

# EMERGING TOWNS & CITIES SINGAPORE LTD.

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

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## SETTLEMENT DEED IN RELATION TO LEGAL ACTION IN RESPECT OF UNAUTHORISED WITHDRAWALS FROM HUIZHOU DAYA BAY MEI TAI CHENG PROPERTY DEVELOPMENT CO., LIMITED

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### 1. SETTLEMENT DEED

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

- (a) the Company’s announcement released on 14 November 2017 regarding the legal action the Group was undertaking in respect of unauthorised withdrawals from Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (“**Huizhou Daya Bay**”) involving companies controlled by Mr Luo Shandong (“**Mr Luo**”);
- (b) the Company’s announcement released on 20 November 2017 in relation to the receipt of special notice / requisition for an extraordinary general meeting (“**the First Requisition Notice**”) from Mr Luo (“**the First Requisition**”);
- (c) the Company’s announcement released on 20 November 2017 in relation to the request for suspension;
- (d) the Company’s announcement released on 23 November 2017 in relation to the receipt of notice of compliance;
- (e) the Company’s announcement released on 28 November 2017 in relation to the commencement of proceedings in the Singapore High Court against Mr Luo, Dong Gang and Toener Investment Group (the “**Singapore Lawsuit**”);
- (f) the Company’s announcement released on 7 December 2017 in relation to the update to the First Requisition;
- (g) the Company’s announcement released on 12 December 2017 in relation to the commencement of proceedings in the Huizhou Intermediate People’s Court against Mr Chen Ke, Ms Liu Zhini and Ms Wu Wenwen (“**the PRC Proceedings**”);
- (h) the Company’s announcement released on 15 December 2017 in relation to the receipt of special notice / requisition for an extraordinary general meeting (“**the Second Requisition Notice**”) from Mr Zhang Xiang, Mr Tao Xucheng, Ms Tao Yueqin and Ms Sun Yanli (collectively, the “**Requisitioning Members**”) (“**the Second Requisition**”);
- (i) the Company’s announcement released on 15 December 2017 in relation to receipt of a notice of a derivative or representative action (the “**Section 216A Notice**”) from Mr Luo; and
- (j) the Company’s announcement released on 4 January 2018 in relation to the update to the Second Requisition,

(collectively, the “**Previous Announcements**”).

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

1.2. The Board wishes to announce that the Company and Cedar Properties Pte. Ltd. (“**CPPL**”) have entered into a settlement deed (the “**Settlement Deed**”) on 18 January 2018 (the “**Execution Date**”) with Mr Luo, pursuant to which the Company, CPPL and Mr Luo have agreed, on the terms and subject to the conditions of the Settlement Deed, to a full and final settlement of any and all, *inter alia*, disputes, claims and/or counterclaims between the Company and Mr Luo arising out of, under and/or in connection with the Unauthorised Withdrawals, the Singapore Lawsuit, the PRC Proceedings, the First Requisition Notice and the Section 216A Notice.

1.3. Pursuant to the terms of the Settlement Deed, *inter alia*:

- (i) within 7 days of the Execution Date:
  - a. the Company shall file a Notice of Discontinuance to discontinue the Singapore Lawsuit against all the defendants;
  - b. CPPL shall take all necessary steps to withdraw and/or discontinue the PRC Proceedings expeditiously including filing an application for the withdrawal of the PRC Proceedings; and
  - c. Mr Luo has agreed to use his best efforts to cause the withdrawal of the Second Requisition Notice by the Requisitioning Members;
- (ii) Mr Luo has agreed that all of his demands in the Section 216A Notice shall be deemed withdrawn. Within 7 days of the Execution Date, Mr Luo’s lawyers shall send the Company’s lawyers an open letter stating that the demands in the Section 216A Notice are withdrawn as of the date of the Execution Date;
- (iii) Mr Luo has agreed that the First Requisition Notice shall be deemed withdrawn. Within 7 days of the Execution Date, Mr Luo’s lawyers shall send the Company’s lawyers an open letter stating that the First Requisition Notice is withdrawn as of the date of the Execution Date;
- (iv) Mr Luo has agreed to purchase the Company’s share in CPPL (“**the Sale Share**”) at a consideration (“**the CPPL Consideration**”) to be agreed by the Company and Mr Luo based on a valuation of Huizhou Daya Bay’s property interests by an independent valuer.

The CPPL Consideration shall be satisfied by the Company setting off from the consideration the equivalent sum under the outstanding indebtedness due under the convertible loan agreement entered into between Mr Luo and the Company on 25 January 2017 (the “**Convertible Loan Agreement**”) as at the date of completion of the sale and purchase of the Sale Share. In the event that the Novation (as defined in Section 1.3(vi) of this Announcement) is completed prior to completion of the sale and purchase of the Sale Share, the CPPL Consideration shall be satisfied fully in cash.

Mr Luo and the Company have on the Execution Date entered into a sale and purchase agreement for the sale of the Sale Share to Mr Luo (the “**SPA**”). Further details of the sale of the Sale Share will be set out in a separate announcement by the Company;

- (v) Mr Luo has agreed to extend the repayment deadline of 25 April 2018 in the Convertible Loan Agreement by an additional 12 months to 25 April 2019 and to vary the Convertible Loan Agreement to provide that the Conversion Right may only be exercised with the Company’s prior written approval.

Mr Luo and the Company have on the Execution Date entered into an addendum deed (“the **Addendum Deed**”) to the Convertible Loan Agreement. Further details of the Addendum Deed will be set out in a separate announcement by the Company;

- (vi) the Company shall source and identify third parties to acquire Mr Luo’s rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement. Mr Luo agrees that, following the identification of such third parties by the Company, Mr Luo shall absolutely and unconditionally transfer and novate to such third parties (free from all security, liens, charges, pledges and other encumbrances) all his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement at the aggregate sum of the outstanding principal amount of the convertible loan and any accrued interest then outstanding (“**the Novation**”). Mr Luo has acknowledged that the Company is not obligated to identify such third parties and that the Company makes no representation that it can identify such third parties. The Novation shall be subject, if required by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and/or applicable laws, to approval from the SGX-ST and/or the shareholders of the Company (the “**Shareholders**”);
- (vii) within 7 days of the Execution Date, Mr Luo shall transfer full legal and beneficial title to 149,410,864 of his shares in the Company to Mr Zhu Xiaolin and/or any other third party (the “**Transferee**”) as may be agreed in writing between Mr Luo and the Company (the “**Transfer**”).

Mr Luo has on the Execution Date executed a deed of undertaking to undertake to the Company that, *inter alia*, Mr Luo is not cooperating with Mr Zhu Xiaolin or the Transferee through the transfer to obtain or consolidate effective control of the Company and there is no agreement or understanding with any Shareholder (other than Citibank Nominees Singapore Pte. Ltd. in respect of 22,878,532 shares in the Company held by it as Mr Luo’s nominee) pursuant to which Mr Luo can prescribe, direct or instruct the voting of shares held by such Shareholder;

- (viii) within 7 days of the Execution Date, Mr Luo shall procure Mr Yang Cha’s resignation from his position as a director on the board of directors of Huizhou Daya Bay. The Company shall thereafter appoint such person as it deems fit in its sole discretion as a director on the board of directors of Huizhou Daya Bay;
- (ix) within 7 days of the Execution Date, Mr Luo agrees to assist and facilitate the handover of all bank tokens of Huizhou Daya Bay to the Company;
- (x) each of the Company, CPPL and Mr Luo shall be entitled to revive or pursue any and all disputes, claims and/or counterclaims relating to the Unauthorised Withdrawals, the matters raised in the Singapore Lawsuit, the PRC Proceedings, the First Requisition Notice and the Section 216A Notice on the occurrence of the following events:
  - a. the obligations stated at Section 1.3(i), (ii), (iii), (iv), (v) and (vii) above are not complied with within the stipulated periods;
  - b. notwithstanding compliance with Section 1.3(i)(b) above, the PRC Proceedings are not withdrawn and/or discontinued;
  - c. the sale of the Sale Share is not completed within 4 months of the Execution Date; and
  - d. the Addendum Deed is not approved by the SGX-ST, and if required by the SGX-ST and/or applicable laws, the shareholders of the Company, within 4 months of the Execution Date;
- (xi) the directors on the Board as of the Execution Date (“**the Existing Directors**”) shall resign at such times as may be requested by Mr Zhu Xiaolin or the Transferee,

subject to (if required) the approval of the SGX-ST and the Company's Sponsor, provided that at the time of such request(s) the requesting party is the controlling shareholder of the Company and provided that all of the following events have occurred:

- a. the Company and Mr Luo have entered into the SPA;
- b. the Company and Mr Luo have entered into the Addendum Deed;
- c. the Transfer has been fully completed;
- d. Mr Yang Cha has resigned from his position as a director on the board of directors of Huizhou Daya Bay; and
- e. the Company has received all bank tokens of Huizhou Daya Bay.

The Existing Directors shall not be required to resign from their positions as directors on the Board upon the occurrence of the earlier of the following events:

- a. 3 months have passed since the completion of the sale of the Sale Share; or
- b. 50% of the Existing Directors have resigned.

In the event that Mr Zhu Xiaolin or the Transferee request for the resignation of any of the Existing Directors who are independent directors ("**the Existing Independent Directors**"), the Existing Independent Directors shall only be required to resign from their positions as directors on the Board upon the approval of the SGX-ST of the independent director(s) who will be appointed to the Board in place of the Existing Independent Directors;

- (xii) the Company has agreed not to undertake any new acquisitions, except with the approval of Mr Zhu Xiaolin and/or the Transferee, until:
  - a. Mr Luo completes the transfer of 149,410,864 of his shares in the Company to Mr Zhu Xiaolin and/or the Transferee in accordance with Section 1.3(vii) above; and
  - b. 3 months have passed since the completion of the sale of the Sale Share or 50% of the Existing Directors have resigned, whichever comes earlier; and
- (xiii) the Company shall, at Mr Luo's request, repay to Mr Luo part of the amount outstanding under the Convertible Loan Agreement, with the amount to be repaid to be agreed between Mr Luo and the Company.

## 2. FURTHER ANNOUNCEMENTS

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

## 3. CAUTION IN DEALING

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

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

#### 4. STATUS OF VOLUNTARY SUSPENSION OF TRADING IN THE COMPANY'S SHARES

The voluntary suspension of trading in the Company's shares (the "**Voluntary Suspension**") effective 20 November 2017 was requested on the basis that it would be prudent to do so until such time that matters in respect of the Unauthorised Withdrawals and the proposed removal and appointment of directors are resolved. The Company has taken steps towards addressing such matters by entering into the Settlement Deed with Mr Luo. Following such steps, the Company is working towards the lifting of the Voluntary Suspension and will make further announcements when there are material developments on the matter.

#### By Order of the Board

Mr Tan Thiam Hee  
Group Chief Executive Officer and Executive Director

18 January 2018

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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 ("**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.*

*The details of the contact person for the Sponsor is:*

*Name: Mr. Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.)  
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619  
Tel: 6381 6757*