

EMERGING TOWNS & CITIES SINGAPORE LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 198003839Z)

MONTHLY UPDATE ON THE COMPANY'S FUTURE PLANS AND PROGRESS TOWARDS SUBMISSION OF ITS TRADING RESUMPTION PROPOSAL

1. Introduction

The Board of Directors of Emerging Towns & Cities Singapore Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to:

- (A) the announcement dated 9 February 2023 in relation to the grant of an extension of time to 31 July 2023 for the Company to comply with Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**");
- (B) the update announcements dated 28 February 2023, 31 March 2023, 28 April 2023, 31 May 2023, 30 June 2023, 31 July 2023, 31 August 2023 and 29 September 2023;
- (C) the announcements dated 21 April 2023 in relation to (i) the appointment of Mr Ye Binlin as Independent Director, Chairman of the Audit Committee, member of the Nominating & Corporate Governance Committee and member of the Remuneration Committee, and (ii) the reconstitution of the Board and Board Committees of the Company;
- (D) the announcement dated 1 July 2023 in relation to the Company's entry into a sale a purchase agreement ("**SPA**") with Grand Ally Investments Pte. Ltd. (the "**Purchaser**") to dispose of DAS Pte. Ltd. (the "**Proposed Disposal**"); and
- (E) the announcement dated 17 August 2023 in relation to the Company's application for a waiver of Rule 1014(5) of the Catalist Rules (the "**Waiver Application**") to such extent that the Company need only carry out an independent property valuation of Golden Land ("**Property Valuation**") instead of a business valuation of DAS Group ("**Business Valuation**"),

(the "**Previous Announcements**")

and wishes to update the shareholders on the Company's future plans and progress towards submission of its trading resumption proposal pursuant to Rule 1304 of the Catalist Rules.

Capitalised terms in this announcement (unless otherwise defined or the context otherwise requires) have the same meaning ascribed to them in the Previous Announcements.

2. Proposed Disposal of DAS Pte. Ltd. and Potential Investment

As disclosed in the Company's announcement dated 2 March 2021, following its consultation with Singapore Exchange Regulation ("**SGX RegCo**") and the Sponsor in relation to the report published by an activist group on the Company's operations in Myanmar on 25 February 2021, the Company announced that, *inter alia*, it had voluntarily decided to convert the trading halt into a suspension in the trading of its securities (the "**Suspension**"). On 3 March 2021, the Company entered into the Suspension.

On 7 March 2022, SGX RegCo released the Regulator's Column titled "What SGX expects of issuers in respect of sanctions-related risks, subject or activity" (the "**Regulator's Column**") which set out the requirement that "the issuer should remain suspended until it has demonstrated to SGX that it is no longer a Sanctioned Subject or it has ceased the Sanctioned Activity". Even though the independent Financial Review and independent Legal Review had been completed in September 2021 and December 2022 respectively, and whilst the Company is itself neither a Sanctioned Subject (as defined in the Regulator's Column) nor engaged in Sanctioned Activity (as defined in the Regulator's Column), after consultation with SGX RegCo and the Sponsor, the Board understands that Company will remain suspended due to the Company's business operations currently being conducted in a Sanctioned Nation (as defined in the Regulator's Column). Given the uncertainty as to when the political situation in Myanmar may improve and when the unilateral sanctions from the United States, the European Union and the United Kingdom would cease, the Board has been looking into all possible avenues to divest its investment in Myanmar as part of its plan to resume the trading of its securities.

As disclosed in the Company's announcement dated 1 July 2023, the Company has on 1 July 2023 entered into an SPA with Grand Ally Investments Pte. Ltd. in relation to the Proposed Disposal. As part of the Proposed Disposal, it is a condition precedent that the Company be discharged from its corporate guarantee for Golden Land Real Estate Development Co., Ltd.'s syndicated bank loan of approximately US\$42 million (the "**Proposed Transfer**"). Assuming completion of the Proposed Disposal, the Purchaser will take over the corporate guarantee in the Company's stead. In the event of a successful completion of Proposed Disposal and Proposed Transfer, the Company would cease its exposure to the Myanmar market.

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposal and a Circular containing, *inter alia*, details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be dispatched to the Shareholders in due course.

Besides the Proposed Disposal and Proposed Transfer, the Board would also seek to raise additional capital from investors for new projects and businesses, as part of its plan to resume the trading of its securities. The Board is currently in discussions with potential investors and will provide further updates if definitive and binding legal agreement(s) are entered into.

3. **Waiver Application**

As disclosed in the Company's announcement dated 17 August 2023, the Company is seeking the Waiver Application.

The Company understands that pursuant to Rule 1014(5) of the Catalist Rules, the Company is required to undertake a Business Valuation for the shares to be disposed in DAS. The Company, for the reasons stated below, has applied for a waiver of the above requirement, such that the Company need only undertake a Property Valuation instead.

The Company is making the Waiver Application for the following reasons:

- (i) Following the announcement of the Proposed Disposal on 1 July 2023, Company has approached several firms to conduct a Business Valuation to facilitate the preparation of a circular for the Company's Extraordinary General Meeting. These firms have all declined to take on the Business Valuation engagement.
- (ii) The Company is of the view that the Property Valuation (of development properties, investment properties and land & building under PPE of Golden Land would enable the

Company to arrive at the value of the Proposed Disposal in all material aspects. The Company wishes to highlight the following:

- (1) The properties (development properties, investment properties and land & building under PPE) of Golden Land comprised approximately 94% and 95% of DAS Group's assets as at 30 June 2023 and 31 December 2022 respectively. Please note that this does not represent the percentage upon revaluation or at the date of completion of the Proposed Disposal.
- (2) DAS and UGP are both investment holding companies and the sole asset of DAS and UGP is the investment in subsidiary in UGP and the investment in subsidiary in Golden Land respectively.
- (3) DAS Group does not have any complex debt, equity or financial instruments that require valuation(s) to be conducted.
- (4) The cash consideration for the Proposed Disposal of S\$4 million is not dependent on any valuation(s) to be conducted nor subject to any adjustments under the SPA.

In view of the aforementioned, the Company is of the view that the Property Valuation would enable the Company to arrive at the value of the Proposed Disposal in all material aspects.

The Company will announce the outcome of the Waiver Application in due course.

4. Caution in Trading

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company as completion of the Proposed Disposal is subject to the fulfilment of conditions precedent, and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed.

As at the date of this announcement, no definitive agreements in relation to any proposed investment have been entered into by the Group, and there can be no assurance or certainty that any discussions will be successfully concluded and any definitive agreements be entered into.

In the meantime, Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Shareholder and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Joseph Lim
Executive Director and Chief Executive Officer

31 October 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.

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