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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: 01589)

SUBSCRIPTION OF SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on April 27, 2018 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with JD Subscriber pursuant to which the Company has conditionally agreed to allot and issue, and JD Subscriber has conditionally agreed to subscribe for, 321,068,999 Subscription Shares at the Subscription Price of HK\$2.80 per Subscription Share.

The Subscription Shares represent (i) approximately 10.99% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 9.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the share capital of the Company from the date of the Subscription Agreement to the Closing Date save for the allotment and issue of the Subscription Shares). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, JD Subscriber and its ultimate substantial beneficial owners as publicly disclosed by JD.com are third parties independent of the Company and its connected persons.

The Subscription Shares will be allotted and issued under the General Mandate.

The gross proceeds from the Subscription will be HK\$898,993,197.20. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$898.50 million.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are as follows:

Date

April 27, 2018 (after trading hours of the Stock Exchange)

Parties to the Subscription Agreement

- (i) the Company as the issuer of the Subscription Shares; and
- (ii) JD Subscriber as the subscriber for the Subscription Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, JD Subscriber and its ultimate substantial beneficial owners as publicly disclosed by JD.com are third parties independent of the Company and its connected persons.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and JD Subscriber has conditionally agreed to subscribe for, 321,068,999 Subscription Shares at the Subscription Price of HK\$2.80 per Subscription Share.

Assuming that there will be no change in the share capital of the Company from the date of the Subscription Agreement to the Closing Date save for the allotment and issue of the Subscription Shares, the Subscription Shares represent:

- (i) approximately 10.99% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 9.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is US\$20,066.8124375.

Subscription Price

The Subscription Price of HK\$2.80 per Subscription Share represents:

- (i) a premium of approximately 5.66% to the closing price of HK\$2.65 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a premium of approximately 10.41% to the average closing price of approximately HK\$2.536 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 9.42% to the average closing price of approximately HK\$2.559 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day.

The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$2.798.

The Subscription Price was arrived at after arm's length negotiation between the Company and JD Subscriber after taking into account the prevailing market price of the Shares, the trading volume of the Shares and the future strategic cooperation between the Company and JD Subscriber. The Directors are of the view that the Subscription Price is fair and reasonable, on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

Ranking

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

Lock-up Undertaking

Pursuant to the Subscription Agreement, JD Subscriber undertakes that it will not, without the prior written consent from the Company, sell, transfer or otherwise dispose of the Subscription Shares for a period of six (6) months from the Completion.

Nomination of Directors

Pursuant to the Subscription Agreement, upon the signing of the agreement, JD Subscriber shall have the right to nominate one candidate to be put forward for appointment to the Board as a non-executive Director. The Company shall procure such candidate be appointed to the Board by causing a meeting of the nomination committee of the Board and a meeting of the Board to be held no later than 7 days prior to the Closing Date to consider and approve the appointment of such candidate as a Director with effect on and from Completion, provided that:

- (i) the directors' qualification and experience requirements under the applicable laws, the Listing Rules and the Articles shall be fulfilled; and
- (ii) any Director so appointed by the Board will be subject to the retirement, re-election and Shareholders' approval requirements under the Articles.

The Company will make the requisite announcement for the Director's appointment in accordance with the Listing Rules as and when appropriate.

If the candidate of JD Subscriber being appointed to the Board as described above dies, resigns, retires or is incapacitated and is removed as a Director or is or becomes prohibited by the applicable laws, the Listing Rules or the Articles from acting as a Director, then, provided that JD Subscriber and its affiliates beneficially own in the aggregate not less than 256,855,199 Shares (as adjusted to appropriately reflect any change affecting the Shares as a class subsequent to the Closing Date), JD Subscriber shall be entitled to nominate another candidate for appointment to the Board as a non-executive Director subject to the same conditions as provided above. It is also stipulated in the Subscription Agreement that the Directors shall not be prohibited from discharging their respective fiduciary duties owed to the Company and/or exercising their judgment in determining whether the appointment of such candidate is in the best interests of the Company and its Shareholders as a whole.

Conditions precedent

The obligations of JD Subscriber to subscribe and pay for, and the obligations of the Company to issue, the Subscription Shares to JD Subscriber are subject to the fulfilment or waiver (as the case may be) of the following conditions precedent:

- (a) the passing of the resolutions by the Board approving the allotment and issue of the Subscription Shares under the Subscription Agreement, including but not limited to the approval to utilize the General Mandate and that the General Mandate is sufficient for the allotment and issue of the Subscription Shares;
- (b) all necessary consents and approvals required to be obtained by the Company in respect of the Subscription having been obtained;
- (c) the granting of the approval for the listing of, and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange;
- (d) the representations and warranties of the Company in the Subscription Agreement continuing to be true, accurate and correct in all material respects as of the Closing Date;
- (e) there being no Material Adverse Effect on members of the Group having occurred since the date of the Subscription Agreement;
- (f) no change of control of the Company (defined as an acquisition of Shares or other event that would require (absent a waiver from the Executive) a mandatory offer to be made for the Shares pursuant to the Takeovers Code) occurring since the date of the Subscription Agreement;
- (g) the candidate of JD Subscriber being appointed to the Board as a non-executive Director, with effect upon and from the Completion, by all necessary and proper action taken at duly convened meetings of the nomination committee of the Board and of the Board held not later than 7 days prior to the Closing Date;

- (h) the passing of the resolutions by the board of directors and the investment committee of JD Subscriber approving the Subscription;
- (i) all necessary consents and approvals required to be obtained by JD Subscriber in respect of the Subscription having been obtained; and
- (j) the representations and warranties of JD Subscriber in the Subscription Agreement continuing to be true, accurate and correct in all material respects as of the Closing Date.

The Company may at any time by notice in writing to JD Subscriber waive the conditions set out in paragraph (j) above. JD Subscriber may at any time by notice in writing to the Company waive any of the conditions set out in paragraphs (d) to (g) above. The conditions set out in (a), (b), (c), (h) and (i) are not waivable by the Company or JD Subscriber.

Completion

Completion will take place on the tenth Business Day following the date on which all the Conditions Precedent (except those expressed to be satisfied on the Closing Date) have been satisfied (or waived in accordance with the Subscription Agreement), or on such other date as the Company and JD Subscriber may agree. If the Conditions Precedent have not been satisfied or waived on or before May 31, 2018 or any Condition Precedent expressed to be satisfied on the Closing Date cannot be satisfied on the Closing Date, (i) JD Subscriber may either terminate the Subscription Agreement with immediate effect, by written notice to the Company; or (ii) at any time up to five Business Days prior to the Longstop Date, the parties can mutually agree to extend the Longstop Date to such later date as the parties may determine (such date being not more than 90 days after the Longstop Date).

Strategic cooperation

Pursuant to the Subscription Agreement, so long as the individual nominated by JD Subscriber remains as a Director, JD Subscriber shall use its reasonable efforts to cooperate with the Group in respect of warehouse leasing provided that the terms offered by the Group are no less favorable than the terms offered by any other warehouse vendors in comparable transactions.

INFORMATION ON JD SUBSCRIBER

JD Subscriber is an exempted company incorporated in the Cayman Islands with limited liability and a subsidiary of JD.com. JD.com is a company incorporated in the Cayman Islands with limited liability which is listed on the NASDAQ (stock code: JD). JD.com is a leading technology-driven e-commerce company and retail infrastructure service provider in China. As of December 31, 2017, JD.com operated 7 fulfilment centres and 486 warehouses across China, staffed by its own employees. JD.com is a member of the NASDAQ100 and a Fortune Global 500 company.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 587,798,800 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the development, operation and management of logistics facilities in the PRC and it sources land parcels for the development of logistics parks in its ordinary and usual course of business. JD Subscriber and its affiliates are currently one of the Company's major tenants of the logistics facilities operated by the Group. The Directors consider that the investment by JD Subscriber enables the Company to achieve the following synergies: (i) facilitation in site selection and network establishment; (ii) ensuring a high occupancy rate; and (iii) improve gearing ratio and liquidity.

The Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for the business operations of the Group since it will provide the Company with immediate funding and the shareholders' base of the Company will be broadened. The Directors consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable.

The gross proceeds from the Subscription will be HK\$898,993,197.20. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$898.50 million. The Company intends to apply the net proceeds from the Subscription: (i) as to HK\$800 million for the development of additional logistics park projects and (ii) as to HK\$98.50 million for working capital and other general corporate purposes.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not carried out any equity fund raising activity in the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Closing Date) are summarised as follows:

	As at the date of this announcement		Immediately following the Completion	
	<i>Number of Shares</i>	<i>% (Approx.)</i>	<i>Number of Shares</i>	<i>% (Approx.)</i>
Yupei International Investment Management Co., Ltd ^(Note 1)	787,600,000	26.95	787,600,000	24.29
Berkeley Asset Holding Ltd ^(Note 2)	531,424,000	18.19	531,424,000	16.39
Sherlock Asset Holding Ltd ^(Note 2)	12,960,000	0.44	12,960,000	0.40
Public				
— JD Subscriber	—	—	321,068,999	9.90
— Other public Shareholders	1,590,068,200	54.42	1,590,068,200	49.02
Total	<u>2,922,052,200</u>	<u>100.00</u>	<u>3,243,121,199</u>	<u>100.00</u>

Note:

- Mr. Li Shifa holds the entire issued share capital of Lee International Investment Management Co., Ltd, which in turn holds 90% interest in Yupei International Investment Management Co., Ltd. Accordingly, Mr. Li Shifa is deemed to be interested in the 785,600,000 Shares held by Yupei International Investment Management Co., Ltd.. Mr. Li Shifa is an executive Director.
- RRJ Capital Master Fund II, L.P. holds the entire issued share capital of Berkeley Asset Holding Ltd, which holds 531,424,000 Shares. RRJ Capital Master Fund II, L.P. also holds the entire issued share capital of Travis Asset Holding Ltd, which in turn holds the entire issued share capital of Sherlock Asset Holding Ltd, which holds 12,960,000 Shares. Accordingly, RRJ Capital Master Fund II, L.P. is deemed to be interested in the 531,424,000 Shares held by Berkeley Asset Holding Ltd, and each of RRJ Capital Master Fund II, L.P. and Travis Asset Holding Ltd is deemed to be interested in the 12,960,000 Shares held by Sherlock Asset Holding Ltd..
- The percentages are subject to rounding difference, if any.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“AGM”	the annual general meeting of the Company held on June 8, 2017
“Articles”	the articles of association of the Company from time to time
“Board”	the board of Directors
“Business Day”	a day other than Saturday, Sunday and public holiday on which licensed banks are open for business in Hong Kong
“Closing Date”	the date on which the Completion shall take place, which shall be the tenth Business Day after the date on which all the Conditions Precedent have been satisfied or waived, or on such other date as the Company and JD Subscriber may agree
“Company”	China Logistics Property Holdings Co., Ltd (中國物流資產控股有限公司), 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
“Conditions Precedent”	the conditions precedent to the Completion, as more particularly set out under the paragraph headed “The Subscription Agreement – Conditions precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Directors”	directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars

“independent third party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associate
“JD.com”	JD.com, Inc., a company incorporated in the Cayman Islands with limited liability
“JD Subscriber”	Jingdong Logistics Group Corporation, an exempted company incorporated in the Cayman Islands with limited liability, being the subscriber of the Subscription Shares under the Subscription Agreement
“Last Trading Day”	April 26, 2018, being the last trading day immediately prior to the entering into of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longstop Date”	May 31, 2018
“Material Adverse Effect”	<p>means any event, circumstance or effect or any combination of them which is, or which could reasonably be expected to be, materially adverse to (i) the business, operations, business results or financial condition of the Group taken as a whole or to (ii) the ability of the Company to perform its obligations under the Subscription Agreement or to complete the Subscription, excluding in any such case, any event, circumstance or effect resulting from the following or any combination of the following:</p> <ul style="list-style-type: none"> (a) performance of obligations under, or compliance with, the terms and conditions of the Subscription Agreement; or (b) pandemics, earthquakes, hurricanes, tornadoes or other natural disasters, or fire, war, riot, terrorism or similar force majeure events, provided that any such events do not disproportionately and substantially affect the Group in any material respect
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong

“Share(s)”	ordinary share(s) of US\$0.0000625 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by JD Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated April 27, 2018 entered into between the Company and JD Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$2.80 per Subscription Share
“Subscription Shares”	an aggregate total of 321,068,999 new Shares to be issued and allotted by the Company to JD Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-Backs issued by the SFC
“US\$”	United States dollars, the lawful currency for the time being of the United States
“%”	per cent.

By order of the Board
China Logistics Property Holdings Co., Ltd
中國物流資產控股有限公司
LI Shifa
Chairman

PRC, April 27, 2018

As of the date of this announcement, Mr. Li Shifa, Mr. Pan Naiyue, Mr. Zhang Long, Mr. Wu Guolin, Ms. Li Huifang, Mr. Chen Runfu, Mr. Cheuk Shun Wah and Ms. Shi Lianghua are the executive Directors, Mr. Huang Xufeng and Ms. Li Qing 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.