



EMERGING TOWNS & CITIES SINGAPORE LTD.

Extraordinary General Meeting
15 March 2018

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DISCLAIMER





**01 Corporate
Developments**



02 Resolutions



EVENTS LEADING UP TO THE VOLUNTARY SUSPENSION

- Legal action in respect of Unauthorised Withdrawals from Huizhou Daya Bay Mei Tai Cheng Property Development Co. Limited on 14 Nov 2017
 - A total of RMB118.0 million was transferred without prior approval from the Board from Cedar Properties Pte Ltd (“CPPL”) to Huizhou Daya Bay Dong Gang Industrial Co., Limited (“Dong Gang”) and Hunan Toener Investment Group Co., Limited (“Toener Investment Group”), both of which are controlled by Mr Luo Shandong (“Mr Luo”), the then controlling shareholder of the Company
- Receipt of Special Notice and Requisition for an Extraordinary General Meeting (“EGM”) on 16 Nov 2017 from Mr Luo, seeking the removal of Mr Christopher Chong Meng Tak and Mr Peter Tan as directors of the Company

Rationale for Voluntary Suspension

- Board is of the opinion that until such time that matters in respect of the Unauthorised Withdrawals and the proposed removal and appointment of Directors are resolved, it would be prudent to request for voluntary suspension
- Prevent unnecessary erosion of shareholder value while material investigations were ongoing

Status Update

- A Settlement Deed was arrived at between CPPL and Mr Luo on the 18 January 2018

SETTLEMENT DEED IN RELATION TO THE LEGAL ACTION IN RESPECT OF UNAUTHORISED WITHDRAWALS FROM HUIZHOU DAYA BAY

- Progress made in relation to the settlement deed is summarised below with the following key takeaways:-
- i. The Company has taken all necessary steps to withdraw and/or discontinue the Singapore Lawsuit as well as PRC Proceedings against all the defendants;
 - ii. Former controlling shareholder, Mr Luo withdrew demands pertaining to the Section 216A Notice. The Section 216A Notice called for a special audit of the Company as well as prosecuting action against Mr Christopher Chong Meng Tak, Non-Executive and Independent Group Chairman, for alleged breach of director duties with respect to the unauthorised withdrawals;
 - iii. Both Requisition Notices were withdrawn, dismissing the need for an Extraordinary General Meeting (EGM);
 - iv. Mr Luo has transferred full legal and beneficial title to 149,410,864 of his shares in the Company to Group President and Executive Director, Mr Zhu Xiaolin, who now becomes the Group's single largest shareholder with an effective stake of 20.8%; and
 - v. the Company has managed to retrieve all bank tokens of Huizhou Daya Bay

SETTLEMENT DEED IN RELATION TO THE LEGAL ACTION IN RESPECT OF UNAUTHORISED WITHDRAWALS FROM HUIZHOU DAYA BAY

➤ Seeking shareholder's approval with respect to the following items:-

- i. Sales and purchase agreement with the then controlling shareholder to sell its wholly-owned subsidiary, Cedar Properties Pte Ltd ("CPPL"):
 - Allow the Company to realise the investments in CPPL which would unlock value for shareholders and further strengthen the Company's financial position;
 - Enable the Company to set off from the Consideration the equivalent sum under the amount (both principal and interest) due to Mr Luo under the Convertible Loan Agreement, as such repaying part of the principal amount due to Mr Luo under the Convertible Loan Agreement
 - A condition under the Settlement Deed negotiated with Mr Luo to resolve the Company's dispute with Mr Luo.

	Original CLA	Addendum to CLA
Principal Loan	S\$41,609,044	S\$41,609,044
Conversion of Loan @ S\$0.09/share up to 13 June 2017	(\$8,010,000)	(\$8,010,000)
Interest Expense Accrued (1% interest yield up to 15 March 2018)	S\$398,713	S\$398,713
Maturity period	15 months	27 months
Principal Outstanding	S\$33,997,757	S\$17,060,657
Outstanding Conversion shares @ S\$0.09/share	377,752,856	189,562,856
Total no. of shares currently	962,166,934	962,166,934
Total no. of shares (assuming all outstanding loans are converted)	1,339,919,790	1,151,729,790
Conversion shares as a % of total enlarged shares	28.2%	16.5%

After adjusting for sales proceeds of RMB81.0 million for CPPL

SETTLEMENT DEED IN RELATION TO THE LEGAL ACTION IN RESPECT OF UNAUTHORISED WITHDRAWALS FROM HUIZHOU DAYA BAY

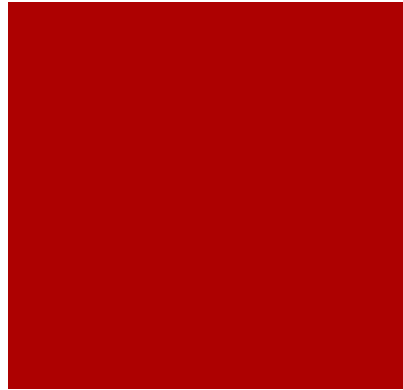
- Seeking shareholder's approval with respect to the following items:-
 - ii. Addendum deed for the proposed extension of the Convertible Loan Agreement (CLA) between Mr Luo Shandong and the Group from 15 months to 27 months
 - Repayment deadline to extend from 25 April 2018 to 25 April 2019
 - Conversion right may only be exercised by Mr Luo with the Company's prior written approval
 - iii. Proposed Novation by Mr Luo to one or more third parties of all his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement



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EXTRAORDINARY GENERAL MEETING: RESOLUTION 1

- **THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF CEDAR PROPERTIES PTE LTD**
- The consideration payable by Mr Luo is the sum of RMB81.0 million less any amounts which Cedar Properties Private Limited (“CPPL”) may have repaid on the shareholder’s loan comprising an initial principal aggregate amount of RMB48.0 million, being the purchase consideration relating to CPPL’s acquisition of Huizhou Daya Bay, owed by CPPL to the Company (the “Shareholder’s Loan”) during the period between the date of the SPA and the date of Completion.
 - Notwithstanding the above, in the event that the Proposed Novation takes place prior to Completion, the Consideration shall be satisfied fully in cash.

EXTRAORDINARY GENERAL MEETING: RESOLUTION 2

- **THE PROPOSED EXTENSION OF THE EXPIRY DATE OF THE CONVERSION RIGHT UNDER THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO SHANDONG**
 - The Maturity Date has been amended from 15 months from the date of the Convertible Loan Agreement to 27 months from the date of the Convertible Loan Agreement
 - The Conversion Right is exercisable at any time on or before the Maturity Date by Mr Luo with the Company's prior written approval
 - Mr Luo may novate, assign, transfer, delegate or otherwise dispose of all or part of his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement subject to:
 - i. The Company's consent in writing having been obtained; and
 - ii. if required by the SGX-ST and/or applicable laws, approval from the SGX-ST and/or the Shareholders having been obtained

EXTRAORDINARY GENERAL MEETING: RESOLUTION 3

- **THE PROPOSED NOVATION OF THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND MR LUO**
- Proposed Novation by Mr Luo to one or more third parties of all his rights, title, interest, benefits, obligations and liabilities under the Convertible Loan Agreement, provided that:
 - i. The Company shall source and identify the third party or third parties in respect of the Proposed Novation;
 - ii. the identity or identities of such third party or third parties shall be subject to approval by the SGX-ST;
 - iii. as at completion of the Proposed Novation, none of such third party or third parties shall be a director or substantial shareholder (or associate of such director or substantial shareholder) of the Company or other person specified in Rule 812 and Rule 904(4) of the Catalist Rules; and
 - iv. the allotment and issue of any Conversion Shares to such third party or third parties will not result in any one of such third party or third parties holding an aggregate direct and deemed interest in the Company of 15% or more of the enlarged share capital of the Company.

THANK YOU

For enquiries, please contact:

Chong Yap TOK / Jonathan WEE

Investor Relations

Financial PR

Tel: +65 6438 2990

chongyap@financialpr.com.sg / jonathanwee@financialpr.com.sg