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ESR GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1821)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND THE INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

RESUMPTION OF TRADING

This announcement is made by ESR Group Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) has noted the recent unusual movement in the price and trading volume of the shares of the Company and certain reports in the media recently relating to a possible privatisation of the Company.

The Board wishes to make a clarification to such media reports and inform the shareholders of the Company (“**Shareholders**”) and potential investors that on April 25, 2024, the Company received a non-binding and conditional proposal from a consortium of investors (the “**Consortium**”) comprising Starwood Capital Operations, L.L.C. (for and on behalf of entities controlled by Starwood Capital Group) (“**Starwood**”), Sixth Street Partners, LLC (on behalf of certain of its affiliated investment funds and vehicles) (“**Sixth Street**”), and SSW Partners LP (on behalf of itself and its affiliated funds and entities) (“**SSW Partners**”) in relation to a possible privatisation of the Company which, if proceeded with, could result in a delisting of the Company from the Stock Exchange (the “**Indicative Proposal**”). Under the Indicative Proposal, it is contemplated that Shareholders will have the ability to choose to receive cash consideration or roll their shares into the go-forward private company, subject to the terms of the final rollover arrangements.

Contrary to the speculation in the media, Warburg Pincus LLC (“**Warburg Pincus**”) is not a member of the Consortium and was not party to the Indicative Proposal. However, the Company understands that Warburg Pincus, Mr. Stuart Gibson (“**Mr. Gibson**”), Mr. Charles de Portes (“**Mr. Portes**”) and Mr. Jinchu Shen (“**Mr. Shen**”) and, together with Mr. Gibson and Mr. Portes, the “**Founders**”) are in discussions with the Consortium and that they are welcoming of the Indicative Proposal and believe that it is in the best interests of the Shareholders.

As at the date of this Announcement, the Consortium is interested in 662,107,703 ordinary shares of the Company (“**Shares**”) (representing approximately 15.7% of the total issued Shares). Warburg Pincus is interested in 591,440,160 Shares and the Founders are, in aggregate, interested in 312,969,989 Shares (representing approximately 14.04% and 7.43%, respectively, of the total issued Shares). The Founders are also interested in 7,799,856 outstanding share options granted under the pre-IPO employee stock incentive scheme adopted on 3 November 2015 (“**Tier 1 ESOP**”), 384,000 outstanding share options granted under the share option scheme adopted on 12 October 2019 (“**Post-IPO Share Option Scheme**”) and outstanding performance share units and restricted share units granted under the Share Award Scheme adopted on 2 June 2021 and amended on 7 June 2023 (the “**Long Term Incentive Scheme**”) which can vest into a maximum of 1,926,950 underlying Shares (representing approximately 0.05% of the total issued Shares).

The Company has formed an independent Board committee (comprising all of the non-executive directors, including all of the independent non-executive directors but not including any of the Founders or Mr. Perlman, who is also a partner of Warburg Pincus, given the discussions that Warburg Pincus and the Founders are having with the Consortium) to consider the Indicative Proposal and has retained Citigroup Global Markets Asia Limited (“**Citi**”) as financial adviser to the Company to help evaluate the Indicative Proposal.

The consideration of the Indicative Proposal is at a preliminary stage and there is therefore no certainty that the Indicative Proposal will ultimately lead to an Offer (as defined in the Takeovers Code) being made in relation to the shares in the Company. Save as disclosed above, the Board is not aware of any reasons for these price and trading volume movements.

For the purpose of the Takeovers Code, the offer period commences on the date of this announcement, being 13 May 2024.

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company comprise:

- (a) 4,212,496,438 Shares;
- (b) 7,799,856 outstanding share options granted under the Tier 1 ESOP;
- (c) 13,355,837 outstanding share options granted under the pre-IPO employee stock incentive scheme adopted on 24 November 2017;
- (d) 17,569,300 outstanding share options granted under the Post-IPO Share Option Scheme;

- (e) 5,549,330 outstanding performance share units granted under the Long Term Incentive Scheme; and
- (f) 8,717,641 outstanding restricted share units granted under the Long Term Incentive Scheme.

Save for the aforesaid, the Company has no other outstanding relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

The respective associates (as defined under the Takeovers Code) of the Company and the Consortium, including persons holding 5% or more of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) are reminded to disclose their dealings in the relevant securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeover Code:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

MONTHLY UPDATES

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the discussions regarding the Indicative Proposal will be made by the Company until an announcement is made of a firm intention to make an Offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an Offer. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or Takeovers Code (as the case may be).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9.00 a.m. on 13 May 2024, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 14 May 2024.

WARNING: Shareholders and potential investors in the Company should be aware that the Indicative Proposal may or may not proceed, and if it does proceed, the terms of any such Indicative Proposal are at this stage uncertain. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or other securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

By Order of the Board
ESR GROUP LIMITED
Brett Harold Krause
Director

Hong Kong, 13 May 2024

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, Mr. Rajeev Veeravalli Kannan and Ms. Joanne Sarah McNamara as Non-executive Directors and 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.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.