

EMERGING TOWNS & CITIES SINGAPORE LTD.

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

PROPOSED ACQUISITION OF UP TO 20% EQUITY INTEREST OF GOLDEN LAND REAL ESTATE DEVELOPMENT CO., LTD.

1. INTRODUCTION

1.1. Sale and Purchase Agreement

The Board of Directors of Emerging Towns & Cities Singapore Ltd. ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, DAS Pte. Ltd. ("**DAS**"), has on 14 November 2017, entered into a sale and purchase agreement (the "**SPA**") with Nature Link Co., Ltd. (the "**Vendor**"), pursuant to which the Vendor has agreed to sell and DAS has agreed to purchase up to 15,118 issued and paid-up shares (the "**Purchased Shares**") (representing 20% of the equity interest) of Golden Land Real Estate Development Co., Ltd. (the "**Target**") (the "**Proposed Acquisition**").

1.2. Rule 704(16)(d) of the Catalist Rules

As at the date hereof, the Company, through DAS, owns 70% of the entire issued and paid up share capital of Uni Global Power Pte. Ltd. ("**UGP**"), which in turn owns 70% of the entire issued and paid up share capital of the Target. Accordingly, as at the date hereof, the Company effectively owns 49% of the entire issued and paid up share capital of the Target. Assuming the completion of the Proposed Acquisition of 20% of the entire issued and paid up share capital of the Target, the Company, through DAS and UGP, will effectively own 69% of the entire issued and paid up share capital of the Target.

2. INFORMATION ON THE VENDOR

The Vendor is an investment holding company incorporated in Myanmar and having its registered office at Olympic Hotel, National Swimming Pool Compound, U Wisara Road, Dagon Township, Yangon. Daw Soe Soe owns 75% of the Vendor. She is also a director of JL Group Myanmar and in charge of its international trading business, which includes the import of heavy machineries and construction materials and export of plywood to overseas markets. JL Group was founded in 1995 and its businesses are diversified across a broad range of industries including forestry, manufacturing, international trading, financial technology, real estate, hospitality and infrastructure development.

As at the date hereof, the Vendor owns 30% of the entire issued and paid up share capital of the Target. Assuming the completion of the Proposed Acquisition of 20% of the entire issued and paid up share capital of the Target, the Vendor will own 10% of the entire issued and paid up share capital of the Target.

The Vendor is not related to the Directors or substantial shareholders of the Company.

There was no introducer in respect of the Proposed Acquisition.

3. INFORMATION ON THE TARGET

The Target (Company Registration Number 441FC of 2013-2014) is a company incorporated in Myanmar with its registered office at Olympic Hotel, National Swimming Pool Compound, U Wisara Road, Dagon Township, Yangon. The Target owns the US\$400 million (phases 1 and 2 and CMA Building only) Golden City project, Myanmar's first foreign developed luxury mixed-use development and one of the leading real estate projects in Yangon, with gross floor area of approximately 2.2 million square feet (phases 1 and 2 and CMA Building only) in the Yankin township of Yangon, Myanmar (the "**Golden City Project**").

As at the date hereof, the Company owns 100% of the entire issued and paid up share capital of DAS, DAS owns 70% of the entire issued and paid up share capital of UGP and UGP owns 70% of the entire issued and paid up share capital of the Target.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1. Completion

The completion of the Proposed Acquisition (the "**Completion**") shall take place within five (5) business days from the satisfaction of the Acquisition Conditions Precedent (as defined in Section 4.3 below).

4.2. Consideration and Satisfaction of Consideration

The consideration payable by DAS per Purchased Share is approximately US\$1,323. The aggregate consideration payable by DAS for the Proposed Acquisition (the "**Consideration**") is up to US\$20,000,000 (approximately S\$27,100,000 based on the exchange rate of US\$1.00: S\$1.355 as set out in the SPA).

The Consideration shall be satisfied in notes or shares or such combination of notes and shares as DAS may in its sole discretion decide. If applicable, the Consideration to be satisfied in notes shall be satisfied by the procurement by the Purchaser of the issuance by ETC Singapore to the Vendor of an interest-bearing note (the "**Note**"). If applicable, the Consideration to be satisfied in shares shall be satisfied by the procurement by DAS of the issuance by the Company of such number of ordinary shares in the share capital of the Company, at the issue price of S\$0.09 per share, to the Vendor and/or its nominee(s) (the "**Consideration Shares**").

As DAS has discretion as to the payment of the Consideration in notes and/or shares and the Proposed Acquisition is subject to agreement between the Vendor and DAS on the final number of Purchased Shares to be sold and transferred by the Vendor to DAS and acquired by DAS as set out in Section 4.3(b) below, the actual number of Consideration Shares to be issued is not definitive as at the date hereof. For illustrative purposes only, assuming the Consideration will be US\$20,000,000 and satisfied fully in shares, an aggregate of 301,111,111 ordinary shares in the Company will be issued as Consideration Shares.

The Consideration was arrived at after arms' length negotiations, on a willing buyer willing seller basis, after taking into account, *inter alia*, the value of the Target as set out in Section 5.1 of this Announcement.

4.3. Conditions Precedent

The Vendor and DAS agree that the Proposed Acquisition shall be conditional upon the satisfaction and/or written waiver of, *inter alia*, the following conditions:

- (a) completion of a valuation of the Target by an independent internationally recognised valuer to the satisfaction of DAS (acting reasonably), (the "**Valuation**"), and such valuer shall be mutually agreed between the Vendor and DAS and appointed by DAS;

- (b) agreement between the Vendor and DAS on the final number of Purchased Shares to be sold and transferred by the Vendor to DAS and acquired by DAS;
- (c) to the extent required by the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and/or applicable laws, approval from the Shareholders of the Company having been obtained for the entry into and completion of, the transactions (including but not limited to the issue of the Consideration Shares, if applicable) contemplated to be entered into in the SPA;
- (d) all necessary consents, approvals and waivers of the Myanmar Investment Commission and any other governmental or regulatory bodies in Myanmar having jurisdiction over the Target or the Vendor having been obtained or procured by the Vendor in respect of the transactions contemplated in the SPA, and where any such consent, approval or waiver is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before completion of the Proposed Acquisition, such conditions being fulfilled before completion of the Proposed Acquisition, as the case may be, and such consents, approvals or waivers not being revoked or repealed on or before completion of the Proposed Acquisition, as the case may be;
- (e) all necessary consents, approvals and waivers, if any, from third parties (including without limitation, rights of pre-emption or first refusal and any change of control consents) or relevant authorities or competent authorities having jurisdiction over the sale of the Purchased Shares (including without limitation but only where required, by the Company’s Sponsor, the SGX-ST and the relevant licensing authorities) and where any such consent, approval or waiver is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before completion of the Proposed Acquisition, such conditions being fulfilled before completion of the Proposed Acquisition, as the case may be, and such consents, approvals or waivers not being revoked or repealed on or before completion of the Proposed Acquisition, as the case may be;
- (f) if applicable, a listing and quotation notice for the listing and quotation of the Consideration Shares to be allotted and issued pursuant to the Proposed Acquisition on Catalist having been obtained from the SGX-ST and not revoked or amended and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Vendor and DAS and if such conditions are required to be fulfilled before completion of the Proposed Acquisition, such conditions being fulfilled before completion of the Proposed Acquisition; and
- (g) completion of DAS’s due diligence investigations in respect of the Target and the results thereof being satisfactory to DAS in its sole determination, including but not limited to the delivery by the Vendor to DAS of documentation evidencing that the Vendor is the legal and beneficial owner of the Purchased Shares,

(collectively, the “**Acquisition Conditions Precedent**”).

5. VALUE OF THE TARGET AND GAIN FROM THE PROPOSED ACQUISITION

5.1. Value of the Target

Based on the latest audited financial statements of the Target as at 31 December 2016, the book value and net tangible assets of the Target was approximately S\$34.7 million and the book value and net tangible assets of the Target attributable to the Purchased Shares was approximately S\$6.9 million.

For the purpose of the acquisition of DAS which was completed on 27 February 2017, the Company had commissioned an independent valuer, Colliers International Thailand, to value the Golden City Project. According to a valuation letter issued by Colliers International Thailand, the value of the Golden City Project as at 14 November 2016 was estimated to be approximately S\$160.0 million. Colliers International Thailand adopted the income approach (residual method) and market approach in arriving at the value of the Golden City Project. For the purposes of the Proposed Acquisition, a new valuation will be completed as set out in Section 4.3 of this Announcement.

5.2. Profits attributable to the Purchased Shares

Assuming that the Proposed Acquisition was completed on 31 December 2016 and taking into account any associated costs and liabilities of the Proposed Acquisition (i.e. approximately S\$0.1 million), the net loss* attributable to the Purchased Shares will be approximately S\$0.1 million as the Target is an existing subsidiary of the Group with its results for 31 December 2016 being consolidated in the Group's results, thus, there will be no further impact on the net profit of the Group on 31 December 2016 except for the additional associated costs and liabilities incurred for the Proposed Acquisition.

* "net profits" or "net loss" means profit or loss before income tax, non-controlling interests and extraordinary items.

6. SOURCE OF FUNDS

The payment of the principal amount and interest accrued thereon under the Note, if applicable, will be fully funded through internal resources of the Group. Other than the Note, the Consideration will be fully satisfied by the issue of Consideration Shares.

7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 AND APPLICABILITY OF CHAPTER 10 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 Acquisition and based on the latest announced consolidated financial statements of the Group for the financial period ended 30 September 2017 ("3Q2017") 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	-3.3% ⁽²⁾
(c)	The aggregate value of the consideration of US\$20,000,000 ⁽³⁾ , compared with the Company's market capitalisation ⁽⁴⁾ of approximately S\$73,605,770 based on the total number of issued shares excluding treasury shares	36.8%
(d)	The number of equity securities issued by the Company of 301,111,111 ⁽⁵⁾ as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue of 962,166,934	31.3%

(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\$0.1 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 latest announced consolidated financial statements for 3Q2017 whilst the Group posted a net profit of approximately S\$3.1 million, based on the latest announced consolidated financial statements of the Group for 3Q2017.
- (3) As the Proposed Acquisition is subject to agreement between the Vendor and DAS on the final number of Purchased Shares to be sold and transferred by the Vendor to DAS and acquired by DAS as set out in Section 4.3(b) above, the consideration is not definitive as at the date hereof. For illustrative purposes only, assuming the consideration will be US\$20 million, the aggregate value of the consideration of US\$20 million is equivalent to approximately S\$27.1 million based on the exchange rate of US\$1.00: S\$1.355 as set out in the SPA.
- (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\$0.0765 of the Company's shares as at 13 November 2017, being the last trading day before 14 November 2017, the day the SPA was signed.
- (5) As DAS has discretion as to the payment of the Consideration in notes and/or shares and the Proposed Acquisition is subject to agreement between the Vendor and DAS on the final number of Purchased Shares to be sold and transferred by the Vendor to DAS and acquired by DAS as set out in Section 4.3(b) above, the actual number of equity securities to be issued as consideration is not definitive as at the date hereof. For illustrative purposes only, assuming the Consideration will be US\$20 million and satisfied fully in shares, the number of equity securities to be issued by the Company as Consideration Shares is 301,111,111.

As the relative figure computed on the base set out in Rule 1006(b) of the Catalist Rules is a negative figure, the Company shall through its Sponsor, consult with the SGX-ST and seek its confirmation that the Proposed Acquisition would constitute a **"discloseable transaction"** under Chapter 10 of the Catalist Rules and would not be subject to the approval of Shareholders. The Company will update shareholders on the outcome of such consultation in due course.

8. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group's growth strategy that focuses on development and investment properties in emerging countries. Driven by the lack of quality supply, Yangon's luxury real estate market presently witnesses strong uptake in demand by the increasingly affluent locals. Given Yangon's rapid transformation into a key residential and commercial powerhouse, the Company anticipates that the valuation of the Golden City Project will continue to appreciate along with the surrounding area's growth. The Golden City Project has the potential to generate good development returns and yield.

As at the Latest Practicable Date, the Company holds 100% of the entire issued and paid up share capital of DAS, DAS owns 70% of the entire issued and paid up share capital of UGP and UGP owns 70% of the entire issued and paid up share capital of the Target. The Directors believe that the Proposed Acquisition is in the best interests of the Company, as it would allow the Company to increase its shareholding in the Target and enhance control over the Target. The Directors also believe that the Proposed Acquisition recognises the Golden City Project's importance to the Group as a key revenue generator both presently and in the future.

Further, as DAS has full discretion for the Consideration to be satisfied by the issue of Consideration Shares, the Proposed Acquisition will strengthen the Company's balance sheet and will minimise impact on the cash flow of the Company.

9. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

9.1. Bases and Assumptions

For the purposes of illustration only, the *pro forma* financial effects of the Proposed Acquisition 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 period ended 31 December 2016 ("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.

9.2. Share Capital

The *pro forma* financial effects of the Proposed Acquisition on the share capital of the Company for FY2016 after adjusting for the shares issued by the Company from 1 January 2017 to the date of this Announcement (the "2017 Shares") are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Number of issued Shares	962,166,934	1,263,278,045 ⁽¹⁾
Amount of share capital (S\$)	32,841,618	59,941,618 ⁽¹⁾

Note:

- (1) As DAS has discretion as to the payment of the Consideration in notes and/or shares and the Proposed Acquisition is subject to agreement between the Vendor and DAS on the final number of Purchased Shares to be sold and transferred by the Vendor to DAS and acquired by DAS as set out in Section 4.3(b) above, the actual number of equity securities to be issued as consideration is not definitive as at the date hereof. For illustrative purposes only, assuming the Consideration will be US\$20 million and satisfied fully in shares, the number of equity securities to be issued by the Company as Consideration Shares is 301,111,111.

9.3. 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	1,263,278,045 ⁽²⁾
NTA per share (cents)	9.79	7.46 ⁽²⁾

Notes:

- (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.
- (2) As DAS has discretion as to the payment of the Consideration in notes and/or shares and the Proposed Acquisition is subject to agreement between the Vendor and DAS on the final number of Purchased Shares to be sold and transferred by the Vendor to DAS and acquired by DAS as set out in Section 4.3(b) above, the actual number of equity securities to be issued as consideration is not definitive as at the date hereof. For illustrative purposes only, assuming the Consideration will be US\$20 million and satisfied fully in shares, the number of equity securities to be issued by the Company as Consideration Shares is 301,111,111.

9.4. 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	18,229
Weighted Average Number of Shares	887,897,100	1,189,008,211 ⁽¹⁾
EPS per share (cents)	1.53	1.53 ⁽¹⁾

Note:

- (1) As DAS has discretion as to the payment of the Consideration in notes and/or shares and the Proposed Acquisition is subject to agreement between the Vendor and DAS on the final number of Purchased Shares to be sold and transferred by the Vendor to DAS and acquired by DAS as set out in Section 4.3(b) above, the actual number of equity securities to be issued as consideration is not definitive as at the date hereof. For illustrative purposes only, assuming the Consideration will be US\$20 million and satisfied fully in shares, the number of equity securities to be issued by the Company as Consideration Shares is 301,111,111.

9.5. 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.

10. 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 Acquisition, other than through their respective shareholdings in the Company.

11. DIRECTORS' SERVICE CONTRACTS

As at the date of this Announcement, no person is proposed to be appointed as a Director in connection with the Proposed Acquisition. Accordingly, as at the date of this Announcement, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Acquisition.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA 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.

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 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.

14. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Acquisition 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 Acquisition will proceed to completion, as the completion is subject to, *inter alia*, fulfillment of all the conditions precedent in the SPA. 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.

By Order of the Board

Christopher Chong Meng Tak
Non-Executive Group Chairman

14 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.

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*