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Kerry Logistics  
Network Limited  
嘉里物流聯網有限公司

(Incorporated in the British Virgin Islands and continued into Bermuda  
as an exempted company with limited liability)

Stock Code 636

## **PROPOSED SPIN-OFF AND SEPARATE LISTING OF KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED ON THE STOCK EXCHANGE OF THAILAND**

### **INTRODUCTION**

This announcement is made pursuant to Part XIVA of SFO, Rule 13.09(2) of the Listing Rules and PN15.

Reference is made to the announcement of the Company dated 18 March 2019 and the circular of the Company dated 16 May 2019 in relation to the Proposed Spin-off. Terms defined in this announcement shall have the same meaning as referred to in the circular unless otherwise defined. The Board wishes to announce that the Company submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 28 February 2020, KETH submitted the application for issuance and offering of ordinary shares to the SEC and is now in the process of providing additional information. When the SEC officially accepts the application for further processing, the Draft Thai Filing Document (in Thai only)

will be available for viewing and downloading on the SEC's website at <https://market.sec.or.th/public/idisc/th/Product/Filing> and the Company shall make a further announcement as soon as practicable upon receiving SEC's notice of acceptance.

### **INFORMATION REGARDING KETH AND THE RETAINED GROUP**

KETH is an indirect non wholly-owned subsidiary of the Company, and is principally engaged in the express delivery business in Thailand.

Following the Proposed Spin-off, the Retained Group will continue to operate its existing principal businesses globally, which encompass integrated logistics, international freight forwarding and supply chain solutions, other than express delivery in Thailand, which will be operated by KETH. Following the Proposed Spin-off, there will be a clear delineation between the businesses of the Retained Group and the business of KETH.

### **PROPOSED SPIN-OFF**

It is currently proposed that the Global Offering will involve (i) a public offering of the KETH Shares for subscription by the public in Thailand; and (ii) an international placing of the KETH Shares to certain institutional and professional investors, which are intended to be effected by way of an issue of new shares by KETH. It is currently expected that the amount of new KETH Shares to be issued for the Global Offering will account for approximately 17.24% of the enlarged issued share capital of KETH immediately after completion of the Global Offering.

Should the Proposed Spin-off proceed, the Company's deemed interests, through its non wholly-owned subsidiary, in the issued share capital of KETH will be reduced to approximately 52.14%. It is intended that KETH will remain as a subsidiary of the Company immediately after completion of the Proposed Spin-off and the Company will continue to consolidate the results of KETH into the consolidated financial statements of the Group.

### **REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF**

The Board considers the Proposed Spin-off to be in the interests of the Shareholders as a whole, and believes that the Proposed Spin-off will bring the following benefits to both the Company and KETH:

- (i) it will enable the Company to fully focus on and deploy its funds towards the development of the businesses of the Retained Group without the need to consider the funding requirements of KETH;
- (ii) the value of KETH is expected to be enhanced through the Proposed Spin-off, which will in turn benefit the Company as the controlling shareholder of KETH, given that a separate listing on the SET will, among others:
  - a) enhance KETH's profile amongst its customers and other business partners, as well as its ability to retain and recruit good talents;

- b) enable KETH to directly and independently access both equity and debt capital markets in the future should the need arise; and
- c) enhance the borrowing capacity of KETH and provide clarity on the credit profile of KETH for rating agencies and financial institutions that wish to analyze and lend against the credit of the express delivery business.

#### **ASSURED ENTITLEMENT AND SPECIAL DIVIDENDS**

In accordance with the requirements of PN15, the Company sought and obtained a waiver from its minority shareholders to waive the assured entitlement requirement pursuant to paragraph 3(f) of PN15 on 31 May 2019. It is proposed that a special dividend in the range of 10 to 14 HK cents per Share will be distributed to qualifying shareholders provided that completion of the Proposed Spin-off takes place. The Company will announce further details with regard to the special dividend such as the final rate and final payment date of the special dividend before completion of the Proposed Spin-off.

#### **LISTING RULES IMPLICATIONS**

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules and all of the applicable percentage ratios in respect of the Proposed Spin-off are expected to be below 5%. As such, it is expected that the Proposed Spin-off will not constitute a discloseable transaction of the Company under the Listing Rules. The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules as and when necessary.

#### **GENERAL**

As the Proposed Spin-off is subject to, among other things, the approval of the Global Offering by the SEC, the approval by the SET, market conditions and other considerations, Shareholders and potential investors should be aware that there is no assurance that the Proposed Spin-off will take place and, if so, when they may take place. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

## DEFINITIONS

“Board”	the board of directors of the Company
“Company”	Kerry Logistics Network Limited, incorporated in the British Virgin Islands and continued into Bermuda to become an exempted company with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Draft Thai Filing Document”	the draft of the filing document of KETH as submitted to the SEC
“Global Offering”	(i) public offering of the KETH Shares for subscription by the public in Thailand and (ii) an international placing of the KETH Shares to certain institutional and professional investors
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“KETH”	Kerry Express (Thailand) Public Company Limited, formerly known as Kerry Express (Thailand) Limited, incorporated in Thailand
“KETH Shares”	ordinary shares in the share capital of KETH
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PN15”	Practice Note 15 of the Listing Rules
“Proposed Spin-off”	the proposed spin-off and separate listing of the KETH Shares on the SET
“Retained Group”	the Group excluding KETH
“SEC”	The Securities and Exchange Commission of Thailand
“SET”	The Stock Exchange of Thailand
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	share(s) of nominal value of HK\$0.50 each of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thailand”	the Kingdom of Thailand
“%”	per cent

By Order of the Board  
**Kerry Logistics Network Limited**  
**LEE Pui Nee**  
*Company Secretary*

Hong Kong, 28 February 2020

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

*Executive Directors:*

*Mr KUOK Khoon Hua, Mr MA Wing Kai William and Mr NG Kin Hang*

*Non-executive Director:*

*Ms TONG Shao Ming*

*Independent Non-executive Directors:*

*Ms KHOO Shulamite N K, Ms WONG Yu Pok Marina, Mr YEO Philip Liat Kok and Mr ZHANG Yi Kevin*

*This announcement is published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.kerrylogistics.com](http://www.kerrylogistics.com)).*