Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Emerging Towns & Cities Singapore Ltd.

Stock code: 1C0

Meeting details:
Date: 12 June 2020
Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The Golden City, a luxury mixed-use development with an estimated gross floor area of approximately 3.0 million square feet in the Yankin township of Yangon, Myanmar, is the group's flagship project. Based on the disclosure in the operation and financial review (page 10), 621 out of the 1065 units have been sold, with sales value amounting to USD217.8 million.

	Sales value (USD million)	No. of units	Total floor area ('000 sq ft)
Sold (SPA signed & stated at gross)	217.8	621	814.5
Unsold (Incl. deposit received but contract not signed)	171.4	444	654.2
Total	389.2	1,065	1,468.7
Notified and Handed over	163.2	520	678.7
Notified, but not handed over	4.5	13	18.4
Total Sold and Recognized in P&L (at Gross)	167.7	533	697.1

(Source: company annual report)

Based on the table above, the group recognised revenue of USD167.7 million for the 533 units out of the 621 units that have been sold.

(i) **Can management help shareholders understand the average length of time to complete a sale?**

(ii) **How many units out of the 444 unsold units has the group taken deposit for?**

In Note 6 (page 120 – Investment properties), the group transferred 221 residential units, 4 retail units and 14 office units from development properties to investment properties. The aggregate net floor area is 29,812 square metres and the group has carried these investment properties at $113.1 million.

(iii) **Can the company help shareholders understand how these 229 units (221+4+14) that have been transferred to investment properties are accounted for in the table? Are they part of the 621 units that have been sold?**

(iv) **What is the approximate gross annual rental yield for its investment properties?** The group recognised $4.79 million in rental income although direct operating expenses arising from investment properties that generated rental income amounted to $3.02 million. **Has the board evaluated the net rental yield for holding on to its investment properties?**

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Q2. With the disposal of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Ltd. in 2018, the group's core activity would be the Golden City project in Yangon, Myanmar.

(i) **Can management confirm that the development of the Golden City project has been completed? Are there any other phases to be developed in the project?**

(ii) **Can the board clarify on its growth plans following the development of the Golden City project? How does the group scale up its development activities and its investment property portfolio given its current financial position?**

Q3. The company announced that it has submitted an application to SGX Regco for a waiver and to be released from the undertaking to redeem the convertible loan. Pending the outcome of the application, the company has elected to convert approximately US$12,272,346 (approximately S$17,426,7321), being the total indebtedness outstanding as at the Maturity Date under the Convertible Loan Agreement, automatically into 193,630,352 fully paid new ordinary shares (the "New Shares") in the Company on the Maturity Date, at the conversion price of S$0.09 per Conversion Share.

The new shares will be approximately 19.8% of the enlarged share capital, if approved. This is beyond the 10% limit set by the Regco, for which the company had provided its undertaking.

The full announcement titled "Update on convertible loan agreement with Luo Shandong" dated 25 April 2020 can be retrieved from SGX.

(i) **When was the last time the company made direct contact with Mr Luo?**

(ii) **Given that the conversion price is several times higher than the current market price, how feasible is it for the group to procure third parties who are independent of Mr Luo to take over the conversion shares?**

(iii) **Has the company determined the optimal capital structure to support its growth plans?**

As seen in Note 13 (page 127 – Borrowings), the group has a US$15 million loan from a third-party that bears interest at 13% per annum.

(iv) **Has the group evaluated its cost of capital? What is the return on the Golden City project? Has the group explored how it could lower its financing cost?**

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)