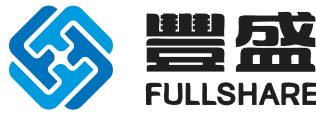


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## **Fullshare Holdings Limited**

**豐盛控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00607)**

### **SUPPLEMENTAL ANNOUNCEMENT PROVISION OF FINANCIAL ASSISTANCE**

References are made to the announcements of the Company dated 6 February 2017, 3 March 2017, 6 June 2017, 26 July 2017 and 30 August 2019 (the “**Announcement**”) in relation to a commercial and office development project in Singapore. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company wishes to provide further information on its provision of financial assistance under the Deed of Guarantee and the Letter of Authority as follows.

### **VENDOR’S OBLIGATIONS UNDER THE SALE AND PURCHASE AGREEMENT**

As stated in the Announcement, pursuant to the Deed of Guarantee, the Company, as the guarantor, agreed to unconditionally and irrevocably guarantee to the Purchaser, the due and punctual performance and observance by the Vendor of the Vendor’s obligations under the Sale and Purchase Agreement in an amount of up to SGD169,821,710. The major obligations of the Vendor under the Sale and Purchase Agreement are summarized as follows.

- (i) the delivery of the executed share transfer form and share certificate in respect of 100% of the issued and paid-up shares of the BVI SPV;
- (ii) the procurement of the fulfilment of the conditions precedent, including but not limited to: (a) good and marketable title to the Property; (b) the Vendor not having received any notice and there is no pending or threatened actions restraining the consummation of the transactions contemplated by the Sale and Purchase Agreement (the “**Transaction**”); and (c) the Vendor having obtained all necessary consents or approvals in connection with the Transaction;

- (iii) the provision of representations and warranties in relation to the information in the Sale and Purchase Agreement and other information about the target group, such as corporate matters, accounts, taxation, employees, debts to and contracts with associates, banking and finance, contracts, insurance, assets, intellectual property rights, property, environmental matters, legal matters and effect of sale of shares, etc. (“**Vendor’s Warranties**”); and
- (iv) the provision of specific indemnities on, including but not limited to, (a) any liabilities or obligations of the HoldCo arising as a result of or in connection with the post-completion obligations under the March 2017 SPA; (b) the Arbitration; and (c) any potential taxation liabilities arising as a result of latent capital gains tax and non-deductibility of interest expenses (“**Specific Indemnities**”).

At the same time, the Vendor’s liabilities under the Sale and Purchase Agreement are subject to certain limitations, including but not limited to (a) the minimum amount of claims to trigger the liabilities of the Vendor; (b) the maximum amount of the liabilities of the Vendor; (c) time limits and specific limitations, (d) notice requirement; and (e) mitigation of liabilities.

## **REASONS FOR AND BENEFITS OF THE DEED OF GUARANTEE AND THE LETTER OF AUTHORITY**

As stated in the Announcement, the Directors believe that the terms of the Deed of Guarantee and the Letter of Authority are fair and reasonable and in the interests of the Shareholders as a whole. In particular, the Directors have considered the following.

### **(1) Motivations for facilitating the Transaction**

In light of (i) Singapore’s negative short term macro-economic outlook; (ii) the unsuccessful leasing efforts made by the Vendor; (iii) the high carrying cost of the Property; and (iv) the need for the Vendor to call for further capital contribution from its limited partners (including the Company) to avoid default of the senior facility of the HoldCo, the Company had wanted to realize its investment as soon as possible. The deal offered by the Purchaser allowed for all debts to be repaid and an opportunity for the Company to participate in the future profits of the project (as detailed below). In addition, the Company would be able to receive distribution from the Vendor as one of its limited partner once the Transaction is consummated. For the above reasons, the Company wished to facilitate the Transaction as much as possible.

**(2) Maximum exposure being less than the Pro-Rata Portion**

Notwithstanding the Company's desire to facilitate the Transaction as much as possible as stated above, the Company held lengthy negotiations with the Purchaser in relation to the amount of the guarantee provided by the Company with the view of capping its maximum exposure under the Transaction to be not more than the portion of the consideration under the Sale and Purchase Agreement (i.e. approximately US\$391 million subject to adjustments) which reflects its pro rata interest in the Vendor (i.e. 50.17% effective interest, the "**Pro-Rata Portion**"). At the end, after considering the sharing of unknown business risks with the Purchaser up to a certain portion of the consideration and the amount of the potential claims which had been identified as at the date of the Sale and Purchase Agreement, the Company successfully negotiated to cap its exposure under the Deed of Guarantee at SGD169,821,710 (representing less than 65% of the Pro-Rata Portion).

**(3) The Profit-Sharing**

Pursuant to the Sale and Purchase Agreement, only the Company (and not any other limited partners) is directly entitled to 23% of the distributable profits from the sale of the Property.

**(4) The Retention Amount**

Pursuant to the Sale and Purchase Agreement, the Purchaser shall be entitled to retain and withhold from the consideration an amount of SGD3,000,000 (the "**Retention Amount**") to set off the Purchaser's claims relating to breach of the Vendor's Warranties or claims relating to the Specific Indemnities. After elaborate consideration and consultation with external lawyers, the Directors consider that the Retention Amount is sufficient to cover the potential claims which had been identified as at the date of the Sale and Purchase Agreement.

**(5) Vendor's Warranties and Specific Indemnities**

In addition, the Directors are of the view that the possibility of breaches of the Vendor's Warranties is minimal, as claims against fundamental warranties such as ownership of shares and due incorporation, etc. is extremely unlikely and the Vendor's Warranties are qualified by a very comprehensive disclosure letter.

Furthermore, the Vendor is protected against exposure under certain Vendor's Warranties and Specific Indemnities, such as taxation and the Arbitration. Pursuant to the March 2017 SPA, the HoldCo is entitled to claim the Previous Shareholders for those matters. Any such claimed monies shall constitute the Vendor's Accrued Monies under the Sale and Purchase Agreement.

**(6) Vendor's Accrued Monies**

Pursuant to the Sale and Purchase Agreement, the Purchaser shall procure the PropCo or the HoldCo (as the case may be) to pay the Vendor's Accrued Monies to the Company within a certain timeframe.

## (7) The Letter of Authority

As stated in the Announcement, pursuant to the Letter of Authority, among others, the HoldCo authorised the Company to appoint a person to represent the HoldCo in respect of all and any of the matters relating to the Vendor's Accrued Monies and other ancillary matters ("**Authorised Matters**"). As the Authorised Matters directly relate to the Company's potential exposure under the Deed of Guarantee and any recovery of the Vendor's Accrued Monies, the Company thinks that it is important to get involved in and being granted the right to control the process of the Authorised Matters by way of the Letter of Authority. The Directors consider that it is fair and reasonable for the Company to bear those additional costs (such as engaging lawyers) as were incurred by the HoldCo as a result of the Company exercising its powers under the Letter of Authority.

## INFORMATION ON THE VENDOR

As disclosed in the Announcement, Fullshare Value Fund I L.P. ("**FVF I L.P.**") holds 99.56% limited partnership interest in the Vendor and the Company indirectly holds 50.39% limited partnership interest in FVF I L.P.. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the other limited partners of the Vendor (holding 0.44%) and FVF I L.P. (holding 49.61%) nor their respective ultimate beneficial owner(s) is a connected person of the Company.

Given that (i) pursuant to the Exempted Limited Partnership Agreement constituting the Vendor, major decisions relating to the management and operation of the Vendor are subject to the unanimous resolution of the investment committee in which only three out of five members are representatives from the Company (the "**Decision-making Procedure**"); (ii) the limited partners of the Vendor (including but not limited to FVF I L.P.) shall take no part in the management or control of the Vendor's business; and (iii) the Company has no absolute control over the relevant business affairs of FVF I L.P. due to the similar Decision-making Procedure arrangement adopted by FVF I L.P., the Company (through its interest in FVF I L.P. and the General Partner) neither has the power to govern the financial and operating policies of the Vendor so as to obtain benefits from the Vendor's activities nor has the rights to direct the Vendor's overall policy or to alter the terms of its constitution. As a result, as disclosed in the Announcement, the Vendor is considered as a joint venture of the Company from the perspective of Hong Kong Financial Reporting Standards (as the Company does not have control over the Vendor). The financial results of the Vendor are accounted in the Group's consolidated accounts as share of profit or loss in investment using the equity method and are not consolidated into the Group's consolidated accounts as a subsidiary.

By order of the Board  
**Fullshare Holdings Limited**  
**Ji Changqun**  
*Chairman*

Hong Kong, 26 August 2020

*As at the date of this announcement, the executive Directors of the Company are Mr. Ji Changqun, Ms. Du Wei and Mr. Shen Chen; and the independent non-executive Directors of the Company are Mr. Lau Chi Keung, Mr. Chow Siu Lui and Mr. Tsang Sai Chung.*