

EMERGING TOWNS & CITIES SINGAPORE LTD.

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

UPDATE IN RELATION TO THE PROPOSED ACQUISITION OF 17% EQUITY INTEREST OF UNI GLOBAL POWER PTE. LTD.

The Board of Directors of Emerging Towns & Cities Singapore Ltd. ("**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 6 September 2017 (the "**Announcement**") in relation to:

- (a) the sale and purchase agreement entered into on 5 September 2017 by the Company's wholly-owned subsidiary, DAS Pte. Ltd. ("**DAS**"), and Asiabiz Services Ltd ("**ASL**") pursuant to which ASL had agreed to sell and DAS had agreed to purchase 320 issued and paid-up shares (representing 8% of the equity interest) of Uni Global Power Pte. Ltd. ("**UGP**") (the "**ASL SPA**"); and
- (b) the sale and purchase agreement entered into on 5 September 2017 by DAS and D3 Capital Limited ("**D3**") pursuant to which D3 had agreed to sell and DAS had agreed to purchase 360 issued and paid-up shares (representing 9% of the equity interest) of UGP (the "**D3 SPA**").

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

1. UPDATE IN RELATION TO THE ASL ACQUISITION

1.1 Amendments to the ASL SPA

The Board wishes to announce that DAS had on 16 November 2017 entered into a supplemental letter to the ASL SPA with ASL (the "**ASL Supplemental Letter**").

Under the ASL SPA, the Consideration payable by DAS for the ASL Acquisition of US\$5,600,000 was to be satisfied by the procurement by DAS of the issuance by the Company of 84,311,111 Consideration Shares to ASL.

Pursuant to the ASL Supplemental Letter:

- (a) the Consideration payable by DAS for the ASL Acquisition shall instead be satisfied in the following manner:
 - (i) the amount of US\$3,080,000 shall be satisfied by way of offsetting property unit(s) within the Golden City Project (each a "**Unit**" and collectively, the "**Units**") (the "**Offset**") within 24 months after the date of Completion. The value of each Unit is to be based on the then prevailing market price of such Unit at the time and the choice of the Units to be offset shall be mutually agreed by DAS and ASL; and
 - (ii) the amount of US\$2,520,000 shall be satisfied by the procurement by DAS of the issuance by the Company of 37,940,000 Consideration Shares to ASL;
- (b) the Offset is conditional upon all necessary consents or approvals having been obtained and all applicable requirements having been met under the Catalist Rules or any applicable laws and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed and (if required) having been so fulfilled before completion of the Offset, and such consents or approvals not being revoked or repealed on or before completion of the Offset;

- (c) the long stop date for the fulfilment of the conditions precedent (the “**CP Fulfilment Date**”) has been amended, from 30 November 2017, to 31 January 2018.

Save for the abovementioned amendments, all the other terms and conditions of the ASL SPA shall remain in full force and effect.

The Company will announce the details of the Units once the choice of Units to be offset has been mutually agreed by DAS and ASL, as the details of such Units have not been determined as at the date hereof. The prevailing market price of each Unit shall be based on the relevant price published in the Golden City Project’s standard price list.

1.2 Source of Funds

The Consideration for the ASL Acquisition will be fully satisfied by the Offset and the issue of Consideration Shares.

2. UPDATE IN RELATION TO THE D3 ACQUISITION

The Board also wishes to announce that DAS had on 16 November 2017 entered into a supplemental letter to the D3 SPA with D3 (the “**D3 Supplemental Letter**”), pursuant to which the CP Fulfilment Date has been amended, from 30 November 2017, to 31 January 2018.

Save for the abovementioned amendment, all the terms and conditions of the D3 SPA shall remain in full force and effect.

3. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 AND APPLICABILITY OF CHAPTER 10 OF THE CATALIST RULES FOLLOWING THE ASL SUPPLEMENTAL LETTER

Following the ASL Supplemental Letter, the relative figure computed on the base set out in Rule 1006(d) of the Catalist Rules has been revised due to the decrease in the number of equity securities to be issued by the Company as consideration for the Proposed Acquisition, from 179,161,111 to 132,790,000.

The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition and based on the announced consolidated financial statements of the Group for 1H2017 are as follows:

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as there is no disposal of assets.
(b)	The net profits ⁽¹⁾ attributable to the Proposed Acquisition, compared with the Group's net profits	-104.2% ⁽²⁾
(c)	The aggregate value of the consideration of US\$11,900,000 ⁽³⁾ , compared with the Company’s market capitalisation ⁽⁴⁾ of approximately S\$76,588,488 based on the total number of issued shares excluding treasury shares	21.1%
(d)	The number of equity securities to be issued by the Company of 132,790,000 ⁽⁵⁾ as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue of 962,166,934	13.8%

(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.	Not applicable.
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Notes:

- (1) **"net profits"** means profit or loss before income tax, non-controlling interests and extraordinary items.
- (2) The relative figure for Rule 1006(b) in this instance is negative as there was a loss attributable to the Purchased Shares of approximately S\$0.2 million arising from the associated transaction cost to be incurred for the Proposed Acquisition. The Target is an existing subsidiary of the Group with its net profit already being consolidated into the Group's announced consolidated financial statements for 1H2017 whilst the Group posted a net profit of approximately S\$192,000, based on the announced consolidated financial statements of the Group for 1H2017.
- (3) The aggregate value of the consideration of US\$11,900,000 is equivalent to approximately S\$16,124,500 based on the exchange rate of US\$1.00: S\$1.355 as at 5 September 2017, the day the SPAs were signed.
- (4) **"market capitalisation"** is calculated by the number of shares of the Company (excluding treasury shares) multiplied by the volume weighted average price of S\$0.0796 of the Company's shares as at 4 September 2017, being the last trading day before 5 September 2017, the day the SPAs were signed.

The relative figure computed on the base set out in Rule 1006(b) of the Catalist Rules is a negative figure. Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed on the relevant bases set out in Rule 1006 is a negative figure, the Company is required, through its Sponsor, to consult with the SGX-ST on the applicability of Chapter 10 of the Catalist Rules. Notwithstanding the foregoing and having considered that the Company will be seeking the approval of Shareholders for the D3 Acquisition and the ASL Acquisition as interested person transactions and the allotment and issue of the Consideration Shares by the Company to the Vendors, the Company will nonetheless seek Shareholders' approval for the Proposed Acquisition at the EGM.

As the total value of the amount of US\$3,080,000 comprised in the Offset does not exceed 5% of the Group's latest audited net tangible assets of approximately S\$94.2 million as at 31 December 2016, the Offset is not subject to the approval of the Shareholders.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION FOLLOWING THE ASL SUPPLEMENTAL LETTER

5.1. Bases and Assumptions

For the purposes of illustration only, the revised *pro forma* financial effects of the Proposed Acquisition taken as a whole following the ASL Supplemental Letter are set out below. The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2016 and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Acquisition as the Company has, since its FY2016 audited consolidated financial statements, increased its issued share capital to approximately S\$32,841,618 divided into 962,166,934 Shares as at the date of this Announcement. Accordingly, Shareholders should note that the following *pro forma* financial effects of the Proposed Acquisition have been calculated to take into consideration the enlarged share capital of the Company as mentioned above. The Group has translated its results and financial position into SGD starting from 1 January 2017 and the comparatives of the financial statements of the Company and of the Group was restated and presented in SGD. Specifically, the assets and liabilities of the Company and of the Group as at 31 December 2016 was translated from RMB to SGD at the closing exchange rates as at

31 December 2016, while the income expense items of the Company and of the Group for the year ended 31 December 2016 was translated at the average rate during the said period.

5.2. Share Capital

The *pro forma* financial effects of the Proposed Acquisition on the share capital of the Company for FY2016 after adjusting for the 2017 Shares are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Number of issued Shares	962,166,934	1,094,956,934
Amount of share capital (S\$)	32,841,618	44,792,718

5.3. Net Tangible Assets (“NTA”)

Assuming that the Proposed Acquisition was completed on 31 December 2016 and based on the Group’s audited consolidated financial statements for FY2016 after adjusting for the 2017 Shares and disregarding any interest, revenue and/or return that may arise from the Proposed Acquisition, the *pro forma* financial effects of the Proposed Acquisition on the consolidated NTA of the Group are as follows:

	As at 31 December 2016	
	Before the Proposed Acquisition	After the Proposed Acquisition
NTA of the Group (S\$’000)	94,187	94,187 ⁽¹⁾
Number of Shares	962,166,934	1,094,956,934
NTA per share (cents)	9.79	8.60

Note:

- (1) There is no change in the NTA of the Group as at 31 December 2016 before and after the Proposed Acquisition as the Proposed Acquisition is completed with minority shareholders of a subsidiary under common control via the issuance of Consideration Shares.

5.4. Earnings Per Share (“EPS”)

Assuming that the Proposed Acquisition had been completed on 1 January 2016 and based on the Group’s audited consolidated financial statements for FY2016 after adjusting for the 2017 Shares and disregarding any interest, revenue and/or return that may arise from the Proposed Acquisition, the *pro forma* financial effects of the Proposed Acquisition on the consolidated EPS of the Group are as follows:

	For FY2016	
	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to Shareholders (S\$’000)	13,545	16,328

Weighted Average Number of Shares	866,461,497	999,251,497
EPS per share (cents)	1.56	1.63

5.5. Gearing⁽¹⁾

Assuming that the Proposed Acquisition had been completed on 31 December 2016 and based on the Group's audited consolidated financial statements for FY2016 after adjusting for the 2017 Shares and disregarding any interest, revenue and/or return that may arise from the Proposed Acquisition, the *pro forma* financial effects of the Proposed Acquisition on the gearing of the Group are as follows:

	As at 31 December 2016	
	Before the Proposed Acquisition	After the Proposed Acquisition
Total Debts (S\$'000)	22,496	22,496
Total Equity (S\$'000)	136,272	136,272
Gearing Ratio (times)	0.17	0.17

Note:

- (1) Gearing is calculated based on the assumption that the convertible substantial shareholder loan owing to Mr Luo Shandong has been converted into equity as at 31 December 2016.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Apart from the interests of Mr Teo and Mr Zhu as disclosed in the Announcement, none of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

7. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene an EGM to seek the approval of the Shareholders for the D3 Acquisition, the ASL Acquisition and the issue of the Consideration Shares and a 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 dispatched to the Shareholders in due course.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPAs, ASL Supplemental Letter and the D3 Supplemental Letter 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.

9. 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 Acquisition, 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.

10. FURTHER ANNOUNCEMENTS

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

11. 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 Acquisition will proceed to completion, as the completion is subject to, *inter alia*, fulfillment of all the conditions precedent in the SPAs. 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

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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