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ESR GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

UPDATE ON PROPOSED SPIN-OFF AND SEPARATE LISTING OF LOGISTICS ASSETS THROUGH A PUBLICLY OFFERED INFRASTRUCTURE SECURITIES INVESTMENT FUND ON THE SHANGHAI STOCK EXCHANGE — APPLICATION FOR THE PROPOSED LISTING

SUBMISSION OF APPLICATION FOR THE PROPOSED LISTING

Reference is made to the announcements by ESR Group Limited (the “**Company**”) dated 13 December 2022 and 6 March 2023 (the “**Previous Announcements**”) in relation to the potential listing of Jiangsu Friend — I, Jiangsu Friend — II and Jiangsu Friend — III (together, the “**Assets**”), three high-standard logistics projects located in Kunshan, Jiangsu Province, the PRC, through a publicly offered infrastructure securities investment fund (the “**REIT**”) on the Shanghai Stock Exchange pursuant to a pilot programme launched by the National Development and Reform Commission and the China Securities Regulatory Commission (the “**CSRC**”) (the “**Proposed Transaction**”).

On 1 December 2023, the Company submitted the application materials to the CSRC and Shanghai Stock Exchange for the registration and listing of the REIT on the Shanghai Stock Exchange.

WAIVER FROM STRICT COMPLIANCE WITH PARAGRAPH 3(f) OF PN15

As disclosed in the Previous Announcements, the Company had made an application pursuant to Practice Note 15 (“**PN15**”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) had confirmed that the Company may proceed with the proposed spin-off.

The Company has also applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of Paragraph 3(f) of PN15. Paragraph 3(f) of PN15 requires a listed company contemplating a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

As advised by the Company's PRC legal adviser (the "**PRC Legal Adviser**"):

- (a) according to the relevant provisions of the "Guidelines for Public Offering of Infrastructure REITs (Trial)" (CSRC Announcement No. 54 of 2020) (the "**Fund Guidelines**"), only the following types of investors can invest in REIT units:
 - (i) offline investors, which are securities companies, fund management companies, trust companies, financial companies, insurance companies, qualified foreign institutional investors, commercial banks and their wealth management subsidiaries, qualified private equity fund managers, other professional institutional investors recognised by the CSRC, and security funds, such as the National Social Security Fund, basic pension insurance funds and annuity funds;
 - (ii) strategic investors, which are professional institutional investors; and
 - (iii) public investors, who are investors holding securities accounts or over-the-counter fund accounts, including Chinese citizens, foreigners with Chinese permanent residence status, common institutional investors, Hong Kong, Macao and Taiwan residents living and working in China, other special institutions and lawfully established products (including but not limited to securities companies and their asset manage subsidiaries, insurance companies, fund management company, trust company, securities investment funds, social security funds, QFII and RQFII);
- (b) in addition to the requirements under the Fund Guidelines, the "Administrative Measures for Domestic Securities and Futures Investments by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors" (CSRC, China Article 2 of the Order No. 176 of the People's Bank of China and the State Administration of Foreign Exchange) also requires foreign investors (i.e. those outside of mainland China to be "qualified foreign institutional investors" and "RMB qualified foreign institutional investors" approved by the CSRC (the types of investors referred to in paragraphs (a) and (b) above, "**Qualified Investors**")).

As of 30 November 2023, 98.92% of the Company's shares were held by its investors through HKSCC Nominees Limited according to the register of members of the Company. Save for the shareholders who are interested in 5% or more of the Company's issued shares and have made disclosure of interest filings, the Company is unable to ascertain the identity of the other shareholders and further assess whether such shareholders are Qualified Investors. Accordingly, not all, if any, of the existing shareholders of the Company may be permitted under the applicable PRC regulations to hold the units of the REIT pursuant to the provision of an assured entitlement.

Given the PRC legal impediments set out above, the Directors consider that it is not feasible for the Company to comply with paragraph 3(f) of PN15 in connection with the Proposed Transaction. The Directors are of the view that the Proposed Transaction (including the waiver of the assured entitlement) is fair and reasonable and in the interests of the Company and its shareholders as a whole.

POTENTIAL DISCLOSEABLE TRANSACTION

As at the date of this announcement, the Assets are currently wholly owned by Jiangsu Friend Warehouse Co., Ltd. (the "**Project Company**"), which is in turn indirectly wholly owned by the Company. It is expected that the Proposed Transaction will be effected by the Company by way of a disposal of the Project Company to the REIT (the "**Potential Disposal**"). As it is expected that the Project Company will cease to be consolidated on the Company's accounts, the Potential Disposal, if materialised, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. It is also expected that the Company will subscribe for 34% of the total number of units of the REIT in issue at the time of the proposed listing of the REIT, which is not expected to constitute a discloseable transaction under Chapter 14 of the Listing Rules.

The Company will make further announcement(s) in relation to the Proposed Transaction and the Potential Disposal as and when appropriate in accordance with the requirements of the Listing Rules.

Shareholders and potential investors should note that the Proposed Transaction is subject to, among other things, the review and/or approval of the CSRC and the Shanghai Stock Exchange and the prevailing market conditions. Accordingly, Shareholders and potential investors should be aware that the Proposed Transaction may or may not occur. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
ESR Group Limited
Jinchu Shen
Director

Hong Kong, 1 December 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.