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嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website:www.kerryprops.com

(Stock Code: 683)

UPDATE ANNOUNCEMENT

ENTERING INTO OF PLACING AGREEMENTS IN CONNECTION WITH THE PROPOSED PLACING MANDATE

This announcement is made by Kerry Properties Limited (the “**Company**”) to provide shareholders of the Company (the “**Shareholders**”) an update on the Placing Agreements entered into in connection with the Proposed Placing Mandate.

Reference is made to the circular dated 5 May 2021 (the “**Circular**”) made by the Company in relation to, amongst others, the Disposal pursuant to the Placing Agreements and the Proposed Placing Mandate. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

THE PLACING AGREEMENTS

On 9 August 2021 (after trading hours), the Company entered into six Placing Agreements in relation to the Proposed Placing of a maximum of 79,011,323 KLN Shares (representing approximately 4.37% of the total issued KLN Shares as at the date of the Joint Announcement on a Fully-Diluted Basis) pursuant to the Proposed Placing Mandate.

Sale Price

The sale price following negotiation on arm’s length terms between the Company and the placees (each a “**Placee**” and together the “**Placees**”) is HK\$16.92 per KLN Share, which is within the price range under the Proposed Placing Mandate as approved by the Independent Shareholders at the Special General Meeting held on 27 May 2021. This sale price represents a discount of 10% to HK\$18.80 per KLN Share, being the Offer Price payable by the Offeror to the shareholders of KLN accepting the Partial Offer.

* For identification purpose only

Placees and maximum number of KLN Shares to be sold to each Placee

Based on the sale price of HK\$16.92 per KLN Share and pursuant to the respective Placing Agreements, the maximum number of KLN Shares to be placed by the Company to each Placee are set out below:

Placees ⁽¹⁾	Maximum number of KLN Shares to be sold to each Placee ⁽²⁾	Proportion of all KLN Shares to be placed to Placees	Approximate percentage of the total issued KLN Shares ⁽³⁾	Maximum proceeds payable by the Placee to the Company (HK\$)
(a) PSD Investco Inc. (“PSD”)	54,337,700	68.8%	3.01%	919,393,884
(b) ESR Cayman Limited (“ESR”)	13,299,437	16.8%	0.74%	225,026,474
(c) Boyu Capital Opportunities Master Fund (“Boyu”)	4,236,821	5.4%	0.23%	71,687,011
(d) Oscar and Partners Capital (Cayman) SPC-OP Golden Property Value Chain Fund SP (“O&P”)	4,236,821	5.4%	0.23%	71,687,011
(e) SCEP Master Fund (“SCEP”)	1,450,272	1.8%	0.08%	24,538,602
(f) SCC GPI Limited (“SCC”)	1,450,272	1.8%	0.08%	24,538,602
Total	79,011,323	100%	4.37%	1,336,871,585

Notes:

- (1) To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of the Placees and its ultimate beneficial owner (i) is a third party independent of the Company and is not a connected person of the Company; (ii) in respect of KLN, is not a core connected person or a person falling under Rule 8.24(1) or (2) of the Listing Rules; and (iii) as at the date of the relevant Placing Agreements does not, and until the Final Closing Date will not, hold any KLN Shares.
- (2) The actual number of KLN Shares to be placed by the Company to each Placee under the respective Placing Agreements shall be determined on the Final Closing Date by the actual number of shortfall shares (as defined under the Placing Agreements) (the “Shortfall Shares”) of KLN (i.e. such number of KLN Shares which is equal to (i) 15.0% of the then total issued KLN Shares *less* (ii) the number of KLN Shares held by the public *less* (iii) the number of KLN Shares held by (a) any person nominated by the Offeror as KLN directors, (b) any close associate of any such nominee KLN director (if any), or (c) any subsidiary or close associates of the Offeror, in each case, as stated in the closing announcement to be published jointly by the Offeror and KLN on the Final Closing Date to be the shareholding structure of KLN immediately after completion of the Partial Offer and the Option Offer). If the number of Shortfall Shares is less than the maximum number of KLN Shares required to be placed, the number of KLN Shares to be placed to each Placee under the respective Placing Agreements will be reduced proportionally. If the number of Shortfall Shares is reduced to such a level that the proceeds payable by a Placee under that Placing Agreement is less than HK\$100,000, no KLN Share will be placed to that Placee under its Placing Agreement. The number of KLN Shares to be allocated among the Placees shall be determined by reference to their respective proportions as shown in the table above (as adjusted for rounding).
- (3) The percentage of the total issued KLN Shares is calculated on the basis of the total issued KLN Shares as at the date of the Joint Announcement on a Fully-Diluted Basis, being 1,808,173,042 KLN Shares.

Other terms of the Placing Agreements

Material terms of the Placing Agreements, including the conditions precedent, are as set out in the section headed “C. Placing Agreement(s)” on pages 23 to 27 of the Circular, subject to the following changes:

1. The Circular stated that completion under the Placing Agreements shall take place on the *second* trading day after the Final Closing Date provided that the conditions precedent are satisfied. Completion under the Placing Agreements shall instead take place solely through CCASS on a delivery against payment basis on the *sixth* trading day after the Final Closing Date or 14 September 2021, whichever is later.
2. Save as disclosed in paragraph 3 below, in addition to the conditions precedent as set out in the section headed “C. Placing Agreement(s) – Conditions Precedent” in the Circular, completion under each Placing Agreement is also conditional upon the number of KLN Shares to be placed under the respective Placing Agreement having an aggregate placing price of not less than HK\$100,000.
3. The condition precedent (c) as set out in the section headed “C. Placing Agreement(s) – Conditions Precedent” in the Circular with respect to there being less than 15.0% of the then total issued KLN Shares held by the public immediately after completion of the Partial Offer and the Option Offer, is replaced by the definition of “Shortfall Shares” under the Placing Agreements. To illustrate, if there are no Shortfall Shares (i.e. the number of KLN Shares held by public is equal to or more than 15.0%), no KLN Share will in effect be placed to the Placees under the respective Placing Agreements.

The Company does not consider such changes set out above to be material in any respect.

INFORMATION ABOUT THE PLACEES

(a) PSD

PSD is incorporated in the Cayman Islands and is principally engaged in investment holding activities. PSD is an indirect wholly-owned subsidiary of a PRC State-owned medium to long-term development and investment fund.

(b) ESR

ESR is incorporated in the Cayman Islands and is listed on the Stock Exchange. ESR is the largest Asia-Pacific logistics real estate group by gross floor area and by value of the assets owned directly and by the funds and investment vehicles it manages and its platform spans across the Asia Pacific regions, including the People’s Republic of China, Japan, South Korea, Singapore, Australia and India.

(c) Boyu

Boyu is incorporated in the Cayman Islands and is an investment fund managed by Boyu Capital Investment Management Co., Limited, a company incorporated in Hong Kong and wholly-owned by Boyu Capital Investment Management Limited, a company incorporated in the Cayman Islands.

(d) O&P

O&P is incorporated in the Cayman Islands and is principally engaged in investment. O&P is managed by Oscar and Partners Capital Limited, whose ultimate beneficial owners are Choi Kam Keung and Sze Yeung Kuen.

(e) SCEP

SCEP is an exempted company incorporated with limited liability under the laws of the Cayman Islands, which is managed by Sequoia China Equity Partners (Hong Kong) Limited as investment manager, which is in turn wholly-owned by Sequoia China Equity Partners Limited. SCEP is an investment fund whose primary purpose is to make China-related equity investments. Sequoia China Equity Partners (Hong Kong) Limited was incorporated under the laws of Hong Kong in 2020.

(f) SCC

SCC is incorporated in the Cayman Islands and is principally engaged in investment holdings. The ultimate beneficial owner of SCC is Mr. Neil Nanpeng Shen.

Completion of the Partial Offer is subject to Pre-Conditions and Conditions being satisfied (or waived) and therefore the Partial Offer may or may not become unconditional and may or may not be completed. The issuance of this announcement and the entering into of the Placing Agreements do not in any way imply that the Partial Offer will become unconditional. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their professional advisers.

By Order of the Board
Kerry Properties Limited
Soon Yuk Tai
Company Secretary

Hong Kong, 9 August 2021

As at the date of this announcement, the Directors of the Company are:

Executive Directors: *Messrs. Wong Siu Kong, Kuok Khoon Hua, Bryan Pallop Gaw and Wong Chi Kong, Louis*

Independent Non-executive Directors: *Ms. Wong Yu Pok, Marina, JP, Mr. Chang Tso Tung, Stephen and Mr. Hui Chun Yue, David*