

EMERGING TOWNS & CITIES SINGAPORE LTD.

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

UPDATE TO SPECIAL NOTICE / REQUISITION FOR AN EXTRAORDINARY GENERAL MEETING

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 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 “**28 November 2017 Announcement**”);
- (f) the Company’s announcement released on 7 December 2017 in relation to the update to the First Requisition (the “**7 December 2017 Announcement**”);
- (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 “**12 December 2017 Announcement**”);
- (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**”),

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

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

The Board wishes to announce that, in view of the Board’s commitment to good corporate governance and following discussions between the Company’s Sponsor and the Board, the Board will not be convening the EGM for the following reasons:

- (i) the EGM being sought to be convened seeks the removal of Mr Christopher Chong Meng Tak and Mr Peter Tan (the “**Independent Directors**”) as directors of the Company. As at the date hereof, Mr Christopher Chong Meng Tak and Mr Peter Tan comprise the only independent directors on the Board.

In accordance with Principle 2 of the Code of Corporate Governance issued on 2 May 2012 (the “**Code**”), there should be a strong and independent element on the Board. If the

Independent Directors are removed, the Company would not be in compliance with the Code as the Board would comprise only non-independent directors;

- (ii) in accordance with Rule 226(2)(d) of Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”), the Sponsor is required to advise on the suitability of directors arising from proposed changes in the Board.

The Sponsor has reviewed the curricula vitae of Mr Choong Chow Siong, Mr Liu Yi and Mr Zhang Tugang (the “**Proposed Directors**”) attached to the Requisition Notice and has requested additional information from the Requisitioning Members’ legal counsel on the Proposed Directors including, *inter alia*, relevant disclosures for the purpose of the appointment of the Proposed Directors. Such additional information, despite several reminders, has not been forthcoming as at the date hereof. In the absence of sufficient information, the Sponsor is currently unable to advise on the suitability of the Proposed Directors;

- (iii) in accordance with the Notice of Compliance and pursuant to Catalyst Rule 305(1)(c), the SGX Regco requires the Company to obtain prior approval of the Exchange under Catalyst Rule 720(2)(a), for a period not exceeding 3 years, for the appointment of a director or an executive officer.

As at the date hereof, the Board has not received any notice that the Exchange has approved the appointment of the Proposed Directors;

- (iv) the Second Requisition Notice was sent to the Company just 7 days after the Company announced through the 7 December 2017 Announcement that the Company will not be convening an EGM sought to be convened pursuant to the First Requisition Notice from Mr Luo. In the First Requisition Notice, Mr Luo sought an EGM to put forth resolutions, *inter alia*, for the removal of the Independent Directors as directors of the Company with effect from the date of the EGM and the appointment of Ms Shasha (Liang) Du and Mr Wang Guang as directors of the Company from the date of the EGM;
- (v) the Second Requisition Notice was also sent to the Company just 2 days after the Company announced through the 12 December 2017 Announcement that CPPL had commenced a shareholder’s derivative suit in the PRC courts in respect of the Unauthorised Withdrawals. The Company had also previously announced through the 28 November 2017 Announcement that it had commenced a lawsuit in the Singapore High Court on 27 November 2017 against Mr Luo and two companies controlled by him;
- (vi) Mr Zhang Xiang, who is one of the Requisitioning Members, appears to have acquired all of his shares in the Company from Mr Luo on 1 August 2017 in an off-market transaction. Mr Zhang Xiang also appears to be a business associate of Mr Luo. The Company understands that Mr Zhang Xiang and Mr Luo are currently both shareholders of the same PRC company, Shanghai Gao Te Jia Chun Hui Investment LLP;
- (vii) the Company also has grounds to believe that another of the Requisitioning Members, Mr Tao Xucheng, is a close associate of Mr Luo. An announcement on the website of Toener Group, a group of companies controlled by Mr Luo, describes Mr Luo as the chairman of Toener Group and Mr Tao Xucheng as the Group’s “Executive VP ... of financial sector”;
- (viii) in the circumstances, the Company is concerned that the Requisitioning Members may be acting on the instructions of Mr Luo and that the purpose of the Second Requisition Notice is to hamper the Company’s efforts to proceed with legal action in the PRC and in Singapore in respect of the Unauthorised Withdrawals;
- (ix) on 19 December 2017, the Company sent notices pursuant to section 137F of the Securities and Futures Act (the “**Section 137F Notices**”) to each of the Requisitioning Members to ask them to state whether they hold shares on trust for any other person, and whether any of their voting rights are subject to an agreement or arrangement under which another person is entitled to control the exercise of those rights;

- (x) on 23 December 2017, the Company's Chief Executive Officer, Mr Tan Thiam Hee, received a response from Ms Sun Yanli stating that she does not hold any of her shares as trustee, and that none of her voting rights are subject to an agreement or arrangement;
- (xi) to date, the Company has not received a response from Mr Zhang Xiang, Mr Tao Xucheng and Ms Tao Yueqin to the Section 137F Notices that were sent to them;
- (xii) in view of the above, the Board has taken legal advice on the Second Requisition. Having considered the advice, the Board is of the opinion that the Proposed Directors would not be suitable to be appointed to the Board and the Board has concluded that it is not compelled to convene the EGM that the Requisitioning Members have requisitioned.

The Board will provide further updates to shareholders if and when there are material developments on this matter.

In the meantime, for clarity, the voluntary suspension of trading in the Company's shares shall continue until such time that matters in respect of the Unauthorised Withdrawals and the proposed removal and appointment of directors are resolved.

By Order of the Board

Mr Tan Thiam Hee
Group Chief Executive Officer and Executive Director

4 January 2018

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:

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