
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

We intend to continue to strengthen our regional presence in integrated logistics across Asia, expand our global network in international freight forwarding coverage, and grow our customer base and existing businesses. Specifically, we plan to continue to:

- develop logistics facilities in strategic locations in Greater China to provide storage and value-added services to our customers, which allows us to strengthen our presence in the region and to expand into cities with high growth potential;
- develop logistics facilities and acquire businesses in ASEAN countries for our integrated logistics business, which enables us to further penetrate the integrated logistics markets in Thailand and Vietnam and increase our market share in Indonesia, Malaysia, the Philippines and Singapore; and
- acquire businesses globally for our international freight forwarding business, through which we intend to achieve a larger network scale and enhanced capabilities to provide us with a platform to extend our reach to new geographical markets.

We will carefully monitor our acquisition plan and capital expenditures in accordance with business needs and opportunities that arise from time to time. See the section headed “Business — Strategies” for more information on our strategies and future plans and the section headed “— Use of Proceeds” below for a discussion of our intended use of part of our net proceeds from the Global Offering in pursuit of the future plans described above. We target to develop a total of three to four logistics facilities in Greater China over the next two to three years and estimate that the development costs of a logistics centre typically range from HK\$150 million to HK\$200 million. In addition to using part of the net proceeds from the Global Offering, we intend to also use a combination of internal cash resources and bank loans, as needed, to pursue our future plans.

We do not have any definitive acquisition plan, nor have we identified any acquisition target, as at the date of this prospectus. We anticipate that the time from identifying an acquisition target to completion of the acquisition will generally take up to approximately two years. In the future, we will consider and pursue opportunities to acquire strategic businesses and logistics facilities by considering, among other things, the following factors:

- investment returns and other benefits that we expect to result from the acquisitions;
- acquisition consideration, valuation methodologies and the accounting impact of the acquisitions;
- findings of due diligence to be conducted on the acquisition targets; and
- challenges and expenses that could arise from integrating the businesses to be acquired.

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USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, are estimated to be approximately HK\$1,907.9 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$9.50 per Share, being the mid-point of the stated Offer Price range of HK\$8.80 to HK\$10.20 per Share. We intend to use such net proceeds for the following purposes:

- Approximately HK\$973.0 million (approximately 51% of our total estimated net proceeds) is intended to be used for funding capital expenditures in connection with future expansion and acquisition activities, including:
 - (i) Approximately HK\$324.3 million (approximately 17% of our total estimated net proceeds) for the development of one to two future logistics facilities in Greater China over the next two to three years;
 - (ii) Approximately HK\$324.3 million (approximately 17% of our total estimated net proceeds) for the development of future logistics facilities and/or potential acquisitions in ASEAN countries for our integrated logistics business; and
 - (iii) Approximately HK\$324.3 million (approximately 17% of our total estimated net proceeds) for potential acquisitions globally, including primarily in the Americas, as well as in Europe and Asia, for our international freight forwarding business.
- Approximately HK\$763.2 million (approximately 40% of our total estimated net proceeds) is intended to be used for repaying part of our loans from a fellow subsidiary controlled by KPL, which are interest-free loans without fixed terms of repayment, as further described in the section headed “Financial Information — Recent Developments — Repayment and Capitalisation of Loans from Fellow Subsidiary”. In this regard, this entire sum in the amount of approximately HK\$763.2 million, which equals the remaining balance of such loans after taking into account the amount to be capitalised and the other amounts to be repaid by applying the consideration receivable from the transfer of Kerry DG Warehouse (Kowloon Bay), by refinancing and by using our own cash reserves, will be held by the Joint Global Coordinators and we have given irrevocable instructions to the Joint Global Coordinators that, subject to the Global Offering becoming unconditional, the Joint Global Coordinators should apply such sum directly to repay a portion of our loans from a fellow subsidiary controlled by KPL upon Listing.
- Approximately HK\$171.7 million (approximately 9% of our total estimated net proceeds) is intended to be used for working capital and general corporate purposes.

If the Offer Price is set at the high end or low end of the stated Offer Price range, the net proceeds of the Global Offering, assuming that the Over-allotment Option is not exercised, will increase to approximately HK\$2,055.7 million or decrease to approximately HK\$1,760.0 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK\$2,208.9 million, assuming an Offer Price of HK\$9.50 per Share, being the mid-point of the stated Offer Price range. If the Offer Price is set at the high end or low end of the stated Offer Price range, the net proceeds of the Global Offering, including the proceeds from the exercise of the Over-allotment Option, will increase to approximately HK\$2,378.9 million or decrease to approximately HK\$2,038.8 million, respectively. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

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To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks or financial institutions.