

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 198003839Z)

(1) PROPOSED ISSUE OF CONVERTIBLE BONDS (2) PROPOSED GRANT OF OPTIONS TO GROUP EMPLOYEES

1. PROPOSED ISSUE OF CONVERTIBLE BONDS

1.1 Introduction

The Board of Directors of Emerging Towns & Cities Singapore Ltd. (the “**Company**” or “**ETC**” together with its subsidiaries, collectively the “**Group**”) wishes to announce that the Company has on 26 July 2024 entered into subscription agreements (collectively, the “**Subscription Agreements**”) with the following investors (collectively, the “**Investors**”, each an “**Investor**”):

Name	Principal amount of Bonds subscribed (S\$)	Number of new ordinary shares each in the capital of the Company arising from the conversion of the Bonds (the “ Conversion Shares ”)	Percentage of current share capital ⁽¹⁾ (%)	Percentage of Enlarged Share Capital ⁽²⁾ (as defined below) (%)
Cao Yongyan (“ CYY ”)	2,025,000	435,721,500	44.37	18.22
Yao Ling	450,000	96,827,000	9.86	4.05
Chen Jianqun	450,000	96,827,000	9.86	4.05
Lu Xisong	450,000	96,827,000	9.86	4.05
Tang Wei	450,000	96,827,000	9.86	4.05
Zhang Junyun	337,500	72,620,250	7.39	3.04
Chen Wenjia	337,500	72,620,250	7.39	3.04
Total	4,500,000	968,270,000	98.59	40.50

Note:

- (1) Based on existing issued and paid-up share capital of the Company of 982,072,934 ordinary shares.
- (2) Based on enlarged issued and paid-up share capital of 2,390,792,438 ordinary shares (the “**Enlarged Share Capital**”), assuming the conversion of the convertible loan agreement dated 25 January 2017 entered into between the Company and Luo Shandong (as supplemented and amended from time to time) (the “**LSD Convertible Loan**”), the conversion of the Bonds (as defined below), exercise of the Management Options (as defined

below) and subject to adjustment in the event of changes in the capitalisation structure of the Company.

The Investors have agreed to subscribe for convertible bonds (the “**Bonds**”) aggregating S\$4,500,000 (the “**Bonds Subscription Price**”) (collectively, the “**Proposed Subscription**”).

The Subscription Agreements and completion of the proposed subscription of bonds by each of the Investors are not inter-conditional.

As the Proposed Subscription will result in a transfer of a controlling interest to one of investor, CYY, the Company will, pursuant to Rule 803 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”), to seek the approval of its shareholders for, amongst others, the allotment and issue of the Conversion Shares to CYY.

1.2 Information on the Investors

The information on the Investors were provided by the Investors and background checks conducted by the Company on a best-efforts basis. In respect of such information provided by the Investors which is beyond the Company’s background checks, the Company and the Directors have not independently verified the accuracy and correctness of the such information, and the Company’s responsibility is limited to the proper extraction and reproduction of such information herein, in the context that the information is being disclosed in this announcement.

The Investors were introduced to the Company through mutual business associates and are based in China. The rationale for placing to the Investors is as set out in Paragraph 1.6. There are no introducer fees paid or payable in connection with the Proposed Subscription.

Ms Cao Yongyan (CYY) is proficient in enterprise financial management and has more than ten years’ experience in financial management, risk management and control. She was formerly the financial controller of a large enterprise in China.

Ms Yao Ling graduated from the Open University of China and has many years of experience in the operation and management of large stores and companies, including many years of experience as store manager, regional manager and store operation management.

Ms Chen Jianqun graduated from Panzhihua Radio and Television University, majoring in accounting and computing. She has more than twenty years of experience in corporate financial management and financial planning.

Mr Lu Xisong graduated from Sichuan International Studies University, majoring in English. He has more than ten years of experience in corporate organisation, project investment, and corporate finance in China.

Mr Tang Wei graduated from Guizhou University of Finance and Economics. He has more than ten years of experience in accounting and corporate finance and corporate mergers and acquisitions in Hong Kong and China.

Ms Zhang Junyun has many years of experience in sales and business development, managing teams and developing sales and business development strategies to achieve sales targets.

Ms Chen Wenjia graduated from Sichuan University of Science and Engineering, majoring in marketing. She has many years of experience in marketing and promotion, event planning, platform operation, and public event promotion.

The Bonds, if converted, will be solely for the Investors' investment purposes. As at the date of this announcement, none of the Investors hold any shares or convertible securities in the capital of the Company.

The Investors have each represented and warranted to the Company that they are not acting in concert, in collaboration with or co-operating, pursuant to an agreement or undertaking (whether formal or informal), with any existing director or shareholder of the Company, to obtain or consolidate effective control of the Company through the issue of the Bonds and/or the Conversion Shares (including as contemplated in the Singapore Code on Take-overs and Mergers (the "**Takeover Code**")).

To the best knowledge of the Directors, each of the Investors have no existing relationship (including business relationships) with the Company, the Group, its Directors, its substantial shareholders and is not a person to whom the Company is prohibited from issuing shares to, as provided under Rule 812(1) of the Catalist Rules.

1.3 Salient Terms of the Subscription Agreements

Conditions Precedent to Issuance of Bonds

The obligations of the Company and the Investors under their respective Subscription Agreements (i) to complete the subscription of the Bonds, and (ii) in relation to the Call Option or the Put Option (as defined below) (the "**ETC Capital Disposal**"), including the grant and exercise of the options, are conditional upon the following (the "**Conditions Precedent**"):

- (a) execution by each of the Investors of undertakings in such form as may be required by the Company confirming, *inter alia*, that each of the Investors are not acting in concert with any other parties and that the mandatory take-over provisions pursuant to Rule 14 of the Takeover Code will not be triggered by the Proposed Subscription;
- (b) all consents, approvals, waivers or clearances for the Proposed Subscription and ETC Capital Disposal which are necessary or which the Company or the respective Investors have 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 or the respective Investors, 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 respective Investors and having been duly so fulfilled for the entry by the Company and the respective Investors into the Proposed Subscription and ETC Capital Disposal;
- (c) completion of all necessary financial, legal and all other due diligence by the respective Investors on the Company, with the results being reasonably satisfactory to the respective Investors in all respects;
- (d) the approval of the Company's Board of Directors of, *inter alia*:
 - (i) the Proposed Subscription and the ETC Capital Disposal;
 - (ii) the issuance of the Bonds and the Conversion Shares pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and the Catalist Rules;

- (iii) in relation to CYY, the allotment and issuance of a controlling interest in the Company to the Investor pursuant to Rule 803 of the Catalist Rules; and
 - (iv) all matters which are necessary or incidental to the Proposed Subscription and the ETC Capital Disposal;
- (e) the approval of Company's shareholders at a general meeting of, *inter alia*:
 - (i) the Proposed Subscription and the ETC Capital Disposal;
 - (ii) the issuance of the Bonds and the Conversion Shares pursuant to Section 161 of the Companies Act 1967 and the Catalist Rules;
 - (iii) in relation to CYY, the allotment and issuance of a controlling interest in the Company to the Investor pursuant to Rule 803 of the Catalist Rules; and
 - (iv) all matters which are necessary or incidental to the Proposed Subscription and the ETC Capital Disposal;
- (f) the Company remaining listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**");
- (g) all relevant authorisations, consents, approvals, resolutions, licences and exemptions necessary for the ordinary course of business of the Company and the Proposed Subscription and the ETC Capital Disposal remaining valid, existing and being in full force and effect;
- (h) no notice, order, judgment, action or proceeding of any court, arbitrator, authority, statutory or regulatory body having been served, issued or made which restrains, prohibits or makes unlawful the Proposed Subscription or which is reasonably likely to materially and adversely affect the right of the respective Investors to own the legal and beneficial title of the Company, following completion of the Proposed Subscription;
- (i) no notice, order, judgment, action or proceeding of any court, arbitrator, authority, statutory or regulatory body having been served, issued or made which restrains, prohibits or makes unlawful the ETC Capital Disposal or which is reasonably likely to materially and adversely affect the right of the respective Investors to own the legal and beneficial title of ETC Capital Pte. Ltd. ("**ETC Capital**"), following completion of the ETC Capital Disposal; and
- (j) on the completion date of the Proposed Subscription (the "**Subscription Completion Date**"), the representations and warranties of the Company and the respective Investors in the Subscription Agreements being true, accurate and correct in all material respects as if made on the Subscription Completion Date, with reference to the then existing circumstances and the Company and the respective Investors having performed in all material respects all of its/their obligations under the Subscription Agreements to be performed on or before the Subscription Completion Date.

If any of the conditions above are not satisfied on or before the date falling 12 months from the date of the Subscription Agreements or such other date as the parties may agree (the "**Long-Stop Date**"), the Subscription Agreement shall *ipso facto* cease and determine thereafter.

Completion, Deposit and Bonds Subscription Price

As at the date of the Subscription Agreements, the Company has received 50% of the Bonds Subscription Price from the Investors, being an aggregate amount of S\$2,250,000, as a deposit (the “**Deposit**”).

Completion of the Proposed Subscription shall take place within 12 months from the date of the Subscription Agreements or on such other date as may be agreed between the parties.

If completion is unable to take place due to the Company’s inability to satisfy any condition precedent for which it is responsible by the Long-Stop Date, the Deposit shall be refunded to the respective Investors in full. If completion is unable to take place due to any other reason, the Deposit shall be forfeited in favour of the Company. Upon completion of the Proposed Subscription, the Deposit shall no longer be refundable and the Investors shall make payment of the outstanding sum of the Bonds subscribed by him/her, being in aggregate 50% of the Bonds Subscription Price.

Details and Principal Terms of the Bonds

The Bonds will be issued in registered form and will not be listed. The Bonds constitute unconditional, unsubordinated and unsecured obligations of the Company. There is no interest payable on the Bonds.

The Bonds shall automatically convert (“**Automatic Conversion**”) on a date falling 7 days following the completion of all 3 of the following events (the “**Automatic Conversion Events**”):

- (a) completion of the divestment by the Company of 100% of the total issued and paid up share capital of DAS Pte. Ltd. (the “**DAS Disposal**”);
- (b) the novation or discharge of the Company’s obligations under the deed of guarantee and undertaking dated 8 June 2020 made between the Company and Industrial and Commercial Bank of China Limited (Yangon Branch) to secure the loans between Golden Land Real Estate Development Co., Ltd. and Industrial and Commercial Bank of China Limited (Yangon Branch), E.SUN Commercial Bank, Ltd (Yangon Branch) and Kanbawza Bank (Yangon) (the “**DAS Discharge**”); and
- (c) the resumption of trading of the Company’s shares on the SGX-ST and receipt of a listing and quotation notice in relation to the Conversion Shares from the SGX-ST.

The Bonds will be redeemed by the Company at the issue price of the Bonds on either:

- (i) the date falling 2 years from the date of the Bonds (the “**Initial Maturity Date**”);
- (ii) the extended date falling an additional 6 months from the Initial Maturity Date at the request of the Company and with the consent of the Investor; or
- (iii) such other date as may be agreed in writing between the parties,

and “**Maturity Date**” means (i), (ii) or (iii), as the case may be.

The Bonds may not be redeemed at the option of the Company or the Investors prior to the Maturity Date, except upon Automatic Conversion or event of default (as described in the Subscription Agreements). In the event SGX-ST does not grant a listing and quotation notice for

the Conversion Shares, the Investors shall not be entitled to convert any part of the Bonds into Conversion Shares. The Company has disclosed within the Subscription Agreements that its securities are currently suspended and there is no certainty or assurance that a listing and quotation notice in relation to the Conversion Shares will be granted by the SGX-ST.

The Company shall, not later than 1 month before the Maturity Date, take reasonable steps to notify the Investors in writing of the Maturity Date and announce the expiry of the relevant Bonds on SGXNet.

The conversion of the Bonds would result in the issue of a maximum of 968,270,000 Conversion Shares, representing approximately 98.59% of existing issued and paid-up share capital of the Company of 982,072,934 ordinary shares and approximately 40.50% of the Enlarged Share Capital of the Company of 2,390,792,438 ordinary shares. The terms and conditions of the Bonds provide for adjustment to the Bonds Conversion Price (as defined below) in the event of rights, bonus or other capitalisation issues.

1.4 Bonds Conversion Price

The conversion price shall be approximately S\$0.004647 per Conversion Share (the “**Bonds Conversion Price**”), representing a discount of approximately 86.21% to the volume weighted average price of S\$0.0337 of the Shares for the trades done on the SGX-ST on 25 February 2021 being the full market day prior to the suspension of the Company’s securities.

The Bonds Conversion Price was determined after taking into consideration, *inter alia*, the existing high market capitalisation of approximately S\$33.39 million (based on the last closing price of S\$0.034 per Share prior to Company’s entry into a suspension in the trading of its securities on 3 March 2021) is not intended to represent a value which would commercially be deemed acceptable by the parties as a base for the Bonds in connection with the Proposed Subscription as it is subject to the DAS Disposal and DAS Discharge, which represents the main operations of the Company. The Company has also considered the commercial aspects of the Proposed Subscription that the Bonds Conversion Price ascribes a value of approximately S\$5.5 million for existing shareholders (assuming the conversion of the LSD Convertible Loan into equity, with the interest included up to 30 June 2024) on a fully diluted basis (assuming the maximum issuance and conversion of the Bonds and the maximum issuance and exercise of the Management Options).

Rule 811(2)(a) of the Catalist Rules provides that for an issue of convertible securities, if the conversion price is fixed, the price must not be more than 10% discount to the prevailing market price of the underlying shares prior to the signing of the relevant agreement. Rule 811(3) of the Catalist Rules provides, *inter alia*, that Rule 811(2) of the Catalist Rules is not applicable if specific shareholder approval is obtained for the issue of convertible securities. As the Bonds Conversion Price represents more than a 10% discount to the prevailing market price of the underlying shares prior to the suspension of the Company’s securities and Conversion Shares exceed the limit allowed under the general share issue mandate that was approved by shareholders of the Company at the annual general meeting held on 26 April 2024, the issue of the Conversion Shares is subject to the specific approval of Shareholders for the purposes of Rule 811(3) of the Catalist Rules and Rule 805 of the Catalist Rules.

1.5 Put Option and Call Option

Pursuant to the respective Subscription Agreements:

- (A) the respective Investors have granted ETC a put option to require the respective Investors to purchase from ETC all (but not some only) of the Relevant ETC Capital Shares (as defined below) (the “**Put Option**”); and
- (B) ETC has granted the respective Investors a call option to require ETC to sell to the respective Investors all (but not some only) of the Relevant ETC Capital Shares (as defined below) (the “**Call Option**”);

whereby “**Relevant ETC Capital Shares**” means the number of issued and fully paid-up ordinary shares in the capital of ETC Capital held by the Company stated in the respective Subscription Agreements, being the number of shares in ETC Capital in proportion to the Investors’ subscription amount.

The Put Option and the Call Option allows both the Company and the Investors the flexibility of reaching full and final settlement of all amounts payable by the Company under the Bonds in a manner other than the payment of cash by the Company.

Subject to the Conditions Precedents and subject to the relevant Catalist Rules and prevailing rules and regulations applicable at the Maturity Date, if any of the Automatic Conversion Events has yet to take place as at the Maturity Date, for an option period of 14 days commencing from the Maturity Date (or such period as the parties may agree in writing), the Company and the respective Investors may either exercise the Put Option or exercise the Call Option respectively as full and final settlement of all amounts payable by the Company under the Bonds as at the Maturity Date on the terms and subject to the conditions of the Subscription Agreements.

1.6 Rationale and Use of Proceeds

As announced in the Company’s announcement dated 15 March 2024, the Company, through its wholly-owned subsidiary ETC Capital has incorporated an indirect wholly-owned subsidiary, Hainan Jiupeng Chuhe Technology Co., Ltd. (海南九鹏初禾科技有限公司) (“**HJC**”) in the People’s Republic of China, with principal activities being live streaming e-commerce business and online and offline sales of consumer products. The Company will be seeking shareholders’ approval for diversification of the Company’s business into the live streaming e-commerce and related business at an appropriate juncture. The Proposed Subscription is being undertaken mainly to inject capital and working capital into the live streaming e-commerce and related businesses, including the operations of HJC.

The aggregate net proceeds from the Subscription Agreements after deducting estimated fees and expenses of approximately S\$0.1 million, are S\$4.4 million (“**Bond Proceeds**”). Assuming the Proposed Subscription is fully subscribed, the Company intends to use the Bond Proceeds in the following proportions:

Use of Bond Proceeds	Amount Allocated (S\$)	Percentage Allocation (%)
Live streaming e-commerce and related businesses, including the operations of HJC	4,280,000	97.27%
General working capital purposes, legal and professional fees and ancillary expenses for the Group	120,000	2.73%
Total	4,400,000	100.00%

Pending the deployment of the Bond Proceeds and the conversion of the Bonds, the net proceeds may be deposited with banks and/or financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group. As at the date of the announcement, Company has injected approximately S\$1.5 million into HJC as share capital.

The Company will make periodic announcements on the utilisation of the Bond Proceeds as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the Company's interim and full year financial statements issued under Rule 705 of the Catalist Rules and its annual report(s). As the proceeds will be used for working capital purposes, the Company will disclose a breakdown with specific details on how the proceeds have been applied. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

1.7 Directors' Opinion

The Directors are of the opinion that, after taking into consideration:

- (i) the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements and the Proposed Subscription is mainly for the purpose of injecting capital and working capital into the live streaming e-commerce and related businesses, including the operations of HJC; and
- (ii) the Group's present bank facilities and the net proceeds from the Proposed Subscription, the working capital available to the Group is sufficient to meet its present requirements.

2. PROPOSED GRANT OF OPTIONS TO GROUP EMPLOYEES

2.1 Introduction

The Company has further on 26 July 2024 entered into option agreements (collectively, the "**Management Option Agreements**") with key members of management of HJC (collectively, the "**Group Employees**") pursuant to which the Company intends to grant options to subscribe for an aggregate amount of 239,080,000 ordinary shares in the capital of the Company (the "**Management Options**") at the price of approximately S\$0.004647 per share (the "**Options Exercise Price**") (collectively, the "**Proposed Grant**").

The Management Option Agreements and completion of the proposed grant of options to each of the Group Employees are not inter-conditional.

2.2 Information on the Group Employees

The Group Employees comprise key management of HJC as follows:

Name	Designation	Number of new ordinary shares each in the capital of the Company upon exercise of the Management Options (the "Management Option Shares")	Percentage of current share capital ⁽¹⁾ (%)	Percentage of Enlarged Share Capital ⁽²⁾ (%)
Duan Yupeng	General Manager	107,586,000	10.95	4.50
Zhu Li	Deputy General Manager	71,724,000	7.30	3.00
Wang Ping	Financial Controller	59,770,000	6.09	2.50
Total		239,080,000	24.34	10.00

Note:

- (1) Based on existing issued and paid-up share capital of the Company of 982,072,934 ordinary shares.
- (2) Based on Enlarged Share Capital of 2,390,792,438 ordinary shares.

As at the date of this announcement, none of the Group Employees hold any shares or convertible securities in the capital of the Company.

The Group Employees have each represented and warranted to the Company that they are not acting in concert, in collaboration with or co-operating, pursuant to an agreement or undertaking (whether formal or informal), with any existing director or shareholder of the Company, to obtain or consolidate effective control of the Company through the issue of the Management Options and/or the Management Option Shares (including as contemplated in the Takeover Code).

To the best knowledge of the Directors, each of the Group Employees have no existing relationship (including business relationships) with the Company, the Group, its Directors, its substantial shareholders, save for their employment with HJC, and is not a person to whom the Company is prohibited from issuing shares to, as provided under Rule 812(1) of the Catalist Rules.

2.3 Salient Terms of the Management Option Agreements

Conditions Precedent to Grant of Management Options

The obligations of the Company and the Group Employees under the respective Management Option Agreements in connection to the Proposed Grant and of each exercise of the Management Options shall be conditional upon the following:

- (a) all consents, approvals, waivers or clearances for the Proposed Grant which are necessary or which the Company or the respective Group Employees have 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 or the respective Group Employees, 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 respective Group Employees and having been duly so fulfilled for the entry by the Company and the respective Group Employees into the Proposed Grant;

- (b) the approval of the Company's Board of Directors of, *inter alia*:
 - (i) the Proposed Grant;
 - (ii) the issuance of the Management Options and the Management Option Shares pursuant to Section 161 of the Companies Act and the Catalist Rules;
 - (iii) all matters which are necessary or incidental to the Proposed Grant;
- (c) the approval of Company's shareholders at a general meeting of, *inter alia*:
 - (i) the Proposed Grant;
 - (ii) the issuance of the Management Options and the Management Option Shares pursuant to Section 161 of the Companies Act and the Catalist Rules;
 - (iii) all matters which are necessary or incidental to the Proposed Grant;
 - (iv) the Proposed Subscription;
- (d) the Company remaining listed on the SGX-ST;
- (e) all relevant authorisations, consents, approvals, resolutions, licences and exemptions necessary for the ordinary course of business of the Company and the Proposed Grant remaining valid, existing and being in full force and effect;
- (f) no notice, order, judgment, action or proceeding of any court, arbitrator, authority, statutory or regulatory body having been served, issued or made which restrains, prohibits or makes unlawful the Proposed Grant or which is reasonably likely to materially and adversely affect the right of the respective Group Employees to own the legal and beneficial title of the Company, following completion of the Proposed Grant;
- (g) on the completion date of the Proposed Grant ("**Grant Completion Date**"), the representations and warranties of the Group Employees herein being true, accurate and correct in all material respects as if made on the Grant Completion Date, with reference to the then existing circumstances and the Group Employees having performed in all material respects all of their obligations hereunder to be performed on or before the Grant Completion Date.

If any of the conditions above are not satisfied on or before the date falling 12 months from the date of the Management Option Agreements or such other date as the parties may agree, the Management Option Agreements shall *ipso facto* cease and determine thereafter.

Completion

Completion of the Proposed Grant shall take place within 12 months from the date of the Management Option Agreements or on such other date as may be agreed between the parties.

Details and Principal Terms of the Management Options

The Management Options comprise the Option FY2024 and the Option FY2025, in respect of each of the Group Employees, each being the right to subscribe for the relevant Management Option Shares upon exercise of the respective options in accordance with the respective Management Option Agreements. Subject to the conditions precedent to the Proposed Grant, Management Options shall be exercisable by the Group Employees, in whole only, during the relevant Option Period (as defined below) only if the following targets have been met to the Company's satisfaction (to be determined at the Company's sole discretion):

- (a) for Option FY2024: net profit of HJC based on the audited accounts of HJC for the financial period from date of incorporation and ending 31 December 2024 of at least RMB11 million, excluding fair value gain or loss, intra-group management fees and charges;
- (b) for Option FY2025: net profit of HJC based on the audited accounts of HJC for the financial year ending 31 December 2025 of at least RMB20 million, excluding fair value gain or loss, intra-group management fees and charges,

(sub-paragraphs (a)-(b) above collectively, the "**Targets**").

The Company shall, upon satisfaction of the Targets, notify the Group Employees of the commencement of the Option Period by written notice (the "**Notification**"). The Notification in respect of the Option FY2024 is to be issued within 10 days from the date of the audited accounts of HJC for the financial period ending 31 December 2024, provided always that if trading in the Company's shares has not at such time resumed or a listing and quotation notice for the Management Option Shares from the SGX-ST has not at such time been granted, the Notification in respect of the Option FY2024 shall instead be issued within 10 days from the date of resumption of trading in the Company's shares or receipt of a listing and quotation notice for the Management Option Shares from the SGX-ST, whichever is later. The Notification in respect of the Option FY2025 is to be issued within 10 days from the date of the audited accounts of HJC for the financial year ending 31 December 2025, provided always that if trading in the Company's shares has not at such time resumed or a listing and quotation notice for the Management Option Shares from the SGX-ST has not at such time been granted, the Notification in respect of the Option FY2025 shall instead be issued within 10 days from the date of resumption of trading in the Company's shares or receipt of a listing and quotation notice for the Management Option Shares from the SGX-ST, whichever is later.

The period commencing from the date of the Notification and expiring on the date falling 3 months from the date of the Notification or such other date as may be agreed between the parties shall be the "**Option Period**".

Unless otherwise decided by the Company at its absolute discretion, the Management Options shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:

- (a) if the Group Employee breaches any provisions of the relevant Management Options Agreement;

- (b) in the event of the Group Employee's misconduct as determined by the Company in its sole and absolute discretion or any violation of any law or regulation or breach of any regulation or internal rules of the Group, such breach being regarded as serious by the Company in its absolute discretion;
- (c) in the event of the cessation of the Group Employee's employment with HJC or any Group company for any reason whatsoever (other than due to ill health, injury or disability, redundancy, retirement at or after the legal retirement age, retirement before the legal retirement age with the consent of HJC or the Company, the subsidiary by which he is employed ceasing to be a Group company, the undertaking or part of the undertaking of such subsidiary being transferred otherwise than to another Group company, or upon the death of the Group Employee);
- (d) the Group Employee's bankruptcy or the happening of any event which deprives him of the legal or beneficial ownership of the Management Options;
- (e) if an order is made for the winding-up of the Company on the basis of its insolvency; or
- (f) on the last day of the relevant option period applying to the relevant Management Options.

The Company shall, not later than 1 month before the final day of the Management Options' option period (the "**Expiry Date**"), take reasonable steps to notify the Group Employee in writing of the Expiry Date and announce the expiry of the relevant Management Options on SGXNet.

The Conversion of the Management Options will result in the issue of a maximum of 239,080,000 Management Option Shares arising from the exercise of the Management Options, representing approximately 24.34% of existing issued and paid-up share capital of the Company of 982,072,934 ordinary shares and approximately 10% of the Enlarged Share Capital of 2,390,792,438 ordinary shares. The terms and conditions of the Management Options provide for adjustment to the Options Exercise Price in the event of rights, bonus or other capitalisation issues.

As the Proposed Grant is unrelated to the existing ETC Employee Share Option Scheme, separate approval from Shareholders will be sought for the Proposed Grant.

2.4 Options Exercise Price

The Options Exercise Price shall be approximately S\$0.004647 per Option Share, representing a discount of approximately 86.21% to the volume weighted average price of S\$0.0337 of the Shares for trades done on the SGX-ST on 25 February 2021 being the full market day prior to the suspension of the Company's securities.

The Options Exercise Price was determined after taking into consideration, *inter alia*, the existing high market capitalisation of approximately S\$33.39 million (based on the last closing price of S\$0.034 per Share prior to Company's entry into a suspension in the trading of its securities on 3 March 2021) is not intended to represent a value which would commercially be deemed acceptable by the parties as a base for the Proposed Grant as it is subjected to the DAS Disposal and DAS Discharge, which represents the main operations of the Company. The Company has also considered the commercial aspects of the Proposed Grant that the Options Exercise Price ascribes a value of approximately S\$5.5 million for existing shareholders (assuming the conversion of the LSD Convertible Loan into equity, with the interest included up to 30 June 2024)

on a fully diluted basis (assuming the maximum issuance and conversion of the Bonds and the maximum issuance and exercise of the Management Options).

Rule 811(2)(a) of the Catalist Rules provides that for an issue of convertible securities, if the conversion price is fixed, the price must not be more than 10% discount to the prevailing market price of the underlying shares prior to the signing of the relevant agreement. Rule 811(3) of the Catalist Rules provides, *inter alia*, that Rule 811(2) of the Catalist Rules is not applicable if specific shareholder approval is obtained for the issue of convertible securities. As the Options Exercise Price represents more than a 10% discount to the prevailing market price of the underlying shares prior to the suspension of the Company's securities, the issue of the Management Option Shares is subject to the specific approval of Shareholders for the purposes of Rule 811(3) of the Catalist Rules.

2.5 Rationale

The purpose of the Proposed Grant is to provide an opportunity for the Group Employees to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Company and/or the Group. The Company believes that the Proposed Grant will enable the Company to structure a competitive remuneration package, which is designed as an additional incentive tool to reward and retain Group Employees, as well as to achieve the following objectives:

- (a) to recognise and reward past contributions and services;
- (b) to motivate to Group Employees to continue performing and out-perform their standards and efficiency and to maintain a high level of contribution to the Group;
- (c) to retain key Group Employees whose contributions are important to the long-term growth and success of the Group;
- (d) to attract potential employees with relevant skills and talents necessary to enhance the Group's business; and
- (e) to align the interests of the Group Employees with the interests of Shareholders.

3. GENERAL

The Proposed Subscription and the Proposed Grant are not underwritten and there is no placement agent appointed for the purpose of the Proposed Subscription and the Proposed Option. The Proposed Subscription will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act 2001 and the Proposed Grant will be undertaken in accordance with Section 273(1)(i) of the Securities and Futures Act 2001. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

The Investors have further irrevocably undertaken not to sell or transfer any of the Bonds and/or the Conversion Shares nor circulate or distribute, directly or indirectly, any offering document or material relating to the Bonds and/or the Conversion Shares, within a period of 6 months from the Subscription Completion Date.

4. LISTING AND QUOTATION

The Company will be submitting an application, through its Sponsor, to the SGX-ST for the admission to and listing and quotation of the Conversion Shares and Management Option Shares on the SGX-ST in conjunction with the Company's resumption of trading proposal to the SGX-ST at an appropriate time. The Company will make the necessary announcements upon application for a listing and quotation notice from the SGX-ST for the listing and quotation of the Conversion Shares and Management Option Shares. The listing and quotation notice, if and when given by the SGX-ST, is not to be taken as an indication of the merits of the Conversion Shares, Management Option Shares, the Proposed Subscription, the Proposed Grant, the Company, its subsidiaries and its securities.

5. SHAREHOLDERS' APPROVAL

The Company intends to convene an extraordinary general meeting (the "EGM") to seek the approval of the Shareholders for, *inter alia*: (i) the issuance of the Bonds, (ii) the issuance of the Conversion Shares, (iii) the ETC Capital Disposal contemplated by the Put Option and Call Option, (iv) the grant of the Management Options, and (v) the issuance of the Management Option Shares. A Circular containing, *inter alia*, the notice of the EGM and details of the abovementioned transactions will be despatched to the Shareholders in due course.

6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION AND THE PROPOSED GRANT

Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the Proposed Subscription and the Proposed Grant taken as a whole (the "Corporate Actions") are set out below, prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 ("FY2023").

The pro forma financial effects before the Corporate Actions have been prepared assuming the following:

- (A) the completion of the DAS Disposal and DAS Discharge; and
- (B) the conversion of the LSD Convertible Loan into equity, with the interest included up to 30 June 2024.

The pro forma financial effects after the Corporate Actions have been prepared assuming the following:

- (A) completion of the maximum issuance and conversion of the Bonds;
- (B) completion of the maximum issuance and exercise of the Management Options;
- (C) the completion of the DAS Disposal and DAS Discharge; and
- (D) the conversion of the LSD Convertible Loan into equity, with the interest included up to 30 June 2024.

As disclosed in the Company's announcement dated 1 July 2023, the Company has on 1 July 2023 entered into a sale and purchase agreement with Grand Ally Investments Pte. Ltd. in relation to the DAS Disposal. Based on the audited consolidated financial statements of the Group for FY2023, adjusted with a waiver of amounts owed by DAS Pte. Ltd. to the Company, the DAS Disposal for a total consideration of S\$4 million would represent a net loss of approximately S\$70.7 million after taking into account the estimated fees and expenses of approximately S\$0.1 million. The Company has assumed the same in the preparation of the pro forma financial effects 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 Group in the event that the Corporate Actions have been completed.

Share Capital

In the event that the Corporate Actions have been completed, the pro forma financial effects on the share capital of the Company for FY2023 are as follows:

	Before the Corporate Actions	After the Corporate Actions
Number of issued ordinary shares in the capital of the Company (" Shares ")	1,183,442,438	2,390,792,438
Amount of share capital (S\$)	50,964,874	56,575,990

Net Tangible Assets ("**NTA**")

Assuming that the Corporate Actions have been completed on 31 December 2023 and based on the Group's audited consolidated financial statements for FY2023 and taking into account the estimated fees and expenses of approximately S\$0.1 million, the pro forma financial effects of the Corporate Actions (including non-controlling interests) on the consolidated NTA of the Group are as follows:

	As at 31 December 2023	
	Before the Corporate Actions	After the Corporate Actions
NTA of the Group (S\$'000)	1,595	7,106
Number of Shares	1,183,442,438	2,390,792,438
NTA per share (cents)	0.1348	0.2972

Loss Per Share ("**LPS**")

Assuming that the Corporate Actions are completed on 1 January 2023 and based on the Group's audited consolidated financial statements for FY2023 and taking into account the estimated fees and expenses of approximately S\$0.1 million, the pro forma financial effects of the Corporate Actions on the consolidated LPS of the Group are as follows:

	For FY2023	
	Before the Corporate Actions	After the Corporate Actions
Loss after tax (S\$'000)	(71,927)	(72,027)
Weighted average number of Shares	1,183,442,438	2,390,792,438
LPS (cents)	(6.0778)	(3.0127)

Gearing

Assuming that the Corporate Actions are completed on 31 December 2023 and based on the Group's audited consolidated financial statements for FY2023, the pro forma financial effects of the Corporate Actions on the gearing of the Group are as follows:

	As at 31 December 2023	
	Before the Corporate Actions	After the Corporate Actions
Total Debts (S\$'000)	Nil	Nil
Total Equity (S\$'000)	1,595	7,106
Gearing Ratio (times)	Nil	Nil

7. INTERESTS OF DIRECTORS AND SHAREHOLDERS

None of the Directors (other than in his capacity as Director or Shareholder of the Company) and (as far as the Directors are aware) substantial Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Subscription and the Proposed Grant.

8. 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 Subscription and the Proposed Grant, 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.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following may be inspected at the Company's registered address at 80 Robinson Road, #17-02, Singapore 068898 during normal business hours for three (3) months from the date of this announcement:

- (a) the Subscription Agreements; and
- (b) the Management Option Agreements.

10. CAUTION IN TRADING

The shares in the Company have been suspended from trading on the SGX-ST since 3 March 2021. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company as completion of the Proposed Subscription or the Proposed Grant are subject to the fulfilment of conditions precedent, and there is no certainty or assurance as at the date of this announcement that the Proposed Subscription or the Proposed Grant will be completed.

In the meantime, Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Shareholder and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Joseph Lim
Executive Director and Chief Executive Officer

26 July 2024

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the sponsor is Mr. Joseph Au at 36 Robinson Road, #10-06 City House, Singapore 068877, Email: sponsor@rhtqoc.com.