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ESR GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

CONNECTED TRANSACTION IN RELATION TO THE EXERCISE OF ADDITIONAL SUBSCRIPTION RIGHT IN BW

Reference is made to the announcement by ESR Group Limited (the “**Company**”) dated 12 January 2023 (the “**First Announcement**”) in relation to, among others, the subscription by the Company (through ESR V Investor 5, a wholly owned subsidiary of the Company) of shares in BW Industrial Development Joint Stock Company (“**BW**”). Unless otherwise defined, capitalised terms used in this announcement have the same meaning as defined in the First Announcement.

On 4 August 2023 (after trading hours), ESR V Investor 5 exercised the Additional Subscription Right to subscribe for 99,034,399 additional issued shares in BW. On completion of the Additional Subscription, ESR V Investor 5 will hold 15.57% of the issued shares of BW, assuming that BW does not issue any additional shares from the date of this announcement to completion of the Additional Subscription.

INTRODUCTION

Reference is made to the First Announcement in relation to, among others, the subscription by the Company (through ESR V Investor 5, a wholly owned subsidiary of the Company) of shares in BW.

As disclosed in the First Announcement, pursuant to the Share Subscription Agreement, ESR V Investor 5 may, at any time after the completion of the Subscription and before (but including) 30 September 2023, in its sole discretion elect to subscribe for such number of additional shares so that it will hold no less than 15.0% of the issued shares of BW (on a fully diluted basis) on completion of such subscription.

On 4 August 2023 (after trading hours), ESR V Investor 5 exercised the Additional Subscription Right to subscribe for 99,034,399 additional issued shares in BW (representing 5.77% of the issued shares of BW at completion of the Additional Subscription, assuming that BW does not issue any additional shares from the date of this announcement to completion of the Additional Subscription) pursuant to the terms of the Share Subscription Agreement as disclosed in the First Announcement.

PRINCIPAL TERMS OF THE ADDITIONAL SUBSCRIPTION

Subject Matter: ESR V Investor 5 has exercised the Additional Subscription Right pursuant to the Share Subscription Agreement to subscribe for 99,034,399 additional shares in BW (the “**Additional Subscription Shares**”), representing 5.77% of the issued charter capital of BW immediately upon completion of the Additional Subscription, assuming that BW does not issue any additional shares from the date of this announcement to completion of the Additional Subscription.

Subscription Price and Subscription Amount: The consideration for the Additional Subscription (the “**Additional Subscription Price**”) is US\$1.2341 per Additional Subscription Share (being the same subscription price per share as the Subscription referred to in the First Announcement) for an aggregate amount of US\$122,222,223 (the “**Additional Subscription Amount**”).

The Additional Subscription Amount will be paid by ESR V Investor 5 to BW at completion of the Additional Subscription with existing cash resources.

Completion: ESR V Investor 5 has obtained an approval from the Department of Planning and Investment of Binh Duong Province, Vietnam for the Additional Subscription. Completion of the Additional Subscription will take place on 17 November 2023.

Immediately upon completion of the Additional Subscription, ESR V Investor 5 will own 15.57% of the issued shares of BW, assuming that BW does not issue any additional shares from the date of this announcement to completion of the Additional Subscription.

REASONS FOR, AND BENEFITS OF, THE ADDITIONAL SUBSCRIPTION

The reasons for, and benefits of, the Additional Subscription are as disclosed in the First Announcement.

The Directors are of the view that the Additional Subscription is in line with the Group's strategic development and its business strategy of being APAC's leading New Economy real estate platform.

The Directors (including independent non-executive Directors) are of the view that the Additional Subscription has been entered into on normal commercial terms or better and in the ordinary and usual course of the business of the Group, and the terms are therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors who attended the relevant board meeting have unanimously voted to approve the Additional Subscription.

As Mr. Jeffrey David Perlman (a Director of the Company) is also an employee of affiliates of certain shareholders of BW, he is deemed due to his employee relationship to have an interest in the Additional Subscription. He has therefore not been involved in the discussions relating to, and has abstained from voting on the board resolutions of the Company approving the exercise of the Additional Subscription Right and the Additional Subscription in his capacity as a Director of the Company. Save as disclosed above, none of the Directors had a material interest in the Additional Subscription.

LISTING RULE IMPLICATIONS

To the best knowledge of the Company based on publicly available information, as at the date of this announcement, Alexandrite Gem and Athena Logistics in aggregate have an interest of approximately 13.51% of the shares in the Company.

Both of Alexandrite Gem and Athena Logistics are wholly-owned by funds managed or advised by Warburg Pincus LLC or its affiliates. As BW is indirectly controlled by entities managed or advised by Warburg Pincus LLC or its affiliates, as are Alexandrite Gem and Athena Logistics, BW is a connected person of the Company, and the Additional Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (which for the purposes of this announcement shall be as defined under the Listing Rules) in respect of the Additional Subscription, when aggregated with the Subscription, exceeds 0.1% but is less than 5%, the Additional Subscription is subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

(a) BW

Details of BW are as disclosed in the First Announcement.

As of the date of this announcement, entities managed or advised by Warburg Pincus LLC or its affiliates own in aggregate 64.07% of the issued shares of BW.

The table below sets out selected financial information on BW based on the audited consolidated financial statements of BW prepared in accordance with International Financial Reporting Standards for the two years ended 31 December 2021 and 31 December 2022:

	For the year ended 31 December	
	2021	2022
	VND	VND
Net profit before tax	2,223,376,093,254	1,205,503,724,946
Net profit after tax	1,592,689,118,686	737,484,950,914

The audited consolidated net asset value of BW as at 31 December 2022 is VND20,665,934,770,587.

(b) The Group

Details of the Group are as disclosed in the First Announcement.

By order of the Board
ESR Group Limited
Jinchu Shen
Director

Hong Kong, 4 August 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jinchu Shen and Mr. Stuart Gibson as Executive Directors, Mr. Jeffrey David Perlman as the Chairman and Non-executive Director, Mr. Charles Alexander Portes, Mr. Hwee Chiang Lim, Dr. Kwok Hung Justin Chiu and Mr. Rajeev Veeravalli Kannan as Non-executive Directors, Mr. Brett Harold Krause, Mr. Simon James McDonald, Ms. Jingsheng Liu, Ms. Serene Siew Noi Nah and Ms. Wei-Lin Kwee as Independent Non-executive Directors.