptions necessary for the ordinary course of business of DAS and the Proposed Disposal and the Discharge remaining valid, existing and being in full force and effect;
- (h) representations and warranties in the SPA being true, correct and complete as at the date of execution of the SPA and the completion date;
- (i) DAS having fully settled, repaid or obtained waivers of all existing inter-company debt and liabilities between (i) the Company and (ii) DAS, UGP or Golden Land (other than that which arise in the ordinary course of DAS' business) and all amounts owing by Golden Land to its out-going directors who will resign from directorship of Golden Land on completion; and
- (j) board and shareholder approvals (if necessary) of DAS, UGP and Golden Land for the change in the composition of the board of directors of DAS, UGP and Golden Land with effect on and from the completion date, with the nominees of the Company stepping down (pursuant to appropriate letters of resignation and exculpation) and the nominees of the Purchaser being appointed to form the new board of directors.

If any Condition Precedent is not satisfied or waived by the Party having the benefit of that Condition Precedent (if capable of being waived) by the long-stop date of 31 March 2024, completion shall not take place.

### 3.4 Warranties

Pursuant to the SPA, the Company has furnished representations and warranties typical for transactions such as the Proposed Disposal.

## 4. **USE OF PROCEEDS AND LOSS FROM PROPOSED DISPOSAL**

The proceeds from the Proposed Disposal will be used for general working capital purposes to cover the Group's head office expenses, including employees' salaries, legal and professional fees, rental and ancillary head office expenses going forward and repayment of the Group's existing liabilities (including but not limited to legal and professional fees and other ancillary expenses incurred to date).

Based on the Latest Accounts, adjusted with a waiver of amounts owed by DAS to the Company in accordance with paragraph 3.2(a) of Practice Note 10A of the Catalist Rules, the Proposed Disposal for a total Consideration of S\$4 million would represent a net loss of approximately S\$80.2 million.

## 5. RATIONALE FOR THE PROPOSED DISPOSAL

As disclosed in the Company's announcement dated 2 March 2021, following its consultation with Singapore Exchange Regulation ("**SGX RegCo**") and the Sponsor in relation to the report published by an activist group on the Company's operations in Myanmar on 25 February 2021, the Company announced that, *inter alia*, it had voluntarily decided to convert the trading halt into a suspension in the trading of its securities (the "**Suspension**"). On 3 March 2021, the Company entered into the Suspension.

On 7 March 2022, SGX RegCo released the Regulator's Column titled "What SGX expects of issuers in respect of sanctions-related risks, subject or activity" (the "**Regulator's Column**") which set out the requirement that "*the issuer should remain suspended until it has demonstrated to SGX that it is no longer a Sanctioned Subject or it has ceased the Sanctioned Activity*". Even though the independent Financial Review and independent Legal Review had been completed in September 2021 and December 2022 respectively, and whilst the Company is itself neither a Sanctioned Subject (as defined in the Regulator's Column) nor engaged in Sanctioned Activity (as defined in the Regulator's Column), after consultation with SGX RegCo and the Sponsor, the Board understands that Company will remain suspended due to the Company's business operations currently being conducted in a Sanctioned Nation (as defined in the Regulator's Column).

The Company further notes the requirement set out in the Regulator's Column that "*When trading in an issuer's securities is suspended, the issuer should submit a proposal to SGX within 12 months from the date of suspension on the proposed remediation measures ("**remediation proposals**")*", which should be implemented with a view to ceasing to be a Sanctioned Subject or ceasing the Sanctioned Activity." Given the uncertainty as to when the political situation in Myanmar may improve and when the unilateral sanctions from the United States, the European Union and the United Kingdom would cease, and the suspension of the Company's shares since 3 March 2021, the Company understands that, based on its previous consultations with SGX RegCo and the Sponsor, there is significant risk that it may be delisted by SGX if there is no change in status for the foreseeable future.

In view of the above and as announced in prior SGXNet announcements and its Annual Report, the Board and the Management has been looking into all possible avenues to divest its investment in Myanmar as part of its plan to resume the trading of its securities and have approached various potential buyers. Since 2021, the Company has been in negotiations with various potential investors and professionals to divest its investment in Myanmar via the sale of its 100% shareholding stake in DAS.

As part of the Proposed Disposal, the Purchaser will be required to take over the Company's corporate guarantee for Golden Land's syndicated bank loan of approximately US\$42 million (the "**Proposed Transfer**"). In the event of a successful completion of Proposed Divestment and Proposed Transfer, the Company would cease its exposure to the Myanmar market.

As other attempts to attract potential buyers have not been successful, the Board is of the view that the Proposed Disposal is in the best interests of the Company and the Shareholders based on current circumstances, as part of its plan to resume the trading of its securities.

## 6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Disposal and based on the Latest Accounts are as follows:

<b>Rule 1006</b>	<b>Base</b>	<b>Relative figure</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	103.5% <sup>(1)</sup>
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net loss <sup>(2)</sup>	95.1% <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	12.0% <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable <sup>(5)</sup>

**Notes:**

- (1) Based on the unaudited net asset value of approximately S\$56.2 million of the Sale Shares, adjusted with a waiver of amounts of approximately S\$32.3 million owed by DAS to the Company in accordance with paragraph 3.2(a) of Practice Note 10A of the Catalist Rules and the unaudited net asset value of the Group of approximately S\$54.4 million, based on the Latest Accounts.
- (2) Based on the unaudited loss of approximately S\$3.0 million of DAS Group (including associated transaction cost to be incurred for the Proposed Disposal of S\$0.1 million) and unaudited loss of the Group of approximately S\$3.1 million, based on the Latest Accounts.
- (3) Based on (i) the Consideration of S\$4 million; and (ii) the Company's market capitalisation calculated based on 982,072,934 issued shares (excluding treasury shares) multiplied by S\$0.034 (being the last traded price on 25 February 2021, the last trading day before the Company requested for a trading halt on 26 February 2021).
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the figures computed on the basis of each of Rules 1006(a) and (b) exceeds 50%, the Proposed Disposal therefore constitutes a "major transaction" under Chapter 10 of the Catalist

Rules. Accordingly, Catalyst Rule 1014 applies to the Proposed Disposal and the Proposed Disposal is subject to the approval of Shareholders at the EGM.

## 7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 7.1 Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the Proposed Disposal taken as a whole are set out below. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 (“FY2022”) and assuming the completion of the Proposed Disposal, as set out below. The pro forma financial effects are only presented for illustration purposes and are not intended to reflect the actual future financial position and performance of the Company or the Group after the Proposed Disposal.

### 7.2 Net Tangible Assets (“NTA”)

Assuming that the Proposed Disposal was completed on 31 December 2022 and based on the Group’s audited consolidated financial statements for FY2022, the *pro forma* financial effects of the Proposed Disposal on the unaudited consolidated NTA of the Group are as follows:

#### As at 31 December 2022

	Before the Proposed Disposal	After the Proposed Disposal
<b>NTA of the Group (S\$’000)</b>	57,883	2,056
<b>Number of issued ordinary shares in the capital of the Group</b>	982,072,934	982,072,934
<b>NTA per share (cents)</b>	5.89	0.21

**Note:**

- (1) The NTA of DAS Group as at 31 December 2022 which was taken into consideration to arrive at the post-disposal NTA of the Group does not represent the NTA at the date of completion.

### 7.3 Loss Per Share (“LPS”)

Assuming that the Proposed Disposal had been completed on 1 January 2022 and based on the Group’s audited consolidated financial statements for FY2022, the *pro forma* financial effects of the Proposed Disposal on the unaudited consolidated LPS of the Group are as follows:

#### FY2022

	Before the Proposed Disposal	After the Proposed Disposal
<b>Loss after tax (S\$’000)</b>	21,122	81,457
<b>Weighted average number of Shares</b>	982,072,934	982,072,934
<b>LPS (cents)</b>	2.15	8.29

**Note:**

- (1) The financials of DAS Group as at 31 December 2022 which were taken into consideration to arrive at the post-disposal net loss attributable to Shareholders do not represent the values at the date of completion.

7.4 Gearing

Assuming that the Proposed Disposal had been completed on 31 December 2022 and based on the Group's audited consolidated financial statements for FY2022, the *pro forma* financial effects of the Proposed Disposal on the gearing of the Group are as follows:

**As at 31 December 2022**

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
<b>Total Debts (S\$'000)</b>	59,301	-
<b>Total Equity (S\$'000)</b>	57,883	2,056
<b>Gearing Ratio (times)</b>	1.02	Nil

**Note:**

- (1) The debts and equity of DAS Group as at 31 December 2022 which were taken into consideration to arrive at the post-disposal debts and equity of the Group do not represent the values at the date of completion.

**8. INDEPENDENT VALUATION**

Independent valuation(s) of the DAS Group's business or property interest (where applicable) will be carried out by an independent valuer prior to completion.

**9. 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 Proposed Disposal, other than through their respective shareholdings in the Company.

**10. DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**11. EGM AND CIRCULAR TO SHAREHOLDERS**

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposal and a circular (the "**Circular**") containing, *inter alia*, details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be despatched to the Shareholders in due course.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 80 Robinson Road, #17-02, Singapore 068898 for a period of three (3) months from the date of this Announcement.

Any Shareholder who wishes to inspect the document should contact the Company at the email address [info@etcssingapore.com](mailto:info@etcssingapore.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 document. 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).

### **13. 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 Proposed Disposal, the issuer 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.

### **14. FURTHER ANNOUNCEMENTS**

The Company will make further announcements on the Proposed Disposal as appropriate or when there are further developments on the same.

### **15. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Disposal will proceed to completion. Shareholders are advised to read this Announcement and any further announcements and the Circular 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**

Joseph Lim  
Executive Director and Chief Executive Officer

1 July 2023

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*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").*

*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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