

GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY ASSOCIATED COMPANY, FIRST SPONSOR GROUP LIMITED

Issuer & Securities

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CITY DEVELOPMENTS LIMITED

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CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

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No

Announcement Details

Announcement Title

General Announcement

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Announcement Sub Title

Announcement by Associated Company, First Sponsor Group Limited

Announcement Reference

SG210930OTHRFAGJ

Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

First Sponsor Group Limited ("FSGL"), an associated company, has on 30 September 2021 released an announcement relating to Disposal of certain parts of Chengdu Cityspring, a mixed-used residential and commercial project in the People's Republic of China - Eighth Supplemental Agreement.

For details, please refer to the announcement released by FSGL on the SGX website www.sgx.com

Issuer & Securities

Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

Securities

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

ASSET ACQUISITIONS AND DISPOSALS::DISPOSAL OF PROPERTY - EIGHTH SUPPLEMENTAL AGREEMENT

Announcement Details

Announcement Title

Asset Acquisitions and Disposals

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30-Sep-2021 17:18:23

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Announcement Sub Title

DISPOSAL OF PROPERTY - EIGHTH SUPPLEMENTAL AGREEMENT

Announcement Reference

SG2109300THRJX20

Submitted By (Co./ Ind. Name)

Neo Teck Pheng

Designation

Group Chief Executive Officer and Executive Director

Description (Please provide a detailed description of the event in the box below)

Please see attached.

Attachments



[FSGL - SGX Annc - Cityspring 8th Supplemental Agt.pdf](#)

Total size = 244K MB

FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)
(Company Registration No.: AT-195714)

DISPOSAL OF PROPERTY – EIGHTH SUPPLEMENTAL AGREEMENT

1. INTRODUCTION

- 1.1 The board of directors (“**Board**”) of First Sponsor Group Limited (“**Company**”) refers to the Company’s announcements dated 30 May 2018, 12 July 2018, 25 September 2018, 23 November 2018, 28 January 2019, 22 May 2019, 26 August 2019, 18 May 2020 and 23 June 2020 in relation to the disposal of certain parts of Chengdu Cityspring (collectively, “**Previous Announcements**”).

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings ascribed to them in the Previous Announcements.

- 1.2 The Board wishes to announce that the Vendor and the Purchaser Group have on 30 September 2021 entered into, among others, an eighth supplemental agreement to the S&P Agreement (“**Eighth Supplemental Agreement**”) to amend certain terms of the Amended S&P Agreement.

2. STATUS UPDATE

- 2.1 As stated in the Company’s Investor Presentation released on the SGXNET on 10 February 2021, for the purpose of funding the payment by the Purchaser Group of the outstanding Consideration, the Group agreed to extend to Chengdu Boyali Parking Service Co., Ltd. (成都博雅丽停车场服务有限公司) (“**Borrower**”), an affiliated company of the Purchaser Group, entrusted loans of an aggregate principal amount of up to approximately RMB45.0 million (approximately S\$9.5 million¹), with tenures of up to 3 years, bearing interest at rates per annum ranging from 6% to 8% and secured on certain SOHO units, retail units and car park lots at Chengdu Cityspring (“**Entrusted Loans**”). The repayment by the Borrower of the Entrusted Loans are guaranteed by the Purchaser Group and Mr Zhang Jian Ming (张建明) (“**ZJM**”), who is the chairman of, and ultimate owner of a 70% equity stake in, the Purchaser.

- 2.2 As at the date of this announcement:

- (a) Approximately RMB14.3 million (approximately S\$3.0 million) out of the Entrusted Loans (“**Disbursed Entrusted Loan**”) had been disbursed to the Borrower. The Disbursed Entrusted Loan has a tenure of 2 years, bears interest at a rate per annum of 6% and is secured on 521 car park lots, with an option to refinance any unpaid amount in the third year at an interest rate per annum of 8%. As the Borrower is unable to fulfil certain conditions precedent to draw down, the remaining Entrusted Loans have not been disbursed;
- (b) The Purchaser Group had paid (i) approximately RMB444.2 million (approximately S\$93.3 million) out of the Consideration of approximately RMB470.9 million (approximately S\$99.0 million) and (ii) approximately RMB23.8 million (approximately S\$5.0 million) in liquidated damages; and

¹ Unless otherwise stated, the exchange rate of RMB1: S\$0.2100 is used in this announcement.

- (c) Approximately RMB26.7 million (approximately S\$5.6 million) out of the Consideration (“**Outstanding Consideration**”) and approximately RMB0.8 million (approximately S\$0.2 million) in liquidated damages (which were incurred during the period commencing from 1 June 2021 and up to 31 August 2021) (“**Outstanding LD**”) remained outstanding.

3. RELEVANT AGREEMENTS

- 3.1 Pursuant to the Eighth Supplemental Agreement, the Lease Agreement, the Lease-Related LOU and the EL-Related LOU (each term as defined below) (collectively, “**Relevant Agreements**”), the Vendor and the Purchaser Group have agreed that the Outstanding Consideration and the Outstanding LD shall be settled as follows:

- (a) Exclusion of SOHO units on the 18th and 19th floors of Block 9 from the Disposal

Pursuant to the Eighth Supplemental Agreement, the SOHO units on the 18th and 19th floors of Block 9 (“**SOHO Units**”), which were part of the former M Hotel Chengdu, shall be excluded from the Disposal and the Consideration shall accordingly be reduced by approximately RMB36.0 million (approximately S\$7.6 million) (“**SOHO Units Price**”), which represents a discount of approximately 5% to the Consideration that would otherwise have been paid by the Purchaser Group for such parts of the Property under the Disposal.

- (b) Lease of the SOHO Units

Pursuant to a lease agreement dated 30 September 2021 (“**Lease Agreement**”) entered into between the Vendor and Chengdu Yizhu Nanyu Commercial Management Co., Ltd. (成都逸住南御商业管理有限公司) (“**Tenant**”), an affiliated company of the Purchaser Group, the Vendor shall lease the SOHO Units to the Tenant for a period of 3 years commencing from 1 October 2021, at an annual rent of approximately RMB2.16 million (approximately S\$0.5 million). A rental deposit of RMB200,000 (approximately S\$42,000) and the total rent in respect of the 3 year-lease period of approximately RMB6.5 million (approximately S\$1.4 million) shall be paid by the Tenant to the Vendor within 5 business days of the date of execution of the Lease Agreement.

The agreed rent represents a 6% per annum gross rental yield based on the SOHO Units Price.

Pursuant to a letter of undertaking dated 30 September 2021 executed by the Purchaser Group and the Tenant in favour of the Vendor (“**Lease-Related LOU**”), the Purchaser Group shall guarantee the compliance by the Tenant of its obligations under the Lease Agreement, including but not limited to the payment of the rental deposit and the total rent.

In the event the Tenant fails to pay the rental deposit and/or the total rent in accordance with the Lease Agreement, the Vendor may either:

- (i) claim such amount(s) from the Purchaser Group pursuant to the Lease-Related LOU; or
- (ii) give notice to the Purchaser Group to terminate the Eighth Supplemental Agreement, whereupon (aa) the sale of the SOHO Units to the Purchaser Group under the Disposal shall proceed in accordance with the Amended S&P Agreement, (bb) the refund and waiver of the payment of liquidated damages referred to in paragraph 3.1(c) below shall no longer apply and (cc) any refunded liquidated damages, the Outstanding LD and the Waived LD (as defined below) shall become immediately due and payable by the Purchaser Group to the Vendor (“**Termination Notice**”).

- (c) Refund of approximately RMB4.3 million in liquidated damages and waiver of payment of the Waived LD

Pursuant to the Eighth Supplemental Agreement, the Vendor shall refund approximately RMB4.3 million (approximately S\$0.9 million) in liquidated damages to the Purchaser Group and waive the payment by the Purchaser Group of liquidated damages incurred from 1 September 2021 (“**Waived LD**”).

- (d) Deposit of approximately RMB1.4 million in interest on the Disbursed Entrusted Loan

Pursuant to a letter of undertaking dated 30 September 2021 executed by the Purchaser Group, the Borrower and ZJM in favour of the Vendor and the Group (“**EL-Related LOU**”), the Borrower shall, and the Purchaser Group and ZJM shall guarantee that the Borrower shall, deposit into a designated bank account in the name of the Borrower but jointly controlled by the Group and the Borrower, the total interest payable on the Disbursed Entrusted Loan for the entire 2 years’ tenure (less any interest paid by the Borrower) which amounts to approximately RMB1.4 million (approximately S\$0.3 million), at such time the Vendor has refunded an aggregate of approximately RMB8.1 million (approximately S\$1.7 million) in liquidated damages and/or Consideration to the Purchaser Group. Unless all outstanding principal and interest under the Disbursed Entrusted Loan has been fully paid, the monies deposited in such designated bank account shall be used solely to service the interest payable on the Disbursed Entrusted Loan and shall not be withdrawn by the Borrower for any other purpose. It was also agreed that the Group shall have no obligation to disburse the remaining Entrusted Loans.

In the event the Borrower fails to deposit the total interest amount in accordance with the EL-Related LOU:

- (i) the Group may declare the Disbursed Entrusted Loan to be immediately due and payable; or
- (ii) the Vendor may give the Termination Notice to the Purchaser Group.

3.2 Save for the above, there are no other material changes to the terms and conditions of the Amended S&P Agreement.

3.3 The Disposal shall be completed upon the completion of the transactions contemplated under the Relevant Agreements and upon such completion, the Group’s only exposure to the Purchaser Group would be the Disbursed Entrusted Loan.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in the Previous Announcements, none of the directors or, to the best of the knowledge of the directors, none of the controlling shareholders of the Company, has any interest, direct or indirect (other than through their shareholdings in the Company, if any), in the Relevant Agreements.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Relevant Agreements are available for inspection during normal business hours at the Company’s business address at 63 Market Street, #06-03, Bank of Singapore Centre, Singapore 048942 for a period of 3 months from the date of this announcement.

In view of the safe management measures due to Covid-19, shareholders who wish to inspect copies of the Relevant Agreements should e-mail Investor Relations at ir@1st-sponsor.com.sg to make an appointment.

BY ORDER OF THE BOARD
FIRST SPONSOR GROUP LIMITED

Neo Teck Pheng
Group Chief Executive Officer and
Executive Director

30 September 2021