

EMERGING TOWNS & CITIES SINGAPORE LTD.

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

ENTRY INTO JOINT VENTURE AGREEMENT AND INCORPORATION OF A JOINT VENTURE COMPANY

1. INTRODUCTION

The Board of Directors (“**Board**” or “**Directors**”) of Emerging Towns & Cities Singapore Ltd. (the “**Company**” or “**ETC**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has, on 3 January 2023, entered into a joint venture agreement (“**JVA**”) with Ms Dong Yanwei (the “**JV Partner**”) in respect of their shareholdings in, and to regulate the affairs of, a joint venture company, “ETC Smart Builder Pte. Ltd.” (the “**JV Company**”), which was incorporated in Singapore on 3 January 2023 pursuant to the JVA.

2. INFORMATION ON THE JV PARTNER

The information on the JV Partner was provided by the JV Partner and background checks conducted by the Company on a best-efforts basis. In respect of such information provided by the JV Partner 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 JV Partner has more than 18 years’ experience in the information technology and computer software industry and over 12 years’ experience in investments and venture capital. She is currently the chief executive officer of REI Engineering Software Co. Ltd. in Dalian, People’s Republic of China (“**PRC**”) and has led or been involved in various information technology, computer software and investment projects in the PRC. She graduated with a bachelor degree in Civil Engineering from the Dalian University of Technology, PRC.

The Company was introduced to the JV Partner by an unrelated third party. To the best of the knowledge of the Directors, as at the date of this announcement, the JV Partner does not hold any shares in the capital of the Company directly or indirectly, and is not related to any directors or substantial shareholders of the Company.

3. INFORMATION ON THE JV COMPANY AND SALIENT TERMS OF THE JVA

The business of the JV Company will be the business of developing software, information technology solutions and provision of technical consulting related to smart cities (the “**Business**”), including without limitation:

- (i) development and sales of BCA Green Mark application software;
- (ii) development of solutions and consulting services for BCA Green Mark projects;
- (iii) Software as a Service module application and consulting services in the field of architectural design and drawing; and

- (iv) Building Information Management model making and building structure detailed design services in the field of architectural design and drawing.

The JV Company has an issued and paid-up share capital of S\$20,000 divided into 20,000 ordinary shares. ETC and the JV Partner holds 51% and 49% of the shares in the JV Company respectively. The consideration by each of the parties in relation to the subscription of shares in the JV Company was satisfied fully in cash. The consideration was arrived at after arm's length negotiations and on a willing-buyer willing-seller basis. The above investment was funded through internal resources and is not expected to have any material impact on the earnings per share or net tangible assets per share of the Group for the financial year ending 31 December 2023.

As the JV Company has only been newly incorporated and has not commenced operations nor owns any assets, the book value and net tangible asset value of the subscription shares is zero. No valuation of the subscription shares has been commissioned by the Company. The board of directors of the JV Company shall consist of three (3) directors, of which ETC shall have the right to appoint two (2) directors and the JV Partner shall have the right to appoint one (1) director.

The JV Partner has granted ETC a put option to require the JV Partner to purchase from ETC its fifty-one per cent (51%) shareholding in the JV Company (the "**Put Option**") and ETC has granted the JV Partner a call option to require ETC to sell to the JV Partner ETC's fifty-one per cent (51%) shareholding in the JV Company (the "**Call Option**"). The Call Option or Put Option is only exercisable if, *inter alia*, the aggregate revenue of the JV Company for the first two financial years is less than S\$3,000,000. The option period shall be the period commencing on 1 January 2025, being the day after the end of the second financial year of the JV Company, and ending seven (7) months thereafter. The option price is the cost of investment, including any capital contributed by ETC and shareholders' loan. As such, the quantum of the option price will only be determinable at or around the time of exercise of the Options.

If the JV Company's aggregate revenue of the JV Company for the first two financial years is less than S\$3,000,000 or the JV Company's operational performance by the end of the second financial year is deemed to be unsatisfactory by either party, either party may give written notice of the intention to take steps to wind up, liquidate or strike off the JV Company.

4. RATIONALE FOR THE JOINT VENTURE

Since 2021, the Company has been talking to various investors and professionals to divest its investment in Myanmar via the sale of its entire shareholdings in DAS Pte. Ltd. ("**Proposed Divestment**"). The Company's entry into the JVA is accordingly in line with the Group's strategy to work towards resumption of trading of the Company's shares, subsequent to the Proposed Divestment.

The construction of smart cities is the future of construction and infrastructure development and governments have invested huge manpower and resources to carry out the construction of smart cities. By entering into the JVA, the Company will take part in the introduction of core technologies in smart cities and core talents in software products and technical consulting services, and develop software and IT businesses related to smart cities. This will complement ETC's "brick and mortar" property development and investment businesses with the development and provision of smart city solutions and establish another business area for the Company to broaden its revenue stream with low initial capital outlay.

5. NON-DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

None of the relative figures for the abovementioned joint venture computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**")

exceeds 5% and accordingly, the joint venture constitutes a non-discloseable transaction within the meaning of Chapter 10 of the Catalist Rules.

In the event that the Options are exercised, the Company will make the necessary announcement in relation to the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the incorporation of the JV Company, other than through their respective shareholding interests in the Company.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities in Singapore, a copy of the JVA is available for inspection by appointment at the Company's registered address for a period of three (3) months from the date of this Announcement.

Shareholders who wish to inspect the JVA may contact the Company at the following email address: info@etcsingapore.com.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary

3 January 2023

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 (the "SGX-ST").

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 contact person for the Sponsor is Ms Bao Qing - Registered Professional, 36 Robinson Road, #10-06, City House, Singapore 068877, sponsor@rhtgoc.com