



**CITY
DEVELOPMENTS
LIMITED**

News Release

22 February 2021

CDL ACQUIRES MAJORITY EFFECTIVE STAKE IN SHENZHEN TECH PARK IN FIRST MAJOR STEP TO IMPROVE LIQUIDITY OF JOINT VENTURE INVESTMENT IN CHINA

- Transaction involves acquisition from Sincere Property and two entities of China Ping An totalling 84.6% interest in a Chinese tech park developer for RMB 850 million; CDL will also assume its proportionate share of shareholders' loans
- Combined transaction will accord CDL an effective 55% stake in a tech park in Shenzhen which has been independently valued at RMB 8.8 billion
- Tech park located at the technology hub of Greater Bay Area in southern China developing 413,634 square metres of gross floor area over four phases

City Developments Limited (CDL) said today it has entered into agreements to acquire from Sincere Property Group (Sincere Property; 协信远创) – its joint venture investment in China – and two entities of China Ping An (Ping An; 中国平安), equity interests which will accord the Singapore real estate conglomerate a combined 55% effective interest in a Shenzhen technology park.

In its first major corporate action since forming a special working group to improve liquidity of Sincere Property, CDL said it has acquired from the three entities a total of 84.6% equity interest in Shenzhen Tusincere Technology Park Development Co. Ltd. ("the Holdco"; 深圳启迪协信科技园发展有限公司) for RMB 850 million (approximately S\$174 million¹) and will assume existing shareholders' loan proportionately. Sincere Property will continue to hold the balance 15.4% equity interest in the Holdco.

The Holdco controls 65% equity interest in Shenzhen Longgang Tusincere Tech Park ("the Project"; 深圳龙岗区启迪协信科技园) which has been valued at RMB 8.8 billion (approximately S\$1,805 million¹) by independent valuer, Cushman & Wakefield. The remaining 35% equity interest of the Project is held by Shenzhen Longgang District state-owned enterprise (深圳龙岗区商业服务集团有限公司).

Large-scale development in China's high-growth "Silicon Valley"

Spanning 192,739 square metres (sqm), the Project has a total saleable gross floor area (GFA) of 413,634 sqm plus a self-held office block with GFA 162,144 sqm. The site was acquired in 2015 and comprises offices (about 70%), SOHO apartments (about 20%), 4,887 carpark lots and retail/others (about 10%). The Project is being developed in four phases.

Phase 1 is completed, and Phase 2 and 3 are currently under construction and expected to be completed in April 2022. Phase 4 (the self-held office block) has not yet commenced construction. As of 31 December 2020, the area pre-sold (first 3 phases) stood at 224,933 sqm, with total sales proceeds (including pre-sale) of RMB 7.2 billion (approximately S\$1,477 million¹).

The project is located in Longgang District (龙岗区) in Universiade New Town, close to the Shenzhen University Sports Centre, Shenzhen-Hong Kong International Centre, Shenzhen

¹ Based on exchange rate of RMB 1 to S\$0.2051 as at 20 February 2021

International College Town and Dayun Park. Connected by rail and highways to downtown Futian District 24 km away, it is about 54 km away from Shenzhen Baoan International airport and 28 km away from Shenzhen North Railway station.

The Longgang District is strategically located northeast of Shenzhen City, 30 km from Hong Kong and 150 km from Guangzhou. The district is the “bridgehead” for Shenzhen to radiate towards the eastern and northern Guangzhou areas. It is also a key base in Shenzhen for high-tech, new technology and new manufacturing enterprises with over 370 key enterprises.

A base for the logistics and financial industry, Longgang District was ranked first in 2018 and 2019 among the top industrial zones in China, focusing on information and communication technology, artificial intelligence, green energy, life sciences and electronic components.

Since its establishment as a Special Economic Zone some 40 years ago, Shenzhen has become a major engine of the Pearl River Delta and Greater Bay Area. With a population of about 20 million people in the greater metropolitan area, Shenzhen is also one of the fastest-growing real estate markets in the country.

First action to improve liquidity of Sincere Property

This asset acquisition will reduce the gearing of Sincere Property which has faced liquidity issues since the onset of the COVID-19 pandemic and tighter rules imposed by China related to borrowings of real estate developers. The operating and regulatory environment in China has been evolving rapidly since the Group invested in Sincere Property in April 2020.

The acquisition is the first action by the CDL special working group announced on 4 January 2021 to improve liquidity of its JV equity investment in Sincere Property.

To date, CDL’s total investment in Sincere Property remains at S\$1.8 billion as announced in October 2020. The Group has not provided any further liquidity support or corporate guarantees to Sincere Property since.

Mr Kwek Leng Beng, CDL Executive Chairman, said, “In executing this asset acquisition the CDL working group is accelerating efforts to implement the restructuring of Sincere Property. Our focus is to improve liquidity while limiting any additional financial exposure by CDL to the investment in Sincere Property.”

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Annex A

FACT SHEET

DEVELOPMENT DETAILS	
Developer / Owner	Shenzhen Longgang District Qidixixin Science and Technology Development Park Co., Ltd.
Project Name	Shenzhen Longgang Tusincere Tech Park (深圳龙岗区启迪协信科技园)
Location	Longcheng Street, Longgang District, Shenzhen
Property Description	The project covers an area of 192,739 square metres (sqm), divided into four phases of development and construction, with a total of 31 buildings, comprising saleable Research & Development office of 241,099 sqm, self-use office of 162,144 sq m, apartment of 115,288 sq m, commercial loft of 20,125 sqm, and commercial podium of 37,122 sqm, with underground carpark of 201,049 sqm.
Tenure of Land	Leasehold till 1 December 2045
Site Area	Approximately 192,739 sqm
Gross Floor Area (GFA)	Approximately 826,946 sqm
GFA Breakdown	<p>The project's area (under plot ratio) totals 575,777 sqm, including a saleable area of 413,634 sqm and a self-use leasable area of 162,144 sqm, which comprises:</p> <ul style="list-style-type: none"> • Research & Development office: 70% (of which 60% is for sale, 40% is self-use and for leasing) • Commercial-titled apartment: 20% • Commercial and ancillary: 10% <p>In addition, excluding the area under plot ratio, the underground carpark of 201,049 sqm is leasable.</p>
Expected Completion	<ul style="list-style-type: none"> • Construction Stage 1 (Zone 1.1-1.2) and Construction Stage 2 (Zone 2.1): Completed • Construction Stage 3 (zone 3.1-3.4): Expected completion in December 2021 • Construction Stage 4 (Zone 2.2-2.3): Expected completion in April 2022 • Construction Stage 5 (Zone 4): Expected completion in December 2025
Corporate & Retail Tenants	<ul style="list-style-type: none"> • 中科先见 (CAS-envision) • 明锐仪器 (MRe Instrument) • 极展科技 (Xtretch Technologies) • 乐普泰科技 (Leputai Technology) • 清华 ispace 孵化器 (THU-iSpace) • 星云产业创新 Stargeek • Apple • 特斯拉 (Tesla) • 乐购 (express) • McDonald's • 7-Eleven • 相遇半路 (Come Across You On The Way)

	<ul style="list-style-type: none"> • 秦云老太婆摊摊面 • 黔派 (Qian Pai) • 永和豆浆 (YON HO) • 福大师 • 张亮麻辣烫 (ZHANGLIANG)
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VISUALS OF SHENZHEN LONGGANG TUSINCERE TECH PARK
(深圳龙岗区启迪协信科技园)
Artist's Impressions

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High-res photographs can be downloaded at [this link](#).