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China Logistics Property Holdings Co., Ltd 中國物流資產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1589)

HK\$1,109,000,000 6.95% Convertible Bonds due 2024 (Debt Stock Code: 5578)

DISCLOSEABLE TRANSACTIONS OPTIONS AND GUARANTEE DEED

THE OPTIONS AND GUARANTEE DEED

The Board announces that on 22 November 2021, the Company and Yupei Wuxi BVI (an indirect wholly-owned subsidiary of the Company) entered into the Options and Guarantee Deed with the Registered Owner, pursuant to which Yupei Wuxi BVI has granted the Put Option to the Registered Owner and the Registered Owner has granted the Call Option to Yupei Wuxi BVI.

LISTING RULES IMPLICATIONS

The grant of each of the Call Option and the Put Option under the Options and Guarantee Deed would be treated as a transaction and classified by reference to the percentage ratios (as defined under the Listing Rules) pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules.

As the exercise of the Call Option is at the discretion of Yupei Wuxi BVI and the Call Option Premium represents 10% or more of the sum of the Call Option Premium and the Call Option Price, the value of the underlying assets, the profits and revenue attributable to such assets, and the sum of the Call Option Premium and the Call Option Price will be used for the purpose of the percentage ratios pursuant to Rule 14.75(1) of the Listing Rules. As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the grant of the Call Option is more than 5% but all of them are less than 25%, the grant of the Call Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to notification and announcement requirements under the Listing Rules.

As the exercise of the Put Option is not at the discretion of the Group, according to Rules 14.74(1) of the Listing Rules, on the grant of the Put Option, the transaction will be classified as if the Put Option had been exercised. As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the grant of the Put Option is more than 5% but all of them are less than 25%, the grant of the Put Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to notification and announcement requirements under the Listing Rules.

IMPLICATIONS UNDER RULE 4 OF THE TAKEOVERS CODE

Pursuant to Rule 4 of the Takeovers Code, the execution of the Options and Guarantee Deed constitutes a frustrating action and is subject to the Shareholders' approval unless a waiver has been obtained from the Executive. In this regard, the Company has obtained the Offeror's written consent to the transactions contemplated under the Options and Guarantee Deed and has applied for, and the Executive has granted, a waiver from the requirement to obtain the Shareholders' approval in a general meeting of the Company in respect of the transactions contemplated under the Options and Guarantee Deed pursuant to Note 1 to Rule 4 of the Takeovers Code.

THE OPTIONS AND GUARANTEE DEED

Reference is made to the Disposal Announcements.

The Board announces that on 22 November 2021, the Company and Yupei Wuxi BVI (an indirect wholly-owned subsidiary of the Company) entered into the Options and Guarantee Deed with the Registered Owner, pursuant to which, Yupei Wuxi BVI has granted the Put Option to the Registered Owner and the Registered Owner has granted the Call Option to Yupei Wuxi BVI.

The summary of the principal terms of the Options and Guarantee Deed is set forth below:

Date: 22 November 2021

- Parties: (1) Yupei Wuxi Logistics Property Management Co., Ltd., an indirect wholly-owned subsidiary of the Company;
- (2) The Company; and
- (3) ACRE Magnolia Pte. Ltd.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Registered Owner and its ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the Options and Guarantee Deed, Yupei Wuxi BVI has granted the Put Option to the Registered Owner, under which the Registered Owner has the right to require Yupei Wuxi BVI to purchase the Option Shares at the Put Option Price.

Pursuant to the Options and Guarantee Deed, the Registered Owner has granted the Call Option to Yupei Wuxi BVI, under which Yupei Wuxi BVI has the right to require the Registered Owner to sell to Yupei Wuxi BVI the Option Shares at the Call Option Price.

Options Premiums and Options Prices

The Put Option Premium equal to US\$1.00 shall be paid by the Registered Owner to Yupei Wuxi BVI. The Put Option Price equal to 115% of the Consideration shall be paid by Yupei Wuxi BVI to the Registered Owner on completion of the sale and purchase of the Option Shares.

The Call Option Premium equal to 2.75% of the Consideration shall be paid by Yupei Wuxi BVI to the Registered Owner semi-annually. The Call Option Price equal to 117.5% of the Consideration shall be paid by Yupei Wuxi BVI to the Registered Owner on completion of the sale and purchase of the Option Shares.

As disclosed in the Disposal Announcements, the adjusted Consideration is RMB1.3 billion.

The Options Premiums and Options Prices were determined based on arm's length negotiations between the parties after considering various factors including the prospect and expected value of the underlying assets held by the Target Group during the exercise period. The Options Premiums and Option Prices will be satisfied by internal resources of the Group.

Lapse of the Call Option

The Registered Owner may, at its sole discretion, at any time elect, by notice to Yupei Wuxi BVI, to terminate the Call Option forthwith (such that the Call Option shall lapse immediately) if: (i) Yupei Wuxi BVI fails to pay the Call Option Premium in accordance with the terms of the Options and Guarantee Deed when it falls due; (ii) the property and leasing management agreement entered into between the Project Company and property manager is terminated or can be terminated by the Project Company under its terms and conditions; or (iii) the property manager fails to comply certain specified provisions contained in such property and leasing management agreement.

Exercise of the Options

Yupei Wuxi BVI may exercise the Call Option by notice in writing at any time during the two week period ending on the date falling three months preceding the fifth anniversary of the Completion Date.

The Registered Owner may exercise the Put Option by notice in writing (i) at any time during the two week period ending on the date falling three months preceding the fifth anniversary of the Completion Date; and (ii) at any time if the property and leasing management agreement entered into between the Project Company and property manager is terminated or can be terminated by the Project Company under its terms and conditions.

Upon exercise of the Call Option or the Put Option by Yupei Wuxi BVI or the Registered Owner (as the case may be), Yupei Wuxi BVI and the Registered Owner shall complete the sale and purchase of the Option Shares on the fifth anniversary of the Completion Date, or in the case of the exercise upon the property and leasing management agreement entered into between the Project Company and property manager is terminated or can be terminated by the Project Company under its terms and conditions, on the date falling ten business days after the date of the exercise notice.

Guarantee

The Company guaranteed to the Registered Owner the due and punctual performance and observance by Yupei Wuxi BVI of all of its obligations under or pursuant to the Options and Guarantee Deed and agrees to indemnify the Registered Owner in respect of any breach by Yupei Wuxi BVI of its obligations under or pursuant to the Options and Guarantee Deed.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange. The Company is an investment holding company. The Group is principally engaged in the leasing of storage facilities and the related management services in the PRC.

INFORMATION ON YUPEI WUXI BVI

Yupei Wuxi BVI was incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of Yupei Management. It is principally engaged in investment holding.

INFORMATION ON THE REGISTERED OWNER

The Registered Owner is a private limited company incorporated in Singapore. It is indirectly wholly-owned by AREAP Core I LP. Please refer to the announcement of the Company dated 8 October 2021 for further information of AREAP Core I LP.

INFORMATION ON THE TARGET GROUP

The Target Company was incorporated in Hong Kong with limited liability and is wholly-owned by the Registered Owner as of the date of this announcement. The Target Company is principally engaged in investment holding and holds the entire equity interests in the Project Company with no other investment.

The Project Company is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Target Company. It is principally engaged in warehousing services and consultation, leasing of warehousing facilities and property management. The Project Company was established to build, develop and operate the Projects.

As at 30 September 2021, the audited consolidated net asset value of the Target Group was approximately RMB633.5 million, and the carrying value of the Projects as at 30 September 2021 was RMB1,914.0 million. The consolidated financial results of the Target Group for the years ended 31 December 2019 and 2020 were as follows:

	For the year ended 31 December,	
	2019 <i>(RMB'000)</i> <i>audited</i>	2020 <i>(RMB'000)</i> <i>audited</i>
Revenue	52,223	90,929
Net profit before taxation	221,107	84,427
Net profit after taxation	166,018	62,883

In the event the Put Option or the Call Option is exercised, upon completion of sale and purchase of the Option Shares pursuant to such exercise, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group (including their interest in the Projects) will be consolidated into the financial statements of the Company.

INFORMATION ON THE PROJECTS

The Projects are held by the Project Company and located in Xishan District, Wuxi, Jiangsu Province, the PRC with a total GFA of 387,024 sq.m. The Projects were developed for the purpose of the construction and operation of logistics facilities therein and there are 12 logistics facilities in total in the Projects. Further details of the Projects are set out below:

Project I is located at Northwestern corner of Zoumatang West Road and Yongjun Road, Anzhen Town, Xishan District, Wuxi, Jiangsu Province, the PRC, with a total GFA of approximately 61,609 sq.m. The term of the grant of the land parcel on which Project I is located is 50 years expiring on 9 April 2065. The valuation of Project I as at 30 September 2021 was approximately RMB314.0 million.

Project II is located at Northeastern corner of Yongjun Road and Xidong Avenue, Anzhen Town, Xishan District, Wuxi, Jiangsu Province, the PRC, with a total GFA of approximately 124,392 sq.m. The term of the grant of the land parcel on which Project II is located is 50 years expiring on 27 October 2065. The valuation of Project II as at 30 September 2021 was approximately RMB614.0 million.

Project III is located at Southwestern corner of Yongjun Road and Zoumatang West Road, Xishan District, Wuxi, Jiangsu Province, the PRC, with a total GFA of approximately 201,023 sq.m. The term of the grant of the land parcel on which Project III is located is due to expire on 5 November 2067. The valuation of Project III as at 30 September 2021 was approximately RMB986.0 million.

REASONS FOR AND BENEFITS OF THE OPTIONS AND GUARANTEE DEED

Reference is made to the Disposal Announcements. As disclosed in the Disposal Announcements, the proceeds from the Disposal have been applied by the Group for payment to ICBCI LP pursuant to the Withdrawal and the Group intends to use the remaining balance as general working capital of Group and/or for future development of the Group. The Board considers that the series of arrangement including the Disposal, the Withdrawal, the Purchase and the grant of the Put Option and the Call Option is an efficient way to finance the operating costs of the Group through liquidating its resources to satisfy the need of cash for payment to return to ICBCI LP under the Withdrawal while providing the Group an option to re-acquire all interests in the Projects at a pre-determined consideration. The arrangement, taken as a whole, allows the Group to leverage external capital resources to satisfy its financial needs in its course of business.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Options and Guarantee Deed (including the Options Premiums and Options Prices) are normal commercial terms, fair and reasonable, and the transactions contemplated under the Options and Guarantee Deed is in the interests of the Company and the Shareholders as a whole.

None of the Director has any material interest in the Options and Guarantee Deed and the transactions contemplated thereunder. None of the Director is required to abstain from voting from the Board resolutions for considering and approving the same pursuant to the memorandum and articles of association of the Company.

LISTING RULES IMPLICATIONS

The grant of each of the Call Option and the Put Option under the Options and Guarantee Deed would be treated as a transaction and classified by reference to the percentage ratios (as defined under the Listing Rules) pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules.

As the exercise of the Call Option is at the discretion of Yupei Wuxi BVI and the Call Option Premium represents 10% or more of the sum of the Call Option Premium and the Call Option Price, the value of the underlying assets, the profits and revenue attributable to such assets, and the sum of the Call Option Premium and the Call Option Price will be used for the purpose of the percentage ratios pursuant to Rule 14.75(1) of the Listing Rules. As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the grant of the Call Option is more than 5% but all of them are less than 25%, the grant of the Call Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to notification and announcement requirements under the Listing Rules.

As the exercise of the Put Option is not at the discretion of the Group, according to Rules 14.74(1) of the Listing Rules, on the grant of the Put Option, the transaction will be classified as if the Put Option had been exercised. As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the grant of the Put Option is more than 5% but all of them are less than 25%, the grant of the Put Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to notification and announcement requirements under the Listing Rules.

IMPLICATIONS UNDER RULE 4 OF THE TAKEOVERS CODE

Pursuant to Rule 4 of the Takeovers Code, the execution of the Options and Guarantee Deed constitutes a frustrating action and is subject to the Shareholders' approval unless a waiver has been obtained from the Executive. In this regard, the Company has obtained the Offeror's written consent to the transactions contemplated under the Options and Guarantee Deed and has applied for, and the Executive has granted, a waiver from the requirement to obtain the Shareholders' approval in a general meeting of the Company in respect of the transactions contemplated under the Options and Guarantee Deed pursuant to Note 1 to Rule 4 of the Takeovers Code.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

“Achiever Edge”	Achiever Edge Limited, an exempted company with limited liability incorporated under the laws of the British Virgin Islands
“Board”	the board of Directors
“Call Option”	the right to require the Registered Owner to sell to Yupei Wuxi BVI the Option Shares at the Call Option Price in accordance with the Options and Guarantee Deed
“Call Option Premium”	the premium payable by Yupei Wuxi BVI to the Registered Owner during the period from the Completion Date until the date of exercise of the Call Option for the purpose of maintaining the validity of the Call Option
“Call Option Price”	the consideration payable by Yupei Wuxi BVI to the Registered Owner on the exercise of the Call Option, which is equal to 117.5% of the Consideration
“Company”	China Logistics Property Holdings Co., Ltd, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 01589)
“Completion”	the completion of the Disposal in accordance with the Sale and Purchase Agreement
“Completion Date”	5 October 2021, the date of completion of the Disposal in accordance with the Sale and Purchase Agreement
“Consideration”	the total consideration of US\$199,859,316 (equivalent to approximately RMB1.289 billion) for the Disposal, subject to adjustment as disclosed in the Disposal Announcements, and the adjusted Consideration is RMB1.3 billion

“Director(s)”	director(s) of the Company
“Disposal”	the sale of the entire issued share capital of the Target Company contemplated under the Sale and Purchase Agreement
“Disposal Announcements”	the announcements of the Company dated 17 September 2021, 8 October 2021 and 19 November 2021 in relation to the Disposal, the Withdrawal and the Purchase
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Fund”	Yupei Logistics Property Fund I Limited Partnership, an exempted limited partnership established under the laws of the Cayman Islands
“General Partner”	Yupei Logistics Property Fund Management I Co., Ltd, an exempt company with limited liability incorporated under the laws of the Cayman Islands
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ICBCI LP”	Elegant Fragrant Limited (秀芳有限公司), a wholly-owned subsidiary of ICBC International Investment Management Limited
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is(are) independent of the Company and its connected persons (within the meaning of the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offeror”	JD Property Group Corporation
“Option Shares”	the entire issued share capital of the Target Company
“Options and Guarantee Deed”	the options and guarantee deed dated 22 November 2021 entered into between the Company, Yupei Wuxi BVI and the Registered Owner in respect of the Call Option and the Put Option
“Options Premiums”	collectively, Call Option Premium and Put Option Premium

“Options Prices”	collectively, Call Option Price and Put Option Price
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Project Company”	Wuxi Yupei Warehousing Development Co., Ltd. (無錫宇培倉儲發展有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Target Company as at the date of this announcement
“Project I”	Wuxi Yupei Logistic Park — Phase I, the logistic park located at Northwestern corner of Zoumatang West Road and Yongjun Road, Anzhen Town, Xishan District, Wuxi, Jiangsu Province, the PRC, details of which are set out in the section headed “INFORMATION ON THE PROJECTS” in this announcement
“Project II”	Wuxi Yupei Logistic Park — Phase II, the logistic park located at Northeastern corner of Yongjun Road and Xidong Avenue, Anzhen Town, Xishan District, Wuxi, Jiangsu Province, the PRC, details of which are set out in the section headed “INFORMATION ON THE PROJECTS” in this announcement
“Project III”	Wuxi Yupei Logistic Park — Phase III, the logistic park located at Southwestern corner of Yongjun Road and Zoumatang West Road, Xishan District, Wuxi, Jiangsu Province, the PRC, details of which are set out in the section headed “INFORMATION ON THE PROJECTS” in this announcement
“Projects”	collectively, the Project I, the Project II and the Project III
“Purchase”	the purchase of 50% of the issued share capital of the General Partner held by Achiever Edge at a consideration of US\$1 by Yupei Investment, as disclosed in the Disposal Announcements
“Put Option”	the right to require Yupei Wuxi BVI to purchase the Option Shares at the Put Option Price in accordance with the Options and Guarantee Deed
“Put Option Premium”	the premium payable by the Registered Owner to Yupei Wuxi BVI for grant of the Put Option by Yupei Wuxi BVI to the Registered Owner
“Put Option Price”	the consideration payable by Yupei Wuxi BVI to the Registered Owner on the exercise of the Put Option, which is equal to 115% of the Consideration
“Registered Owner”	ACRE Magnolia Pte. Ltd.

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement for sale and purchase dated 17 September 2021 entered into between Yupei Wuxi BVI and the Registered Owner in respect of the Disposal
“Shareholders”	the shareholder(s) of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Target Company”	Yupei Wuxi Logistics Property Development Co., Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and the Project Company
“US\$”	United States dollars, the lawful currency of the United States of America
“Withdrawal”	the withdrawal of Elegant Fragrant Limited from the Fund as a limited partner as disclosed in the Disposal Announcements
“Yupei Investment”	Yupei Logistics Property Investment I Co., Ltd., a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Yupei Wuxi BVI”	Yupei Wuxi Logistics Property Management Co., Ltd., a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
China Logistics Property Holdings Co., Ltd
Li Shifa
Chairman

Hong Kong, 22 November 2021

As at the date of this announcement, Mr. Li Shifa, Mr. Wu Guolin, Ms. Li Huiyang, Ms. Shi Lianghua, Mr. Xie Xiangdong and Mr. Wu Guozhou are the executive directors, Ms. Li Qing and Mr. Fu Bing are the non-executive directors, and Mr. Guo Jingbin, Mr. Fung Ching Simon, Mr. Wang Tianye, Mr. Leung Chi Ching Frederick and Mr. Chen Yaomin are the independent non-executive directors of the Company.