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**Flourish Harmony Holdings Company
Limited**

(Incorporated in the Cayman Islands with limited liability, an indirectly wholly-owned subsidiary of S.F. Holding Co., Ltd.)



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)

website: www.kln.com

(Stock Code: 636)



嘉里建設有限公司*
KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: www.kerryprops.com

(Stock Code: 683)

JOINT ANNOUNCEMENT

- (1) PRE-CONDITIONAL VOLUNTARY PARTIAL CASH OFFER AND PARTIAL OPTION OFFER BY J.P. MORGAN ON BEHALF OF THE OFFEROR TO ACQUIRE 931,209,117 SHARES IN THE SHARE CAPITAL OF THE COMPANY AND TO CANCEL 51.8% OUTSTANDING SHARE OPTIONS**
(2) SHAREHOLDERS' AGREEMENT, PROPOSED BRAND LICENCE AGREEMENTS, PROPOSED WAREHOUSES SALE AGREEMENT, PROPOSED WAREHOUSES MANAGEMENT AGREEMENTS AND PROPOSED TAIWAN BUSINESS SALE AGREEMENT
(3) POSSIBLE SPECIAL DIVIDEND BY THE COMPANY
AND
(4) RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY AND KERRY PROPERTIES

Financial adviser to the Offeror

J.P.Morgan

Financial adviser to Kerry Holdings and
Kerry Properties

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THE PARTIAL OFFER AND THE OPTION OFFER

The Offeror (an indirectly wholly-owned subsidiary of the Offeror Parent, namely S.F. Holding Co., Ltd.) and the Company jointly announce that J.P. Morgan, on behalf of the Offeror, subject to the satisfaction or waiver (where applicable) of the Pre-Conditions, will make a voluntary conditional partial cash offer to Shareholders to acquire 931,209,117 Offer Shares (representing approximately 51.8% of the Shares in issue as at the date of this joint announcement and approximately 51.5% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis), at the Offer Price of HK\$18.80 per Offer Share. The Offeror will extend an appropriate partial offer to the Optionholders to cancel such number of Share Options representing 51.8% of the outstanding Share Options as at the Final Closing Date (i.e. the record date for determining the number of Share Options to be taken up by the Offeror under the Option Offer) (which, for illustrative purposes, is equal to 5,615,227 Share Options based on the number of outstanding Share Options as at the date of this joint announcement) pursuant to Rule 13 of the Takeovers Code.

The Partial Offer will be made on the following basis:

For each Offer ShareHK\$18.80 in cash

In addition to the Offer Price, conditional on completion of the Warehouses Sale (which is conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects), the Company will declare the Special Dividend of HK\$7.28 per Share.

Therefore, the Offer Price plus Special Dividend received by a Shareholder for every Share in respect of which that Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer would be HK\$26.08, comprising the Offer Price of HK\$18.80 per Share taken up by the Offeror and the Special Dividend of HK\$7.28 per Share. For the avoidance of doubt, whether or not a Shareholder tenders any Share for the acceptance of the Partial Offer, conditional on completion of the Warehouses Sale (which is conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects), every Shareholder as at the Record Date will receive the Special Dividend. If the Partial Offer lapses, or if, after the Partial Offer becomes or is declared unconditional in all respects, the Warehouse Sale Agreement does not complete because the Company, the Controlling Shareholders or their respective subsidiaries breach their respective closing obligations in the Warehouses Sale Agreement, the Special Dividend will not be paid.

The Company, the Controlling Shareholders and their respective subsidiaries have no intention of breaching their respective closing obligations in the Warehouses Sale Agreement.

If, after the date of this joint announcement, any dividend or other distribution (other than (i) the Special Dividend, (ii) the FY2020 Final Dividend the amount of which shall not exceed the FY2020 Final Dividend Threshold or (iii) the FY2021 Interim Dividend the amount of which shall not exceed the FY2021 Interim Dividend Threshold) is declared, paid, made or agreed to be paid or made in respect of the Shares, the Offeror reserves the right to reduce the Offer Price and the Option Offer Price by an amount equal to the amount of such dividend or other distribution (and in the case of (ii), the portion of the FY2020 Final Dividend in excess of the FY2020 Final Dividend Threshold and in the case of (iii), the portion of the FY2021 Interim Dividend in excess of the FY2021 Interim Dividend Threshold) per Share, after consultation with the Executive.

The Offer Price was determined on a commercial basis after taking into account, among other things, the value of the Company after the completion of the Warehouses Sale and the Taiwan Business Sale,

the payment of the Special Dividend, as well as the historical prices of the Shares traded on the Stock Exchange.

The Option Offer will be made to cancel such number of Share Options representing 51.8% of the outstanding Share Options as at the Final Closing Date (i.e. the record date for determining the number of Share Options to be taken up by the Offeror under the Option Offer) (which, for illustrative purposes, is equal to 5,615,227 Share Options based on the number of outstanding Share Options as at the date of this joint announcement) on the following basis:

For cancellation of each Share OptionHK\$8.60 in cash

As all the Share Options are in-the-money, the Option Offer Price represents the difference between the Offer Price and the exercise price of HK\$10.20 of the Share Options.

The Offeror has applied for, and the Executive has given, consent for the making of the Partial Offer and the Option Offer pursuant to Rule 28.1 of the Takeovers Code.

It is intended that following closing of the Partial Offer and the Option Offer, the Company will maintain its listing on the Stock Exchange.

Assuming full acceptance of the Partial Offer in respect of 931,209,117 Shares (representing approximately 51.8% of the Shares in issue as at the date of this joint announcement and approximately 51.5% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) and the Option Offer in respect of such number of Share Options representing 51.8% of the outstanding Share Options as at the Final Closing Date (which, for illustrative purposes, is equal to 5,615,227 Share Options as at the date of this joint announcement), the aggregate cash consideration payable by the Offeror under the Partial Offer and the Option Offer will amount to approximately HK\$17,555,022,352.

Under Rule 28.5 of the Takeovers Code, a partial offer which could result in the offeror holding 30% or more of the voting rights of a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and its parties acting in concert with it by means of signifying their approval on a separate box on the form of approval and acceptance.

The Controlling Shareholders, Mr. Kuok Khoon Hua (being an Executive Director), the Controlling Shareholder Close Associates and close associates of the Relevant Directors are regarded as concert parties of the Offeror. Whether Mr. MA Wing Kai William, Mr. CHEUNG Ping Chuen Vicky and Mr. NG Kin Hang, being other Executive Directors are to be regarded as concert parties of the Offeror remains subject to further discussions with the Executive. If they are regarded as concert parties of the Offeror, none of them are Qualifying Shareholders nor are they entitled to indicate their approval of the Partial Offer under Rule 28.5 of the Takeovers Code.

The Offeror intends to finance the cash required for the Partial Offer and the Option Offer by external borrowing. J.P. Morgan, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the aggregate cash consideration payable under the Partial Offer and the Option Offer.

IRREVOCABLE UNDERTAKINGS

As at the date of this joint announcement, Kerry Properties holds 718,340,998 Shares, the Controlling Shareholders other than Kerry Properties hold 415,929,636 Shares, and the Executive Directors hold 37,360,653 Shares (assuming all vested Share Options held by them are exercised), respectively

representing approximately 39.7%, 23.0% and 2.1% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis. The Company has been informed by the Controlling Shareholders and the Executive Directors that they are supportive of the Partial Offer and the Option Offer.

The Controlling Shareholders have indicated that they intend to provide the Controlling Shareholders Irrevocable Undertakings in favour of the Offeror after the expiry of the Blackout Period, under which the Controlling Shareholders, acting severally, would (subject to the terms of the Controlling Shareholders Irrevocable Undertakings) undertake to tender their respective pro rata acceptances of the Partial Offer in respect of an aggregate of 575,545,164 Shares (representing (i) approximately 32.0% of the Shares in issue as at the date of this joint announcement, (ii) approximately 31.8% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis, and (iii) approximately 50.7% of the Shares held by the Controlling Shareholders as at the date of the joint announcement on a Fully-Diluted Basis), as soon as practicable after the commencement of the Acceptance Period and in any event no later than the third business day of the Acceptance Period.

For the avoidance of doubt, the Controlling Shareholders may tender more Shares for acceptance than as required under the Controlling Shareholders Irrevocable Undertakings depending on the overall level of acceptances under the Partial Offer (as may be announced by the Offeror (i) after trading hours on the trading day immediately prior to the Final Closing Date and (ii) at such other times during the Acceptance Period as the Offeror may decide, after consultation with the Executive) and/or may be required to sell Shares pursuant to the Placing Agreements.

Each Executive Director has indicated that he intends to provide the Executive Directors Irrevocable Undertakings in favour of the Offeror after the expiry of the Blackout Period, under which such Executive Director would (subject to the terms of the Executive Directors Irrevocable Undertakings) undertake to tender acceptances of the Partial Offer in respect of his pro rata share, totalling 18,957,330 Shares (representing (i) approximately 1.1% of the Shares in issue as at the date of this joint announcement, (ii) approximately 1.0% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis, and (iii) approximately 50.7% of the Shares held by the Executive Directors as at the date of the joint announcement on a Fully-Diluted Basis), as soon as practicable after the commencement of the Acceptance Period and in any event no later than the third business day of the Acceptance Period.

For the avoidance of doubt, the Executive Directors may tender more Shares for acceptance than as required under the Executive Directors Irrevocable Undertakings depending on the overall level of acceptances under the Partial Offer as may be announced by the Offeror (i) after trading hours on the trading day immediately prior to the Final Closing Date and (ii) at such other times during the Acceptance Period as the Offeror may decide, after consultation with the Executive.

The total number of these Shares that are taken up by the Offeror from the Controlling Shareholders and the Executive Directors pursuant to the Partial Offer, and accordingly the percentage shareholding of the Controlling Shareholders and the Executive Directors immediately following completion of the Partial Offer, will depend on the number of Shares tendered for acceptance by persons other than the Controlling Shareholders and the Executive Directors.

The number of Shares to be taken up by the Offeror from each of the Controlling Shareholders, the Executive Directors and other Shareholders is calculated in the manner set out in the section of this joint announcement headed "*Other Terms of the Partial Offer and the Option Offer – Acceptance of the Partial Offer and the Option Offer*".

However, immediately following completion of the Partial Offer and the Placing Agreements (i.e., taking into account all the Shares of the Controlling Shareholders and the Executive Directors that

may be taken up by the Offeror pursuant to the Partial Offer and the Shares that may be sold by the Controlling Shareholders pursuant to the Placing Agreements), it is expected that:

- (i) assuming the Controlling Shareholders tender only such number of Shares required under the Controlling Shareholders Irrevocable Undertakings (i.e. 575,545,164 Shares), the Controlling Shareholders will hold in aggregate between:
 - (a) 558,725,470 Shares (representing approximately 31.1% of the Shares in issue as at the date of this joint announcement and approximately 30.9% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) (assuming (1) the Executive Directors tender 18,957,330 Shares pursuant to the Executive Directors Irrevocable Undertakings; (2) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors), close associates of the Relevant Directors, and all Public Shareholders tender a total of 336,706,623 Shares (being the minimum number of Shares to allow the Partial Offer to become unconditional); and (3) none of the outstanding Share Options are exercised); and
 - (b) 593,047,629 Shares (representing approximately 33.0% of the Shares in issue as at the date of this joint announcement and approximately 32.8% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) (assuming (1) the Executive Directors tender all of their Shares; (2) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors) and close associates of the Relevant Directors, and all Public Shareholders tender all of their Shares; (3) all outstanding Share Options are exercised; and (4) all unvested Share awards for the Relevant Directors are vested and tendered by the Relevant Directors); and
- (ii) assuming the Executive Directors tender only such number of Shares required under the Executive Directors Irrevocable Undertakings (i.e. 18,957,330 Shares), the Executive Directors will hold in aggregate between:
 - (a) 14,483,323 Shares (representing approximately 0.8% of the Shares in issue as at the date of this joint announcement and approximately 0.8% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) (assuming (1) the Controlling Shareholders tender 575,545,164 Shares pursuant to the Controlling Shareholders Irrevocable Undertakings; (2) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors), close associates of the Relevant Directors, and all Public Shareholders tender a total of 336,706,623 Shares (being the minimum number of Shares to allow the Partial Offer to become unconditional); and (3) none of the outstanding Share Options are exercised); and
 - (b) 28,361,577 Shares (representing approximately 1.6% of the Shares in issue as at the date of this joint announcement and approximately 1.6% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) (assuming (1) the Controlling Shareholders tender all of their Shares; (2) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors) and close associates of the Relevant Directors, and all Public Shareholders tender all of their Shares; (3) all outstanding Share Options are exercised; and (4) all unvested Share awards for the Relevant Directors are vested, but only tendered by the Relevant Directors (other than the Executive Directors)).

If Shareholders (other than the Controlling Shareholders and the Executive Directors) tender less than 336,706,623 Shares (being the minimum number of Shares to allow the Partial Offer to become unconditional) by the First Closing Date (which is a date falling 21 days after the

despatch of the Offer Document or further extended in accordance with the Takeovers Code), the Partial Offer will not proceed and will lapse.

Pursuant to the terms of the Controlling Shareholders Irrevocable Undertakings and the Executive Directors Irrevocable Undertakings, the Controlling Shareholders' and the Executive Directors' obligation to tender acceptances terminates automatically if, without the prior written consent of the Controlling Shareholders:

(1) any of the Pre-Conditions (iv), (viii), (ix), (xiv), (xv) and (xvi) set out in the section of this joint announcement headed "*The Partial Offer and the Option Offer – Pre-Conditions to the Partial Offer and the Option Offer*" are waived; or

(2) save for the Taiwan Business Sale, the Group makes any disposal of assets that may be required in order to implement the Partial Offer under, and in compliance with, all applicable law in the relevant jurisdictions (for example, to comply with any applicable merger control or foreign investment restrictions). Save as set out in this paragraph, the Controlling Shareholders Irrevocable Undertakings and the Executive Directors Irrevocable Undertakings will not cease to be binding in any circumstances.

Assuming Kerry Properties tenders its pro rata share of the Controlling Shareholders' aggregate acceptances to be tendered pursuant to the Controlling Shareholders Irrevocable Undertakings (i.e., 364,496,510 Shares, representing approximately 20.3% of the Shares in issue as at the date of this joint announcement and approximately 20.2% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis), the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of such sales, being the revenue ratio, is expected to be 25% or more but less than 75%, but all other percentage ratios are expected to be less than 25%. On that basis, such sales by Kerry Properties would constitute a major transaction of Kerry Properties under the Listing Rules and would therefore be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14A.20(1) of the Listing Rules, the Offeror is deemed to be a connected person of Kerry Properties since the Offeror proposes to enter into a transaction with Kerry Properties, namely the Controlling Shareholders Irrevocable Undertakings, and the Offeror also proposes to enter into the Controlling Shareholders Irrevocable Undertakings with Kerry Holdings, which is a connected person of Kerry Properties under the Listing Rules. As the Offeror is a deemed connected person of Kerry Properties, the tender of acceptances by Kerry Properties would constitute a connected transaction for Kerry Properties under Chapter 14A of the Listing Rules and would therefore be subject to the reporting, announcement and Kerry Properties' independent shareholders' approval requirements thereunder.

For the avoidance of doubt, the Controlling Shareholders may tender more Shares for acceptance than as required under the Controlling Shareholders Irrevocable Undertakings depending on the overall level of acceptances under the Partial Offer as may be announced by the Offeror from time to time during the offer period and/or may be required to sell Shares pursuant to the Placing Agreements. Kerry Properties will comply with the requirements under Chapters 14 and 14A of the Listing Rules as applicable.

SHAREHOLDERS' AGREEMENT

The Offeror and the Offeror Parent have entered into the Shareholders' Agreement with Kerry Holdings and Kerry Properties regarding certain corporate governance matters in relation to the Company. The Shareholders' Agreement is conditional upon the Independent Shareholders' approval for the purposes of the Takeovers Code and the Partial Offer becoming or being declared unconditional

in all respects. If the Shareholders' Agreement becomes unconditional, it will become effective at the Effective Time.

The Shareholders' Agreement constitutes a special deal in relation to the Partial Offer under Rule 25 of the Takeovers Code. An application will be made by the Offeror to the Executive for consent to proceed with the Shareholders' Agreement. Such consent, if granted, is expected to be subject to (i) the opinion of the Independent Financial Adviser that the terms of the Shareholders' Agreement are fair and reasonable; and (ii) the approval of the Shareholders' Agreement by the Independent Shareholders by way of poll at the SGM.

PROPOSED WAREHOUSES SALE AGREEMENT, PROPOSED WAREHOUSES MANAGEMENT AGREEMENTS AND POSSIBLE SPECIAL DIVIDEND

The Company and its wholly-owned subsidiary, Kerry Warehouse (HK) Holdings Limited, entered into a non-binding term sheet with Kerry Holdings and its wholly-owned subsidiary, Urban Treasure Holdings Limited, in relation to the Warehouses Sale Agreement pursuant to which the Warehouses Sale Agreement is proposed to be entered into.

Pursuant to the Warehouses Sale Agreement, Kerry Warehouse (HK) Holdings Limited would sell and Urban Treasure Holdings Limited would purchase, the entire issued share capital of the Target Warehouse Companies at the total consideration of HK\$13,500,000,000. The Warehouses Sale Agreement (if entered into) would be conditional upon:

- (i) (a) consent having been obtained from the Executive to the transactions contemplated in the Warehouses Sale Agreement and the Warehouses Management Agreements, where applicable; (b) the Independent Shareholders' approval in relation to the Warehouses Sale Agreement and the Warehouses Management Agreements and the transactions contemplated therein respectively; and (c) no Target Warehouse having been destroyed, substantially damaged or rendered inaccessible by natural disaster, fire, explosion or other calamity or is, for any reason, condemned, closed or declared dangerous by relevant government authorities or subject to demolition order(s) or closure order(s), and the reinstatement costs therefor exceeds HK\$5,000,000,000 (the "**Warehouses Sale Pre-Conditional Conditions**"); and
- (ii) the Partial Offer becoming or being declared unconditional in all respects.

The Warehouses Sale Pre-Conditional Condition set out in paragraph (i)(c) above may be waived by Urban Treasure Holdings Limited in its absolute discretion at any time on or before the date on which the Pre-Conditions (other than Pre-Condition (viii) to the extent it relates to the Warehouses Sale Pre-Conditional Condition set out in paragraph (i)(c)) have been satisfied or (where applicable) waived. None of the other conditions set out above is waivable.

If the Warehouses Sale Agreement becomes unconditional, completion thereunder shall take place on the third business day after the date on which the cheques for the Offer Price have been despatched to Shareholders under the Partial Offer.

If the Warehouse Sale Agreement does not become unconditional on or before 31 December 2021 or such later date as agreed by the parties thereto, it will terminate automatically.

The terms of the Warehouses Sale Agreement (as set out in the term sheet), including the purchase consideration, have been determined by arm's length negotiations between the Company and Kerry Holdings and are subject to the execution of the Warehouses Sale Agreement.

In connection with the Warehouses Sale, the owners of the Target Warehouses shall upon signing of the Warehouses Sale Agreement also enter into management agreements for the appointment of the Warehouses Manager as building manager and leasing agent of the Target Warehouses, for the provision of Warehouses Management services, where the Warehouses Manager will guarantee that the owners of certain Target Warehouses will receive an agreed amount of minimum gross revenue in respect of those Target Warehouses.

Urban Treasure Holdings Limited (a wholly-owned subsidiary of Kerry Holdings) has entered into a non-binding term sheet with the Warehouses Manager in relation to the Warehouses Management Agreements which are proposed to be entered into.

Pursuant to the proposed Warehouses Management Agreements, the owners of the Target Warehouses would appoint the Warehouses Manager as the building manager and leasing agent of the respective Target Warehouses for the provision of Warehouses Management services for fees negotiated on an arms' length basis during a term of six (6) years commencing on the date of completion of the Warehouses Sale.

The Warehouses Management Agreements between the relevant parties (if entered into) and the obligations of the relevant parties thereunder would commence on the date of completion of the Warehouses Sale.

Conditional upon completion of the Warehouses Sale (which is in turn conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects), the Company will declare the Special Dividend of HK\$7.28 per Share to distribute substantially all of the proceeds from the Warehouses Sale to all those Shareholders who are Shareholders of record on the Record Date (i.e. before the Final Closing Date).

If the Partial Offer lapses, or if, after the Partial Offer becomes or is declared unconditional in all respects, the Warehouse Sale Agreement does not complete because the Company, the Controlling Shareholders or their respective subsidiaries breach their respective closing obligations in the Warehouses Sale Agreement, the Special Dividend will not be paid.

The Company, the Controlling Shareholders and their respective subsidiaries have no intention of breaching their respective closing obligations in the Warehouses Sale Agreement.

As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Warehouses Sale Agreement (if entered into) is expected to be 25% or more but less than 75%, the Warehouses Sale Agreement would constitute a major transaction of the Company under the Listing Rules and would therefore be subject to the reporting, announcement, and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Kerry Holdings is a connected person of the Company, the Warehouses Sale Agreement (if entered into) would constitute a connected transaction of the Company under the Listing Rules and would therefore be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Warehouses Management Agreements (if entered into) is expected to be 5% or more but less than 25%, the Warehouses Management Agreements would constitute a discloseable transaction of the Company

under the Listing Rules and would therefore be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Kerry Holdings is a connected person of the Company, the Warehouses Management Agreements (if entered into) would constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules and would therefore be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of the Warehouses Sale Agreement and the Warehouses Management Agreements (if entered into) would constitute a special deal in relation to the Partial Offer under Note 4 to Rule 25 of the Takeovers Code. An application will be made by the Company to the Executive for consent to proceed with the Warehouses Sale Agreement and the Warehouses Management Agreements (if entered into). Such consent, if granted, is expected to be subject to (i) the opinion of the Independent Financial Adviser that the terms of the Warehouses Sale Agreement and the Warehouses Management Agreements are fair and reasonable; and (ii) the approval of the Warehouses Sale Agreement and the Warehouses Management Agreements by the Independent Shareholders by way of poll at the SGM. The Independent Financial Adviser will state in the Circular its opinion on whether the terms of the Warehouses Sale Agreement and the Warehouses Management Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Further details of the Warehouses Sale Agreement and the Warehouses Management Agreements will be announced when they are entered into, and the Company will comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules as applicable.

PROPOSED BRAND LICENCE AGREEMENTS

Each of the Company and KE Thailand has entered into a non-legally binding term sheet with the Licensor in relation to the Brand Licence Agreements which are proposed to be entered into.

Pursuant to the Brand Licence Agreements (if entered into), the Licensor would agree to grant to the Company (i) a limited, non-exclusive, non-assignable and revocable licence for the relevant Kerry Trademarks and a limited, non-exclusive, non-assignable and revocable right to use the Kerry Names in relation to certain permitted purposes in relevant territories as set out in the term sheet; and (ii) subject to the Licensor's prior written consent (such consent not to be unreasonably withheld or delayed), a right to sub-license to certain of its existing subsidiaries and certain existing pre-approved invested entities of the Company in substantially the same terms. The licence fee is a nominal amount of HK\$100.

The Licensor would also grant to KE Thailand (i) a limited, exclusive, non-assignable and revocable licence for the relevant Kerry Express Trademarks and a limited, non-exclusive, non-assignable and revocable right to use the Kerry Express Names in relation to certain permitted purposes and in Thailand as set out in the term sheet; and (ii) subject to the Licensor's prior written consent (such consent not to be unreasonably withheld or delayed), a right to sub-license a non-exclusive licence to its existing subsidiary. The licence fee is a nominal amount of HK\$100.

The Brand Licence Agreements (if entered into) would be conditional upon (i) consent having been obtained from the Executive to the transactions contemplated in the Brand Licence Agreements, (ii) the Independent Shareholders' approval in relation to the Brand Licence Agreements and the transactions contemplated thereunder and (iii) the Partial Offer becoming or being declared unconditional in all respects, in each case by no later than 31 December 2021, or such later date as agreed by the parties thereto. If the Brand Licence Agreements become unconditional, they shall become legally effective at the Effective Time. Subject to fulfilment of the conditions, the Brand

Licence Agreements shall remain valid for 3 years from the Effective Time and shall be renewable for such period and on such terms mutually agreed by the parties.

The terms of the Brand Licence Agreements (as set out in the term sheets) have been determined by arm's length negotiations between the Company, KE Thailand (as the case may be) and the Licensor and are subject to the execution of the Brand Licence Agreements.

As the Licensor is a connected person of the Company, the Brand Licence Agreements (if entered into) would constitute continuing connected transactions of the Company under the Listing Rules. As the licence fee is nominal, the aggregate amounts to be paid by the Company and KE Thailand (as the case may be) to the Licensor under the Brand Licence Agreements will not be, on an annual basis, more than the de minimis threshold of 0.1% during the term of the Brand Licence Agreements (if entered into). The Brand Licence Agreements would therefore be fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Brand Licence Agreements (if entered into) would constitute a special deal in relation to the Partial Offer under Rule 25 of the Takeovers Code. An application will be made by the Company to the Executive for consent to proceed with the Brand Licence Agreements (if entered into). Such consent, if granted, is expected to be subject to (i) the opinion of the Independent Financial Adviser that the terms of the Brand Licence Agreements are fair and reasonable; and (ii) the approval of the Brand Licence Agreements by the Independent Shareholders by way of poll at the SGM.

Further details of the Brand Licence Agreements will be announced when they are entered into, and the Company will comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules as applicable.

PROPOSED SALE OF THE TAIWAN BUSINESS

The Company and its wholly-owned subsidiary, Kerry Logistics Services Limited, entered into a non-binding term sheet with Kerry Holdings and its wholly-owned subsidiary, Treasure Seeker Group Limited, in relation to the Taiwan Business Sale pursuant to which the Taiwan Business Sale Agreement is proposed to be entered into.

Pursuant to the Taiwan Business Sale Agreement (if entered into), Kerry Logistics Services Limited would sell and Treasure Seeker Group Limited would purchase the Taiwan Target Companies. The Taiwan Business Sale Agreement (if entered into) would be conditional upon fulfilment of the following conditions precedent:

- (i) (a) Independent Shareholders' approval and other consents which are required in accordance with Chapters 14 and 14A of the Listing Rules and the Takeovers Code having been obtained; (b) all required regulatory approvals having been obtained from Taiwan regulators and governmental authorities (including, if applicable, the clearance of the combination filing from the Taiwan Fair Trade Commission, and any approval, if applicable, arising from change of control of any of the Taiwan Target Companies) without conditions or with conditions which will not materially adversely affect Treasure Seeker Group Limited, the Kerry Holdings group, the Taiwan Target Companies and their respective subsidiaries (including the Taiwan Listco); (c) (to the extent that such consents are required) relevant material joint venture partners' consents having been obtained, including any consents necessary to appoint Treasure Seeker Group Limited's nominees onto the board of directors of the Taiwan Listco after completion of the Taiwan Business Sale; (d) no material breach of any Kerry Logistics Services Limited's representations, warranties and undertakings; and (e) no new laws or amendment to any existing laws which would require Kerry Holdings and/or Treasure Seeker Group Limited to,

and Kerry Holdings and/or Treasure Seeker Group Limited not otherwise being required by the relevant Taiwanese regulators to, make a tender offer for the shares of the Taiwan Listco as a result of the Taiwan Business Sale (the “**Taiwan Business Sale Pre-Conditional Conditions**”);

(ii) during the period between signing of the Taiwan Business Sale Agreement and immediately before satisfaction of condition (iii) below: (a) no new laws or amendment to any existing laws which would render the Taiwan Business Sale not permissible or illegal; and (b) no restraining governmental order or permanent injunction or other governmental order preventing any of the Taiwan Target Companies and their subsidiaries from carrying out their business in Taiwan in the ordinary course; (the “**Taiwan Business Sale Continuing Conditions**”); and

(iii) the Partial Offer having become or being declared unconditional in all respects,

in each case by no later than 31 December 2021, or such later date as agreed by the parties thereto.

The Taiwan Business Sale Pre-Conditional Conditions set out in paragraphs (i)(c), (i)(d) and (i)(e) above may be waived by Treasure Seeker Group Limited in its absolute discretion at any time on or before the date on which all of the Pre-Conditions (other than Pre-Condition (viii) to the extent it relates to the Taiwan Business Sale Pre-Conditional Condition set out in paragraphs (i)(c), (i)(d) and (i)(e)) have been satisfied or (where applicable) waived. None of the other conditions set out above is waivable.

If the Taiwan Business Sale Agreement becomes unconditional, completion thereunder shall take place not more than 7 business days after the Final Closing Date or prior to the Offeror becoming a member on the register of members of the Company, whichever is earlier (or such earlier date as the Offeror, Kerry Logistics Services Limited and Treasure Seeker Group Limited may agree, not to be earlier than immediately prior to the Partial Offer becoming or being unconditional in all respects).

The aggregate consideration under the Taiwan Business Sale Agreement shall be the USD equivalent of NTD4,537,018,403, taking into account adjustments on cash, bank loans (approximately NTD6,680,000,000 as at 31 December 2020), and other liabilities of the Taiwan Target Companies and certain of their subsidiaries. The consideration will be subject to adjustments based on the Carrying Book Value (as defined in the term sheet) of certain of the subsidiaries of the Taiwan Target Companies (including the Taiwan Listco) and the cash, bank loans and other liabilities of the Taiwan Target Companies and their other subsidiaries in the completion accounts.

The proceeds from the Taiwan Business Sale are expected to be retained by the Company to support the ongoing growth and development of the Group. The terms of the Taiwan Business Sale Agreement (as set out in the term sheet), including the consideration, have been determined by arm’s length negotiations between the Company and Kerry Holdings and are subject to the execution of the Taiwan Business Sale Agreement.

As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Taiwan Business Sale Agreement (if entered into) for the Company is expected to be 5% or more but less than 25%, the Taiwan Business Sale Agreement (if entered into) would constitute a discloseable transaction of the Company under the Listing Rules and would therefore be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Kerry Holdings is a connected person of the Company, the Taiwan Business Sale Agreement (if entered into) would constitute a connected transaction of the Company and would therefore be subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Taiwan Business Sale Agreement (if entered into) would constitute a special deal in relation to the Partial Offer under Note 4 to Rule 25 of the Takeovers Code. An application will be made by the Company to the Executive for consent to proceed with the Taiwan Business Sale Agreement (if entered into). Such consent, if granted, is expected to be subject to (i) the opinion of the Independent Financial Adviser that the terms of the Taiwan Business Sale Agreement (if entered into) are fair and reasonable; and (ii) the approval of the Taiwan Business Sale Agreement (if entered into) by the Independent Shareholders by way of poll at the SGM. The Independent Financial Adviser will state in the Circular its opinion on whether the terms of the Taiwan Business Sale Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Further details of the Taiwan Business Sale Agreement will be announced when it is entered into, and the Company will comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules as applicable.

SGM

The SGM will be held for the purpose of considering and, if thought fit, approving the Special Deal Agreements by way of poll. Any Shareholders who are involved in or interested in the Special Deal Agreements, and their respective associates (as defined in the Listing Rules) and any persons acting in concert with any Shareholders who are involved in or interested in the Special Deal Agreements are required to abstain from voting on the relevant resolution at the SGM. Other than the Controlling Shareholders, the Directors (other than the INEDs) and their respective associates (as defined in the Listing Rules) and concert parties, none of the Shareholders is required to abstain from voting on the relevant resolution at the SGM.

It is expected that the Circular containing, among other things, (i) information on the Special Deal Agreements; (ii) a letter of advice from the LR Independent Board Committee to the Independent Shareholders in relation to the Warehouses Sale Agreement, Warehouses Management Agreements and the Taiwan Business Sale Agreement (in each case, if entered into); (iii) a letter of advice from the Code Independent Board Committee to the Independent Shareholders in relation to the Special Deal Agreements; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committees in relation to the Special Deal Agreements; (v) the independent valuation report on the Target Warehouses; and (vi) a notice convening the SGM will be despatched to the Shareholders in due course.

INDEPENDENT BOARD COMMITTEES

The LR Independent Board Committee has been established to consider the terms of the Warehouses Sale Agreement, Warehouses Management Agreements and the Taiwan Business Sale Agreement (in each case, if entered into) and to advise the Independent Shareholders on whether the Warehouses Sale Agreement, Warehouses Management Agreements and the Taiwan Business Sale Agreement are in the interests of the Company and the Shareholders as a whole and whether the terms of the Warehouses Sale Agreement, Warehouses Management Agreements and the Taiwan Business Sale Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. The LR Independent Board Committee comprises Ms. KHOO Shulamite N K, Mr. YEO Philip Liat Kok and Mr. ZHANG Yi Kevin, being all of the INEDs other than Ms. WONG Yu Pok Marina who is also an independent non-executive director of Kerry Properties.

The Code Independent Board Committee has been established for the purpose of making a recommendation to (i) the Independent Shareholders as to whether the terms of the Special Deal Agreements are fair and reasonable and the voting action that should be taken; and (ii) the

Shareholders and Optionholders as to whether the Partial Offer and the Option Offer are fair and reasonable and as to acceptance. The Code Independent Board Committee comprises Ms. KHOO Shulamite N K, Mr. YEO Philip Liat Kok and Mr. ZHANG Yi Kevin, being all the INEDs other than Ms. WONG Yu Pok Marina who is also an independent non-executive director of Kerry Properties. Ms. TONG Shao Ming, being the non-executive Director, is also the investment director of Kerry Holdings and is therefore not on the Code Independent Board Committee given the conflicts of interest in respect of the Special Deal Agreements.

INDEPENDENT FINANCIAL ADVISER

The Company will appoint an independent financial adviser to advise the Independent Board Committees in relation to the Partial Offer, the Option Offer and the Special Deal Agreements. A further announcement will be made after the Independent Financial Adviser has been appointed.

GENERAL

It is expected that the Composite Document containing, among other things, (i) the full terms and details of the Partial Offer and the Option Offer; (ii) the recommendation from the Code Independent Board Committee to the Shareholders and Optionholders in respect of, amongst other things, the Partial Offer and the Option Offer; (iii) the letter of advice from the Independent Financial Adviser in respect of, amongst other things, the Partial Offer and the Option Offer; and (iv) the Form of Approval and Acceptance, will be jointly despatched by the Offeror and the Company to the Shareholders and Optionholders within seven days after the satisfaction or waiver (where applicable) of the Pre-Conditions. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above.

RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY AND KERRY PROPERTIES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 5 February 2021 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 10 February 2021.

At the request of Kerry Properties, trading in the shares of Kerry Properties on the Stock Exchange has been suspended with effect from 9:00 a.m. on 5 February 2021 pending the release of this joint announcement. Application has been made by Kerry Properties to the Stock Exchange for resumption of trading in the shares of Kerry Properties with effect from 9:00 a.m. on 10 February 2021.

WARNING

As the making of the Partial Offer and the Option Offer is subject to the satisfaction or waiver (where applicable) of the Pre-Conditions, the Partial Offer and the Option Offer are a possibility only and may or may not be made. Accordingly, Shareholders and prospective investors 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.

Completion of the Partial Offer and the Option Offer is subject to the Conditions being fulfilled. Accordingly, the issue of this joint announcement does not in any way imply that the Partial Offer and the Option Offer will be completed. The transactions contemplated by the Special Deal Agreements may or may not proceed. Shareholders and prospective investors 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.

NOTICE TO U.S. HOLDERS OF SHARES

The Partial Offer and the Option Offer are being made for the securities of a company incorporated in the British Virgin Islands and continued into Bermuda as an exempted company with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the USA. The Partial Offer and the Option Offer will be made in the USA pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Partial Offer and the Option Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Partial Offer and the Option Offer by a U.S. holder of Shares and/or Share Options, respectively, may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares and/or Share Options is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Partial Offer and the Option Offer.

U.S. holders of Shares and Share Options may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror and the Company is located in a country outside the USA and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of Shares and Share Options may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, U.S. holders of Shares and Share Options may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

THE PARTIAL OFFER AND THE OPTION OFFER

The Offeror (an indirectly wholly-owned subsidiary of the Offeror Parent, namely S.F. Holding Co., Ltd.) and the Company jointly announce that J.P. Morgan, on behalf of the Offeror, subject to the satisfaction or waiver (where applicable) of the Pre-Conditions, will make a voluntary conditional partial cash offer to Shareholders to acquire 931,209,117 Offer Shares (representing approximately 51.8% of the Shares in issue as at the date of this joint announcement and approximately 51.5% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis), at the Offer Price of HK\$18.80 per Offer Share. The Offeror will extend an appropriate partial offer to the Optionholders to cancel such number of Share Options representing 51.8% of the outstanding Share Options as at the Final Closing Date (i.e. the record date for determining the number of Share Options to be taken up by the Offeror under the Option Offer) (which, for illustrative purposes, is equal to 5,615,227 Share Options based on the number of outstanding Share Options as at the date of this joint announcement) pursuant to Rule 13 of the Takeovers Code.

The Offeror has applied for, and the Executive has given, consent for the making of the Partial Offer and the Option Offer pursuant to Rule 28.1 of the Takeovers Code.

As at the date of this joint announcement, there are 1,797,335,042 Shares in issue and 10,838,000 outstanding Share Options to subscribe for up to 10,838,000 Shares, of which 8,895,000 Share Options are held by Relevant Directors and 1,943,000 Share Options are held by employees of the Group. Further details of the shareholding structure of the Company are set out in the section headed “*Shareholding structure of the Company and effect of the Partial Offer and the Option Offer*” below.

Offer Price and Option Offer Price

The Partial Offer will be made on the following basis:

For each Offer ShareHK\$18.80 in cash

Offer Price plus Special Dividend per Offer Share taken up by the Offeror under the Partial Offer

In addition to the Offer Price, conditional on completion of the Warehouses Sale (which is conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects), the Company will declare the Special Dividend of HK\$7.28 per Share.

Therefore, the Offer Price plus Special Dividend received by a Shareholder for every Share in respect of which that Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer would be HK\$26.08, comprising the Offer Price of HK\$18.80 per Share taken up by the Offeror and the Special Dividend of HK\$7.28 per Share. For the avoidance of doubt, whether or not a Shareholder tenders any Share for the acceptance of the Partial Offer, conditional on completion of the Warehouses Sale (which is conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects), every Shareholder as at the Record Date will receive the Special Dividend. If the Partial Offer lapses, or if, after the Partial Offer becomes or is declared unconditional in all respects, the Warehouse Sale

Agreement does not complete because the Company, the Controlling Shareholders or their respective subsidiaries breach their respective closing obligations in the Warehouses Sale Agreement, the Special Dividend will not be paid.

The Company, the Controlling Shareholders and their respective subsidiaries have no intention of breaching their respective closing obligations in the Warehouses Sale Agreement.

If, after the date of this joint announcement, any dividend or other distribution (other than (i) the Special Dividend, (ii) the FY2020 Final Dividend the amount of which shall not exceed the FY2020 Final Dividend Threshold or (iii) the FY2021 Interim Dividend the amount of which shall not exceed the FY2021 Interim Dividend Threshold) is declared, paid, made or agreed to be paid or made in respect of the Shares, the Offeror reserves the right to reduce the Offer Price and the Option Offer Price by an amount equal to the amount of such dividend or other distribution (and in the case of (ii), the portion of the FY2020 Final Dividend in excess of the FY2020 Final Dividend Threshold and in the case of (iii), the portion of the FY2021 Interim Dividend in excess of the FY2021 Interim Dividend Threshold) per Share, after consultation with the Executive.

The Offer Price was determined on a commercial basis after taking into account, among other things, the value of the Company after the completion of the Warehouses Sale and the Taiwan Business Sale, the payment of the Special Dividend, as well as the historical prices of the Shares traded on the Stock Exchange.

The Option Offer will be made to cancel such number of Share Options representing 51.8% of the outstanding Share Options as at the Final Closing Date (i.e. the record date for determining the number of Share Options to be taken up by the Offeror under the Option Offer) (which, for illustrative purposes, is equal to 5,615,227 Share Options based on the number of outstanding Share Options as at the date of this joint announcement) on the following basis:

For cancellation of each Share OptionHK\$8.60 in cash

As all the Share Options are in-the-money, the Option Offer Price represents the difference between the Offer Price and the exercise price of HK\$10.20 of the Share Options.

The Partial Offer and the Option Offer will be made in compliance with the Takeovers Code.

Pre-Conditions to the Partial Offer and the Option Offer

The making of the Partial Offer and the Option Offer is subject to the satisfaction or waiver (where applicable) of the following Pre-Conditions:

- (i) consent from the Executive in respect of the Partial Offer and the Option Offer pursuant to Rule 28.1 of the Takeovers Code being obtained and such consent remaining in full force and effect;
- (ii) the Stock Exchange granting a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules to permit a lower minimum public float of 15.0% in the Shares;

- (iii) the reporting, filing, registration or approval, as applicable, with or by (a) the National Development and Reform Commission of the PRC and (b) the competent authority of the Ministry of Commerce of the PRC in respect of the Partial Offer;
- (iv) by no later than the Long Stop Date:
 - (a) a notice has been filed with CFIUS in respect of the Partial Offer, and (without conditions or restrictions of the type referred to in (b)(1)):
 - (1) CFIUS has determined that the transaction is not a “covered transaction” and not subject to review by CFIUS;
 - (2) CFIUS has determined that there are no unresolved national security concerns; or
 - (3) if CFIUS has sent a report to the President requesting the President’s decision, either (i) the President has decided not to suspend or prohibit the acquisition of control over the Group’s U.S. business; or (ii) the 15 days allotted for Presidential action has passed without any determination by the President; or
 - (b) no prohibition on the acquisition of control over the Group’s U.S. business has been issued by CFIUS or the President, no indication of any objection to such acquisition of control has been provided by CFIUS or the President (nor by any officials acting on behalf of CFIUS or the President) (either in writing or, if not in writing, where the Offeror and the Company acting reasonably and in good faith agree has been provided) and no request has been made by CFIUS to pull and refile the CFIUS filing, and the Offeror and the Company acting reasonably and in good faith agree no such prohibitions, objections or requests are reasonably expected, and in each case:
 - (1) no conditions or restrictions have been proposed that are reasonably expected, individually or in the aggregate to: (i) materially limit or modify the Offeror Parent Group’s rights of ownership or management over, or the ability to conduct, the Group’s business in the United States; or (ii) materially adversely impact the Group’s or the Offeror Parent Group’s business in the United States, nor has any official acting on behalf of CFIUS or the President indicated (either in writing or, if not in writing, where the Offeror and the Company acting reasonably and in good faith agree) that any such conditions or restrictions are likely; and
 - (2) no criminal or other material civil penalties in the United States for the Offeror Parent Group, the Group or the Controlling Shareholders Group or any of their respective employees or officers have arisen or would arise as a result of the implementation of the Partial Offer;
- (v) by no later than the Long Stop Date:
 - (a) the relevant regulatory authority having granted a waiver from the requirement applicable to the Offeror (or the Company or any other entity through which the Company holds its interest in KE Thailand) to make a Thai MGO that would otherwise arise as a result of the implementation of the Partial Offer; or
 - (b) no such waiver having been granted, but:
 - (1) it having been determined by the Offeror acting reasonably and in good faith (including having carried out due consultation with the Thai SEC and any other relevant regulatory authority and taking into account the advice of a financial

advisor qualified to advise on such matters in Thailand) that the price per share required to be offered under such Thai MGO (the “**Thai Offer Price**”) would be less than the prevailing market price of a share in KE Thailand as at the later of (A) the date on which all other Pre-Conditions are satisfied and (B) the date on which the Thai Offer Price is determined in accordance with this paragraph (b)(1); and

- (2) either (A) the maximum aggregate consideration payable to acquire the shares in KE Thailand pursuant to any such Thai MGO based on the Thai Offer Price (excluding, for the avoidance of doubt, any shares in KE Thailand held by KLN Logistics (Thailand) Limited and any other shares that are not required to be acquired pursuant to such Thai MGO as a result of irrevocable undertakings, if any, to be given by shareholders of KE Thailand to the Offeror in a form satisfactory to the Offeror (expected to include, without limitation, unconditional, non-terminable obligations not to (i) tender acceptances in respect of their shares; or (ii) dispose of any interest in their shares, in each case until the latest date that the Thai MGO is open for acceptances) being less than or equal to HK\$6,000,000,000, or (B) if such maximum aggregate consideration would be in excess of HK\$6,000,000,000, arrangements having been made that such excess would be funded (directly or indirectly) by equity investment by a third party;
- (vi) in the PRC, with respect to the Partial Offer or its implementation, the Offeror having received antitrust approval from the State Administration for Market Regulation on terms satisfactory to the Offeror, or the statutory review period pursuant to the Anti-Monopoly Law, including any extension of such period, has lapsed;
 - (vii) the Controlling Shareholders duly executing and delivering to the Offeror the Controlling Shareholders Irrevocable Undertakings and the Executive Directors duly executing and delivering to the Offeror the Executive Directors Irrevocable Undertakings, in each case in favour of the Offeror no later than three business days (or such later date as the Offeror and the Controlling Shareholders or Executive Directors, as the case may be, may agree) after the announcement of the annual results for the year ended 31 December 2020 by the Company;
 - (viii) (a) each of (1) the Warehouses Sale Agreement, (2) the Warehouses Management Agreements, (3) the Brand Licence Agreements and (4) the Taiwan Business Sale Agreement having been entered into:
 - (1) on terms which are consistent in all respects with the Term Sheets;
 - (2) without any material new, or materially amended, terms which are inconsistent with the terms in the Term Sheets; save for those to which the Offeror has consented, acting reasonably; and
 - (3) with, in the case of the Warehouses Sale Agreement, the Warehouses Management Agreements and the Brand Licence Agreements (the Term Sheets to which indicative draft long form documentation have been attached), the relevant Term Sheet having prevailed in respect of all matters to the extent of any inconsistency between the relevant Term Sheet and the indicative draft long form

documentation attached to it, save for those matters to which the Offeror has consented, acting reasonably;

- (b) each of the Brand Licence Agreements having become unconditional save for the condition relating to the Partial Offer becoming or being declared unconditional in all respects;
 - (c) in the case of the Warehouses Sale Agreement, each of the Warehouses Sale Pre-Conditional Conditions having been satisfied (or, where applicable, waived);
 - (d) in the case of the Taiwan Business Sale Agreement: (1) each of the Taiwan Business Sale Pre-Conditional Conditions having been satisfied (or in the case of the Taiwan Business Sale Pre-Conditional Conditions set out in paragraphs (i)(c), (i)(d) and (i)(e) in the section of this joint announcement headed “*Proposed sale of the Taiwan Business*”, waived); and (2) there being no event or circumstance which would render any of the Taiwan Business Sale Continuing Conditions incapable of satisfaction; and
- (ix) the Shareholders’ Agreement having become unconditional save for the condition relating to the Partial Offer becoming or being declared unconditional in all respects;
 - (x) approval by the shareholders having been obtained in the general meeting of the Offeror Parent: (i) of the Partial Offer and the Option Offer as required for a material transaction of the Offeror Parent under the listing rules of the Shenzhen Stock Exchange; and (ii) the guarantee proposed to be given by the Offeror Parent for the financings for the Partial Offer and the Option Offer ((i) and (ii) being one single, bundled resolution);
 - (xi) consent from the Executive and approval by the Independent Shareholders in respect of (a) the Shareholders’ Agreement, (b) the Warehouses Sale Agreement, (c) the Warehouses Management Agreements, (d) the Brand Licence Agreements and (e) the Taiwan Business Sale Agreement, each as a special deal under Rule 25 of the Takeovers Code;
 - (xii) approval by the Shareholders and the Independent Shareholders, respectively of the Warehouses Sale Agreement and the Taiwan Business Sale Agreement as may be required pursuant to Chapters 14 and 14A of the Listing Rules;
 - (xiii) approval by Kerry Properties’ independent shareholders of the disposal of part of Kerry Properties’ shareholding in the Company pursuant to the Controlling Shareholders Irrevocable Undertakings (or otherwise) under the Partial Offer and/or pursuant to the Placing Agreements and the entry into of the Shareholders’ Agreement as may be required pursuant to Chapter 14 and 14A of the Listing Rules or the grant by the Stock Exchange of a waiver from the need to obtain such approval;
 - (xiv) the Controlling Shareholders having entered into agreements with one or more purchasers (each of which is not a connected person of the Company nor a person falling under Rule 8.24(1) or (2) of the Listing Rules and does not as at the date of the relevant agreement hold any Shares), pursuant to which, if and to the extent that the number of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) comprise less than 15.0% of the total issued Shares immediately following the Final Closing Date otherwise than due to the holdings of Shares by any persons nominated by the Offeror as Directors or of any close associates (as defined in the

Listing Rules) of the Offeror or any such nominee Director (such shortfall Shares being the “**Shortfall Shares**”), the Controlling Shareholders would agree to sell and such purchaser(s) would agree to acquire in aggregate up to approximately 6.9% of the total issued Shares as at the date of this joint announcement (or approximately 6.9% of the total issued Shares as at the date of this joint announcement on a Fully-Diluted Basis), being the maximum possible number of the Shortfall Shares as a result of the Partial Offer, taking into account the Controlling Shareholders Irrevocable Undertakings and the Executive Directors Irrevocable Undertakings (the “**Placing Agreement(s)**”) and the completion of such Placing Agreement(s) shall take place within 14 days following the Final Closing Date;

- (xv) no person or persons (other than the Offeror, the Controlling Shareholders and their respective concert parties) holding Shares representing 7.0% or more of the Shares; and
- (xvi) by the earlier in time to occur of the Long Stop Date and the date on which all the other Pre-Conditions (i) to (xv) have been satisfied or waived (or such later date as may be agreed by the Offeror and the Company), (a) there having been no imposition by any Relevant Authority (and no written notification has been received from any Relevant Authority of its proposed imposition and there has been no indication, as agreed by the Offeror and the Company acting reasonably and in good faith, that there would be such imposition) of any injunction, regulatory penalty, fine, punishment or other civil penalty on any member of the Offeror Parent Group, the Group or the Controlling Shareholders Group, which has materially adversely affected or would materially adversely affect the Offeror Parent Group’s, the Group’s or the Controlling Shareholders Group’s ongoing business operations; and (b) no criminal penalty having been imposed and no regulatory investigation having been made on any member of the Offeror Parent Group, the Group, the Controlling Shareholders Group or any of their respective officers or employees; and (c) there having been no change in the chairman of either the Offeror Parent or Kerry Holdings.

Save for Pre-Conditions (v) and (vii) which are waivable by the Offeror, and Pre-Conditions (iv), (viii), (ix), (xiv), (xv) and (xvi) which are waivable by the Offeror with the prior written consent of the Company, none of the Pre-Conditions may be waived. As at the date of this joint announcement, the Offeror is not aware that the implementation of the Partial Offer would result in any breach of any applicable PRC laws, rules, regulations or its articles of association. If the Pre-Conditions are not satisfied or, where applicable, waived, on or before the Long Stop Date, the Partial Offer and the Option Offer will not be made. The Offeror will issue a further announcement as soon as practicable after the Pre-Conditions have been satisfied or waived.

The Company has applied to the Stock Exchange and has obtained a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules to permit a minimum public float of 15.0% in the Shares upon completion of the Partial Offer, subject to the conditions that: (i) each of the Offeror and the Controlling Shareholders will give an undertaking not to acquire additional Shares or interests in Shares which will result in the Company’s public float falling below 15.0% (other than pursuant to a transaction implemented in compliance with the Takeovers Code); and (ii) details, reasons and conditions of the waiver are disclosed by way of an announcement.

Under the SEC Act, a person who acquires control (whether directly or indirectly) of an entity that holds shares in a Thai listed company must make a tender offer for all of the shares in the listed

company under the chain principle if, following the acquisition, such person's interest (direct or indirect) reaches or exceeds 25%, 50% or 75% of the total voting rights in the Thai listed company.

Upon completion of the Partial Offer, the Offeror will be deemed to have acquired indirect control of KLN Logistics (Thailand) Limited, an indirect subsidiary of the Company that is interested in approximately 52% of the issued ordinary share capital of KE Thailand. As a result, upon completion of the Partial Offer, unless a waiver of the requirement is granted by the Thai SEC (and/or other relevant regulatory authorities) (a "**Thai MGO Waiver**"), the Offeror (or the Company or any other entity through which the Company holds its interest in KE Thailand) would be required under the SEC Act to make a mandatory tender offer for the entire issued share capital of KE Thailand under the chain principle.

The Offeror intends to seek a Thai MGO Waiver following the release of the announcement on the basis of precedent established by the relevant regulators and the fact that the principal purpose of the Partial Offer is not to acquire control of KE Thailand.

In the event that the Offeror is required to make a Thai MGO, provided that the Offeror, its concert parties and their related persons do not acquire any shares in KE Thailand during the 90 day prior to the date on which the tender offer is submitted to the Office of the Thai SEC, the price per share applicable to the Thai MGO may not be lower than the acquisition cost of the controlling interest in KE Thailand.

The "acquisition cost" will be the cost allocated to the indirect acquisition of a controlling interest in KE Thailand through the implementation of the Partial Offer. While the Thai SEC has the power to issue rules for calculating this cost, it has not done so to date. Accordingly, if a Thai MGO was required, the "acquisition cost of the controlling interest" of KE Thailand under the chain principle would be calculated and clarified by a financial adviser qualified to advise on such matters in Thailand.

The making of the Partial Offer is subject to satisfaction of a pre-condition that either: (i) a Thai MGO waiver is granted by the Long Stop Date; or (ii) if a Thai MGO Waiver has not been received by the Long Stop Date, (1) the Offeror has determined (acting reasonably and in good faith) that the Thai Offer Price would be less than the prevailing market price of a share in KE Thailand as at the later of (a) the date on which all other pre-conditions to the Partial Offer are satisfied; and (b) the date on which the Thai Offer Price is determined; and (2) the maximum aggregate consideration payable to acquire the shares in KE Thailand pursuant to the Thai MGO based on the Thai Offer Price being less than HK\$6,000,000,000 or, where the maximum consideration would be in excess of HK\$6,000,000,000, arrangements having been made that such excess would be funded (directly or indirectly) by equity investment by a third party.

For the purposes of calculating whether the maximum aggregate consideration is less than HK\$6,000,000,000, no account shall be taken of share held by KLN Logistics (Thailand) Limited or any other shares in KE Thailand that are not required to be acquired pursuant to such Thai MGO as a result of irrevocable undertakings from KE Shareholders to the Offeror in a form reasonably satisfactory to the Offeror and expected to include, without limitation, unconditional, non-terminable obligations on the shareholder not to (i) tender acceptances in respect of its shares; or (ii) dispose of any interest in its shares, in each case until the latest date that the Thai MGO is open for acceptances.

WARNING: The Pre-Conditions must be satisfied (or, where applicable, waived) before the making of the Partial Offer and the Option Offer. The making of the Partial Offer and the Option Offer is therefore a possibility only. Accordingly, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

Conditions of the Partial Offer and the Option Offer

The Partial Offer will be subject to the fulfilment of the following conditions:

- (i) valid acceptances of the Partial Offer being received in respect of 931,209,117 Offer Shares for the Partial Offer by 4:00 p.m. on or prior to the First Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve);
- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders in the register of members of the Company as at the First Closing Date holding over 50% of the Shares, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved;
- (iii) (a) there having been no imposition by any Relevant Authority (and no written notification has been received from any Relevant Authority of its proposed imposition and there has been no indication, as agreed by the Offeror and the Company acting reasonably and in good faith, that there would be such imposition) of any injunction, regulatory penalty, fine, punishment or other civil penalty on any member of the Offeror Parent Group, the Group or the Controlling Shareholders Group, which has materially adversely affected or would materially adversely affect the Offeror Parent Group's, the Group's or the Controlling Shareholders Group's ongoing business operations; and (b) no criminal penalty having been imposed and no regulatory investigation having been made on any member of the Offeror Parent Group, the Group, the Controlling Shareholders Group or any of their respective officers or employees; and
- (iv) all Taiwan Business Sale Continuing Conditions under the Taiwan Business Sale Agreement having been satisfied.

Save for Conditions (iii) and (iv) which are waivable by the Offeror with the prior written consent of the Company, none of the Conditions may be waived. Condition (iv) is not considered subjective given that: (a) as a Pre-Condition, each of the Taiwan Business Sale Pre-Conditional Conditions will have been satisfied (or, in the case of the Taiwan Business Sale Pre-Conditional Conditions set out in paragraphs (i)(c), (i)(d) and (i)(e) in the section of this joint announcement headed "*Proposed Sale of the Taiwan Business*", waived); and (b) none of the Taiwan Business Sale Continuing Conditions depends on judgements by the Offeror or the Company (or any of their respective concert parties) or the fulfilment of which is in their respective hands.

Pursuant to Note 2 to Rule 30.1, the Offeror will not invoke any of the Conditions, other than Conditions (i) and (ii) above, so as to cause the Partial Offer to lapse unless the circumstances which

give rise to the right to invoke the Condition are of material significance to the Offeror in the context of the Partial Offer.

The Option Offer will only become unconditional if the Partial Offer becomes or is declared unconditional in all respects.

In the event that valid acceptances are received:

- (a) for less than 931,209,117 Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; or
- (b) for 931,209,117 Shares or more on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

The Controlling Shareholders have indicated that they intend to provide the Controlling Shareholders Irrevocable Undertakings in favour of the Offeror after the expiry of the Blackout Period, under which the Controlling Shareholders, acting severally, would (subject to the terms of the Controlling Shareholders Irrevocable Undertakings) undertake to tender their respective pro rata acceptances of the Partial Offer in respect of an aggregate of 575,545,164 Shares (representing (i) approximately 32.0% of the Shares in issue as at the date of this joint announcement, (ii) approximately 31.8% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis, and (iii) approximately 50.7% of the Shares held by the Controlling Shareholders as at the date of this joint announcement on a Fully-Diluted Basis).

Further, the Executive Directors have indicated that they intend to provide the Executive Directors Irrevocable Undertakings in favour of the Offeror after the expiry of the Blackout Period, under which the Executive Directors, acting severally, would (subject to the terms of the Executive Directors Irrevocable Undertakings) undertake to tender their respective pro rata acceptances of the Partial Offer in respect of an aggregate of 18,957,330 Shares (representing (i) approximately 1.1% of the Shares in issue as at the date of this joint announcement, (ii) approximately 1.0% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis, and (iii) approximately 50.7% of the Shares held by the Executive Directors as at the date of this joint announcement on a Fully-Diluted Basis).

Accordingly, if Shareholders (other than the Controlling Shareholders and the Executive Directors) tender less than 336,706,623 Shares (being the minimum number of Shares to allow the Partial Offer to become unconditional) by the First Closing Date (which is a date falling 21 days after the despatch of the Offer Document or further extended in accordance with the Takeovers Code), the Partial Offer will not proceed and will lapse.

In the event that the Conditions are not fulfilled (or, where applicable, waived) by the First Closing Date (which is a date falling 21 days after the despatch of the Offer Document or further extended in accordance with the Takeovers Code), the Partial Offer and the Option Offer will not proceed and will immediately lapse.

WARNING: Shareholders and potential investors of the Company should note that the Partial Offer and the Option Offer will be subject to the satisfaction of the Conditions. Accordingly, the Partial Offer and the Option Offer may or may not 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.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer and the Option Offer must initially be open for acceptance for at least 21 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date. Accordingly, if the Partial Offer is declared unconditional in all respects on or before the seventh day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than the seventh day after the Despatch Date, then the Final Closing Date would be 14 days after the date of such declaration.

Announcements will be made in accordance with Rule 19.1 of the Takeovers Code by 7:00 p.m. on each Closing Date. In addition, further announcement will be made by the Offeror on the level of acceptances by (1) the Controlling Shareholders, (2) the Executive Directors; (3) the Controlling Shareholders Close Associates, the Relevant Directors and close associates of the Relevant Directors, and (4) the Public Shareholders (i) after trading hours on the trading day immediately prior to the Final Closing Date and (ii) at such other times during the Acceptance Period as the Offeror may decide, after consultation with the Executive. All Shareholders (including holders of Shares in CCASS) may tender more Shares for acceptance on the Final Closing Date and such other dates after the date of the relevant announcement after having regard to information disclosed in that announcement.

Approval of the Partial Offer under Rule 28.5 of the Takeovers Code

Under Rule 28.5 of the Takeovers Code, a partial offer which could result in the offeror holding 30% or more of the voting rights of a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and its parties acting in concert with it by means of signifying their approval on a separate box on the form of approval and acceptance.

The Controlling Shareholders, Mr. Kuok Khoon Hua (being an Executive Director), the Controlling Shareholder Close Associates and close associates of the Relevant Directors are regarded as concert parties of the Offeror. Whether Mr. MA Wing Kai William, Mr. CHEUNG Ping Chuen Vicky and Mr. NG Kin Hang, being other Executive Directors are to be regarded as concert parties of the Offeror remains subject to further discussions with the Executive. If they are regarded as concert parties of the Offeror, none of them are Qualifying Shareholders nor are they entitled to indicate their approval of the Partial Offer under Rule 28.5 of the Takeovers Code.

Whether or not the Qualifying Shareholders accept the Partial Offer or, where applicable, the Option Offer, they may approve the Partial Offer AND specify the number of Shares in respect of which they signify their approval of the Partial Offer in the Form of Approval and Acceptance.

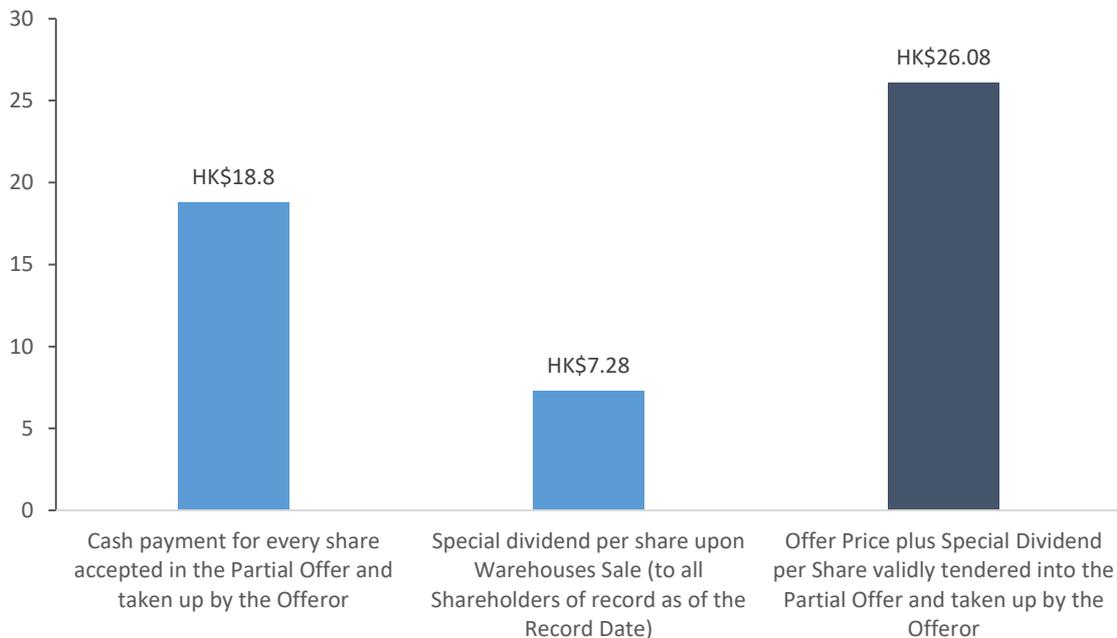
VALUE OF THE PARTIAL OFFER

Upon the Partial Offer becoming or being declared unconditional in all respects, each Shareholder:

- (i) will receive a payment of HK\$18.80 in cash for every Share in respect of which that Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer (less the seller's ad valorem stamp duty arising therefrom); and
- (ii) will receive the Special Dividend of HK\$7.28 per Share which each Shareholder holds as at the Record Date that the Company would declare for distributing substantially all of the proceeds from the Warehouses Sale upon the Warehouses Sale Agreement being completed (which is conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects). For the avoidance of doubt, whether or not a Shareholder tenders any Share for the acceptance of the Partial Offer, conditional on completion of the Warehouses Sale (which is conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects), every Shareholder as at the Record Date will receive the Special Dividend. If the Partial Offer lapses, or if, after the Partial Offer becomes or is declared unconditional in all respects, the Warehouse Sale Agreement does not complete because the Company, the Controlling Shareholders or their respective subsidiaries breach their respective closing obligations in the Warehouses Sale Agreement, the Special Dividend will not be paid.

The Company, the Controlling Shareholders and their respective subsidiaries have no intention of breaching their respective closing obligations in the Warehouses Sale Agreement.

(in HK\$/share)



Comparison of value

The Offer Price of HK\$18.80 per Offer Share under the Partial Offer represents:

- (i) a discount of approximately 19.83% to the closing price of HK\$23.45 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.70% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 7.79% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 12.61% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 12.10% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 15.68% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day;

- (vii) a premium of approximately 21.63% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 120 consecutive trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 28.11% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 150 consecutive trading days up to and including the Last Trading Day;
- (ix) a premium of approximately 34.69% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Day;
- (x) a premium of approximately 46.83% over the audited consolidated net asset value per Share attributable to Shareholders of approximately HK\$12.80 as at 31 December 2019, calculated based on the audited consolidated net asset value attributable to Shareholders of approximately HK\$23,013,349,000 as at 31 December 2019 and 1,797,335,042 Shares in issue as at the date of this joint announcement; and
- (xi) a premium of approximately 39.12% over the unaudited consolidated net asset value per Share attributable to Shareholders of approximately HK\$13.51 as at 30 June 2020, calculated based on the unaudited consolidated net asset value attributable to Shareholders of approximately HK\$24,288,575,000 as at 30 June 2020 and 1,797,335,042 Shares in issue as at the date of this joint announcement.

Shareholders and potential investors should note that the comparisons of the Offer Price to current and historical trading prices do not necessarily represent a fair comparison to demonstrate the premium of the Offer Price over the trading prices as the Offer Price does not include the value of the Target Warehouse Companies to be sold, which is embedded in the current and historical trading prices. For this reason, the comparisons of the Offer Price plus Special Dividend to current and historical trading prices are included below in order to present a more meaningful comparison to the Shareholders and potential investors.

The Offer Price plus Special Dividend of HK\$26.08 for every Share in respect of which a Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer (being the Offer Price plus the Special Dividend which every Shareholder as at the Record Date will receive whether or not he/she/it tenders any Share for the acceptance of the Partial Offer, provided that the Warehouses Sale has been completed and the Partial Offer has become unconditional in all respects) represents:

- (i) a premium of approximately 11.22% over the closing price of HK\$23.45 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 39.69% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;

- (iii) a premium of approximately 49.53% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 56.22% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 55.51% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 60.47% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 68.72% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 120 consecutive trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 77.72% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 150 consecutive trading days up to and including the Last Trading Day;
- (ix) a premium of approximately 86.85% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Day;
- (x) a premium of approximately 103.68% over the audited consolidated net asset value per Share attributable to Shareholders of approximately HK\$12.80 as at 31 December 2019, calculated based on the audited consolidated net asset value attributable to Shareholders of approximately HK\$23,013,349,000 as at 31 December 2019 and 1,797,335,042 Shares in issue as at the date of this joint announcement; and
- (xi) a premium of approximately 92.99% over the unaudited consolidated net asset value per Share attributable to Shareholders of approximately HK\$13.51 as at 30 June 2020, calculated based on the unaudited consolidated net asset value attributable to Shareholders of approximately HK\$24,288,575,000 as at 30 June 2020 and 1,797,335,042 Shares in issue as at the date of this joint announcement.

The Offer Price plus Special Dividend will only be received by a Shareholder for each Share which is tendered for acceptance into the Partial Offer and validly accepted and taken up by the Offeror under the Partial Offer. For those Shares which are not tendered for acceptance or which are tendered but not taken up by the Offeror under the Partial Offer, no Offer Price will be received in respect of such Shares. Unless the Partial Offer lapses, conditional on completion of the Warehouses Sale and the requisite Shareholders' approval having been obtained, all holders of Shares on the Record Date will receive the Special Dividend, regardless of whether they tender any Shares to the Partial Offer, whether

they validly accept the Partial Offer or whether their Shares have been taken up by the Offeror under the Partial Offer.

Highest and lowest Share prices

During the six-month period preceding the date of this joint announcement and up to the Last Trading Day, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$23.45 on 4 February 2021 and HK\$11.64 on 10 August 2020, respectively.

Total consideration of the Partial Offer and the Option Offer

Assuming full acceptance of the Partial Offer in respect of 931,209,117 Shares (representing approximately 51.8% of the Shares in issue as at the date of this joint announcement and approximately 51.5% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) and the Option Offer in respect of such number of Share Options representing 51.8% of the outstanding Share Options as at the Final Closing Date (which, for illustrative purposes, is equal to 5,615,227 Share Options as at the date of this joint announcement), the aggregate cash consideration payable by the Offeror under the Partial Offer and the Option Offer will amount to approximately HK\$17,555,022,352.

OTHER TERMS OF THE PARTIAL OFFER AND THE OPTION OFFER

Acceptance of the Partial Offer and the Option Offer

The number of Offer Shares to be taken up by the Offeror pursuant to the Partial Offer is 931,209,117 Shares which represents approximately 51.8% of the Shares in issue as at the date of this joint announcement and approximately 51.5% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis.

While the number of Shares to be taken up by the Offeror pursuant to the Partial Offer represents approximately 51.8% of the Shares held by the Shareholders as at the date of this joint announcement, Shareholders may accept the Partial Offer in respect of some (which may be more than such percentage) or all of the Shares held by them. Subject to the Partial Offer becoming or being declared unconditional in all respects: (i) if valid acceptances are received for 931,209,117 Shares, all Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than 931,209,117 Shares, the total number of Shares to be taken up by the Offeror from each accepting Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 931,209,117 Shares, being the total number of Offer Shares for which the Partial Offer is made

B = the total number of Offer Shares tendered by all Shareholders under the Partial Offer

C = the number of Offer Shares tendered by the relevant individual Shareholder under the Partial Offer

Optionholders may accept the Option Offer in respect of some or all of the Share Options held by them. Assuming the number of outstanding Share Options as at the Final Closing Date is the same as the number of outstanding Share Options as at the date of this joint announcement (i.e. 10,838,000 Share Options), a total of 5,615,227 Share Options may be accepted under the Option Offer. Accordingly, subject to the Option Offer becoming unconditional in all respects: (i) if valid acceptances are received for such number of Share Options representing 51.8% of the outstanding Share Options as at the Final Closing Date or fewer, all Share Options validly accepted will be taken up and cancelled; and (ii) if valid acceptances are received for more than such number of Share Options, the total number of Share Options to be taken up by the Offeror from each Optionholder and cancelled will be determined in accordance with the following formula:

$$\frac{X}{Y} \times Z$$

X = the total number of Share Options for which the Option Offer is made

Y = the total number of Share Options tendered by all the Optionholders under the Option Offer

Z = the number of Share Options tendered by the relevant individual Optionholder under the Option Offer

Partial nature of the Partial Offer and Option Offer and Effect of Fractions

It is possible that, if a Shareholder or Optionholder tenders all his/her Shares or Share Options (as the case may be) for acceptance under the Partial Offer or Option Offer, not all of such securities will be taken up.

Fractions of Shares and Share Options will not be taken up under the Partial Offer and, accordingly, the number of Shares and Share Options that the Offeror will take up from each Shareholder and Optionholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

Odd lots

Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, it is intended that a designated broker will be appointed by the Offeror to match sales and purchases of odd lot holdings of Shares in the market for a reasonable time period following the closing of the Partial Offer to enable such Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Details of such arrangement will be disclosed in the Composite Document.

Effect of accepting the Partial Offer and the Option Offer

Acceptance of the Partial Offer and the Option Offer by any Shareholder or Optionholder will be deemed to constitute a warranty by such person that all the Shares or Share Options (as the case may

be) sold by such person under the Partial Offer or the Option Offer are free from all Encumbrances and sold together with all rights and benefits attaching to them as at the Final Closing Date, including but not limited to (in the case of Shares) the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared, or agreed to be made or paid thereon or in respect thereof on or after the Final Closing Date, other than the Special Dividend in the event that it is paid after the Final Closing Date.

By validly accepting the Option Offer, Optionholders will tender Share Options which are finally taken up by the Offeror in accordance with the above formula to the Offeror and the tendered and finally taken up Share Options will be cancelled on the Final Closing Date.

Settlement of consideration

Settlement of the consideration payable by the Offeror in respect of acceptance of the Partial Offer and the Option Offer will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the Final Closing Date. Further details regarding the timing of settlement of the consideration payable by the Offeror in respect of acceptance of the Partial Offer and the Option Offer will be set out in the Composite Document.

CONFIRMATION OF FINANCIAL RESOURCES

The Offeror intends to finance the cash required for the Partial Offer and the Option Offer by external borrowing. J.P. Morgan, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the aggregate cash consideration payable under the Partial Offer and the Option Offer.

IRREVOCABLE UNDERTAKINGS

As at the date of this joint announcement, Kerry Properties holds 718,340,998 Shares, the Controlling Shareholders other than Kerry Properties hold 415,929,636 Shares, and the Executive Directors hold 37,360,653 Shares (assuming all vested Share Options held by them are exercised), respectively representing approximately 39.7%, 23.0% and 2.1% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis. Details of each of their respective holdings are set out in the section of this joint announcement headed “*Shareholding structure of the Company and effect of the Partial Offer and the Option Offer*”. The Company has been informed by the Controlling Shareholders and the Executive Directors that they are supportive of the Partial Offer and the Option Offer.

The Controlling Shareholders have indicated that they intend to provide the Controlling Shareholders Irrevocable Undertakings in favour of the Offeror after the expiry of the Blackout Period, under which the Controlling Shareholders, acting severally, would (subject to the terms of the Controlling Shareholders Irrevocable Undertakings) undertake to tender their respective pro rata acceptances of the Partial Offer in respect of an aggregate of 575,545,164 Shares (representing (i) approximately 32.0% of the Shares in issue as at the date of this joint announcement, (ii) approximately 31.8% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis, and (iii) approximately 50.7% of the Shares held by the Controlling Shareholders as at the date of the joint announcement on a Fully-

Diluted Basis), as soon as practicable after the commencement of the Acceptance Period and in any event no later than the third business day of the Acceptance Period.

For the avoidance of doubt, the Controlling Shareholders may tender more Shares for acceptance than as required under the Controlling Shareholders Irrevocable Undertakings depending on the overall level of acceptances under the Partial Offer (as may be announced by the Offeror (i) after trading hours on the trading day immediately prior to the Final Closing Date and (ii) at such other times during the Acceptance Period as the Offeror may decide, after consultation with the Executive) and/or may be required to sell Shares pursuant to the Placing Agreements.

As at the date of this joint announcement, the identity and shareholdings of the Executive Directors and their close associates are set out as follows:

	Interests directly held	ESOP	Interests of his close associates	Total interests
KUOK Khoon Hua	301,000	800,000	3,018,492	4,119,492
MA Wing Kai William	1,588,761	3,000,000	1,300,000	5,888,761
CHEUNG Ping Chuen Vicky	31,514,956	0	0	31,514,956
NG Kin Hang	35,936	120,000	0	155,936

Each Executive Director has indicated that he intends to provide the Executive Directors Irrevocable Undertakings in favour of the Offeror after the expiry of the Blackout Period, under which such Executive Director would (subject to the terms of the Executive Directors Irrevocable Undertakings) undertake to tender acceptances of the Partial Offer in respect of his pro rata share, totalling 18,957,330 Shares (representing (i) approximately 1.1% of the Shares in issue as at the date of this joint announcement, (ii) approximately 1.0% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis, and (iii) approximately 50.7% of the Shares held by the Executive Directors as at the date of the joint announcement on a Fully-Diluted Basis), as soon as practicable after the commencement of the Acceptance Period and in any event no later than the third business day of the Acceptance Period.

For the avoidance of doubt, the Executive Directors may tender more Shares for acceptance than as required under the Executive Directors Irrevocable Undertakings depending on the overall level of acceptances under the Partial Offer as may be announced by the Offeror (i) after trading hours on the trading day immediately prior to the Final Closing Date and (ii) at such other times during the Acceptance Period as the Offeror may decide, after consultation with the Executive.

The total number of these Shares that are taken up by the Offeror from the Controlling Shareholders and the Executive Directors pursuant to the Partial Offer, and accordingly the percentage shareholding of the Controlling Shareholders and the Executive Directors immediately following completion of the Partial Offer, will depend on the number of Shares tendered for acceptance by persons other than the Controlling Shareholders and the Executive Directors.

The number of Shares to be taken up by the Offeror from each of the Controlling Shareholders, the Executive Directors and other Shareholders is calculated in the manner set out in the section of this joint announcement headed “*Other Terms of the Partial Offer and the Option Offer – Acceptance of the Partial Offer and the Option Offer*”.

However, immediately following completion of the Partial Offer and the Placing Agreements (i.e., taking into account all the Shares of the Controlling Shareholders and the Executive Directors that may be taken up by the Offeror pursuant to the Partial Offer and the Shares that may be sold by the Controlling Shareholders pursuant to the Placing Agreements), it is expected that:

- (i) assuming the Controlling Shareholders tender only such number of Shares required under the Controlling Shareholders Irrevocable Undertakings (i.e. 575,545,164 Shares), the Controlling Shareholders will hold in aggregate between:
 - (a) 558,725,470 Shares (representing approximately 31.1% of the Shares in issue as at the date of this joint announcement and approximately 30.9% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) (assuming (1) the Executive Directors tender 18,957,330 Shares pursuant to the Executive Directors Irrevocable Undertakings; (2) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors), close associates of the Relevant Directors, and all Public Shareholders tender a total of 336,706,623 Shares (being the minimum number of Shares to allow the Partial Offer to become unconditional); and (3) none of the outstanding Share Options are exercised); and
 - (b) 593,047,629 Shares (representing approximately 33.0% of the Shares in issue as at the date of this joint announcement and approximately 32.8% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) (assuming (1) the Executive Directors tender all of their Shares; (2) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors) and close associates of the Relevant Directors, and all Public Shareholders tender all of their Shares; (3) all outstanding Share Options are exercised; and (4) all unvested Share awards for the Relevant Directors are vested and tendered by the Relevant Directors); and
- (ii) assuming the Executive Directors tender only such number of Shares required under the Executive Directors Irrevocable Undertakings (i.e. 18,957,330 Shares), the Executive Directors will hold in aggregate between:
 - (a) 14,483,323 Shares (representing approximately 0.8% of the Shares in issue as at the date of this joint announcement and approximately 0.8% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) (assuming (1) the Controlling Shareholders tender 575,545,164 Shares pursuant to the Controlling Shareholders Irrevocable Undertakings; (2) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors), close associates of the Relevant Directors, and all Public Shareholders tender a total of 336,706,623 Shares (being the minimum number of Shares to allow the Partial Offer to become unconditional); and (3) none of the outstanding Share Options are exercised); and
 - (b) 28,361,577 Shares (representing approximately 1.6% of the Shares in issue as at the date of this joint announcement and approximately 1.6% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis) (assuming (1) the Controlling Shareholders tender all of their Shares; (2) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors) and close associates of the Relevant Directors, and all Public Shareholders tender all of their Shares; (3) all outstanding Share Options are exercised; and (4)

all unvested Share awards for the Relevant Directors are vested, but only tendered by the Relevant Directors (other than the Executive Directors)).

If Shareholders (other than the Controlling Shareholders and the Executive Directors) tender less than 336,706,623 Shares (being the minimum number of Shares to allow the Partial Offer to become unconditional) by the First Closing Date (which is a date falling 21 days after the despatch of the Offer Document or further extended in accordance with the Takeovers Code), the Partial Offer will not proceed and will lapse.

Pursuant to the terms of the Controlling Shareholders Irrevocable Undertakings and the Executive Directors Irrevocable Undertakings, the Controlling Shareholders' and the Executive Directors' obligation to tender acceptances terminates automatically if, without the prior written consent of the Controlling Shareholders:

- (1) any of the Pre-Conditions (iv), (viii), (ix), (xiv), (xv) and (xvi) set out in the section of this joint announcement headed "*The Partial Offer and the Option Offer – Pre-Conditions to the Partial Offer and the Option Offer*" are waived; or
- (2) save for the Taiwan Business Sale, the Group makes any disposal of assets that may be required in order to implement the Partial Offer under, and in compliance with, all applicable law in the relevant jurisdictions (for example, to comply with any applicable merger control or foreign investment restrictions). Save as set out in this paragraph, the Controlling Shareholders Irrevocable Undertakings and the Executive Directors Irrevocable Undertakings will not cease to be binding in any circumstances.

Assuming Kerry Properties tenders its pro rata share of the Controlling Shareholders' aggregate acceptances to be tendered pursuant to the Controlling Shareholders Irrevocable Undertakings (i.e., 364,496,510 Shares, representing approximately 20.3% of the Shares in issue as at the date of this joint announcement and approximately 20.2% of the Shares in issue as at the date of this joint announcement on a Fully-Diluted Basis), the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of such sales, being the revenue ratio, is expected to be 25% or more but less than 75%, but all other percentage ratios are expected to be less than 25%. On that basis, such sales by Kerry Properties would constitute a major transaction of Kerry Properties under the Listing Rules and would therefore be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14A.20(1) of the Listing Rules, the Offeror is deemed to be a connected person of Kerry Properties since the Offeror proposes to enter into a transaction with Kerry Properties, namely the Controlling Shareholders Irrevocable Undertakings, and the Offeror also proposes to enter into the Controlling Shareholders Irrevocable Undertakings with Kerry Holdings, which is a connected person of Kerry Properties under the Listing Rules. As the Offeror is a deemed connected person of Kerry Properties, the tender of acceptances by Kerry Properties would constitute a connected transaction for Kerry Properties under Chapter 14A of the Listing Rules and would therefore be subject to the reporting, announcement and Kerry Properties' independent shareholders' approval requirements thereunder.

For the avoidance of doubt, the Controlling Shareholders may tender more Shares for acceptance than as required under the Controlling Shareholders Irrevocable Undertakings depending on the overall level of acceptances under the Partial Offer as may be announced by the Offeror from time to time

during the offer period and/or may be required to sell Shares pursuant to the Placing Agreements. Kerry Properties will comply with the requirements under Chapters 14 and 14A of the Listing Rules as applicable.

As at the date of this joint announcement, other than as set out in the section headed “*Irrevocable Undertakings*”, the Offeror has not received any indication or irrevocable commitment from any Shareholder to accept or reject the Partial Offer or from any Optionholder to accept or reject the Option Offer.

SHAREHOLDERS’ AGREEMENT

The Offeror and the Offeror Parent have entered into the Shareholders’ Agreement with Kerry Holdings and Kerry Properties regarding certain corporate governance matters in relation to the Company. The Shareholders’ Agreement is conditional upon the Independent Shareholders’ approval for the purposes of the Takeovers Code and the Partial Offer becoming or being declared unconditional in all respects. If the Shareholders’ Agreement becomes unconditional, it will become effective at the Effective Time.

The principal terms of the Shareholders’ Agreement are summarised below.

Board composition

For so long as Kerry Holdings and its associated companies in aggregate legally and beneficially hold 10% or more of the total issued share capital of the Company, the Offeror Parent shall procure that the Offeror shall, and each of the Offeror, Kerry Holdings and Kerry Properties (acting severally) shall, and shall procure that any of its associated companies which holds Shares will, exercise their respective voting power in the Company to procure that the Board shall comprise eleven Directors, including (i) seven Directors (excluding INEDs), of whom four shall be nominated by the Offeror, two shall be nominated by Kerry Holdings and one shall be nominated by Kerry Properties, and (ii) four INEDs, of whom three shall be nominated by the Offeror and one shall be nominated by Kerry Holdings, provided that if either Kerry Holdings or Kerry Properties does not exercise its right to nominate one or more Directors, the other shall be entitled to nominate the relevant number of Directors in its place so long as it or its associated company is still a Shareholder.

For so long as Kerry Holdings and its associated companies in aggregate legally and beneficially hold 5% or more but less than 10% of the total issued share capital of the Company, the Offeror Parent shall procure that the Offeror shall, and each of the Offeror, Kerry Holdings and Kerry Properties (acting severally) shall, and shall procure that any of its associated companies which holds Shares will, exercise its voting power in the Company to procure that one Director shall be nominated by Kerry Holdings, provided that if Kerry Holdings does not exercise its right to nominate such Director, Kerry Properties shall be entitled to nominate such Director so long as it is still a Shareholder.

In the event that Kerry Properties ceases to be an associated company of Kerry Holdings, it shall cease to be entitled to nominate any Directors and any such nomination rights shall be exercisable by Kerry Holdings in its place.

The parties to the Shareholders' Agreement shall determine in good faith an appropriate composition of any committee of the Board in a manner consistent with the principles outlined above.

Reserved matters

The Offeror Parent shall procure that the Offeror shall, and each of the Offeror, Kerry Holdings and Kerry Properties (acting severally) shall, and shall procure that any of its associated companies which holds Shares will, vote its Shares and (so far as practicable, and so far as it lawfully can) take all reasonable actions necessary (including to procure amendments of the Bye-laws) to ensure that none of the reserved matters are undertaken by the Company or, where applicable, any member of the Group without the prior approval of Directors representing two-thirds or more in number of the Directors in attendance and entitled to vote at the relevant Board meeting. These reserved matters comprise any change to the issued share capital or the creation or issue of any Shares or any other security convertible into Shares of the Company or the grant of any option or rights to subscribe for or to convert any instrument into such Shares, and any acquisition (or a series of related acquisitions) by the Company or any member of the Group with a value of HK\$3 billion or more. The restriction on the Company undertaking such reserved matters without the approvals described above shall terminate immediately if and from the time that Kerry Holdings, Kerry Properties and their respective associated companies in aggregate cease to legally and beneficially hold 10% or more of the total issued share capital in the Company.

Business arrangements

Subject to the Offeror Parent obtaining requisite corporate approvals (or shareholders' approvals and/or regulatory approvals, if applicable) and (1) the Offeror Parent Group and (2) Kerry Holdings and Kerry Properties (and their respective associated companies) legally and beneficially hold not less than 50% and 30%, respectively, of the Shares, the Offeror and the Offeror Parent agree to procure that the Offeror Parent Group carries out its logistics businesses outside Greater China through the Group, subject to the followings: (i) any international freighter operations are excluded; (ii) consent from relevant partners of certain joint venture businesses; and (iii) no existing contracts of the Offeror Parent Group would be breached as a result. The Offeror Parent Group will be free to pursue any new business opportunities which the Group elects not to pursue.

The parties also agree that arrangements will be made between the Offeror Parent and the Group in relation to their businesses in Mainland China in order to better align their respective business and to optimally realise synergies.

Public float

In the event the public float falls below 15% of the total issued Shares immediately following the Final Closing Date, the Controlling Shareholders agree to restore the public float by placing down up to 6.9% of the total issued Shares as at the date of this joint announcement in accordance with the Placing Agreements, and the Offeror agrees to take action to restore the public float to the extent in excess of 6.9%.

The Shareholders' Agreement constitutes a special deal in relation to the Partial Offer under Rule 25 of the Takeovers Code. An application will be made by the Offeror to the Executive for consent to proceed with the Shareholders' Agreement. Such consent, if granted, is expected to be subject to (i) the opinion of the Independent Financial Adviser that the terms of the Shareholders' Agreement are fair and reasonable; and (ii) the approval of the Shareholders' Agreement by the Independent Shareholders by way of poll at the SGM.

The approvals by the Independent Shareholders, the Executive and the Kerry Properties' shareholders (if required) of the Shareholders' Agreement are Pre-Conditions as referred to in the section headed "*Pre-Conditions to the Partial Offer and the Option Offer*" of this joint announcement.

PROPOSED WAREHOUSES SALE AGREEMENT, PROPOSED WAREHOUSES MANAGEMENT AGREEMENTS AND POSSIBLE SPECIAL DIVIDEND

Proposed Warehouses Sale Agreement

In connection with the Partial Offer, the Company and Kerry Holdings have proposed to carry out the Warehouses Sale which will allow the transformation of the Company into an asset-light business. This will boost Shareholder returns through the crystallisation of the value of the relevant warehouses and the subsequent distribution of the sale proceeds via the Special Dividend. The Directors (excluding the members of the LR Independent Board Committee and the Code Independent Board Committee whose view will be given after having been advised by the Independent Financial Adviser) believe that the Warehouses Sale and the distribution of the Special Dividend are in the best interests of the Company and its Shareholders as a whole given the public markets have not previously ascribed meaningful value to the underlying real estate assets held by the Group.

Subject matter

The Company and its wholly-owned subsidiary, Kerry Warehouse (HK) Holdings Limited, entered into a non-binding term sheet with Kerry Holdings and its wholly-owned subsidiary, Urban Treasure Holdings Limited, in relation to the Warehouses Sale Agreement pursuant to which the Warehouses Sale Agreement is proposed to be entered into.

Pursuant to the Warehouses Sale Agreement, Kerry Warehouse (HK) Holdings Limited would sell and Urban Treasure Holdings Limited would purchase, the entire issued share capital of the Target Warehouse Companies at the total consideration of HK\$13,500,000,000. The Warehouses Sale Agreement (if entered into) would be conditional upon:

- (i) (a) consent having been obtained from the Executive to the transactions contemplated in the Warehouses Sale Agreement and the Warehouses Management Agreements, where applicable; (b) the Independent Shareholders' approval in relation to the Warehouses Sale Agreement and the Warehouses Management Agreements and the transactions contemplated therein respectively; and (c) no Target Warehouse having been destroyed, substantially damaged or rendered inaccessible by natural disaster, fire, explosion or other calamity or is, for any reason, condemned, closed or declared dangerous by relevant

government authorities or subject to demolition order(s) or closure order(s), and the reinstatement costs therefor exceeds HK\$5,000,000,000 (the “**Warehouses Sale Pre-Conditional Conditions**”); and

- (ii) the Partial Offer becoming or being declared unconditional in all respects.

The Warehouses Sale Pre-Conditional Condition set out in paragraph (i)(c) above may be waived by Urban Treasure Holdings Limited in its absolute discretion at any time on or before the date on which the Pre-Conditions (other than Pre-Condition (viii) to the extent it relates to the Warehouses Sale Pre-Conditional Condition set out in paragraph (i)(c)) have been satisfied or (where applicable) waived. None of the other conditions set out above is waivable.

If the Warehouses Sale Agreement becomes unconditional, completion thereunder shall take place on the third business day after the date on which the cheques for the Offer Price have been despatched to Shareholders under the Partial Offer.

If the Warehouse Sale Agreement does not become unconditional on or before 31 December 2021 or such later date as agreed by the parties thereto, it will terminate automatically.

Consideration

The total consideration for the entire issued share capital of the Target Warehouse Companies under the Warehouses Sale Agreement is the amount of HK\$13,500,000,000.

The consideration shall be paid by the purchaser to the vendor at completion of the Warehouses Sale.

The terms of the Warehouses Sale Agreement (as set out in the term sheet), including the purchase consideration, have been determined by arm’s length negotiations between the Company and Kerry Holdings and are subject to the execution of the Warehouses Sale Agreement.

Guarantee

In consideration of the entering into of the Warehouses Sale Agreement, Kerry Holdings would agree to guarantee the due and punctual performance and discharge by Urban Treasure Holdings Limited of all its obligations and liabilities under certain transaction documents contemplated under the Warehouses Sale Agreement, and the Company would agree to guarantee the due and punctual performance and discharge by Kerry Warehouse (HK) Holdings Limited of all its obligations and liabilities under certain transaction documents contemplated under the Warehouses Sale Agreement.

Proposed Warehouses Management Agreements

In connection with the Warehouses Sale, the owners of the Target Warehouses shall upon signing of the Warehouses Sale Agreement also enter into management agreements for the appointment of Kerry Warehouse (Hong Kong) Limited (a wholly-owned subsidiary of the Company) (“**Warehouses Manager**”) as building manager and leasing agent of the Target Warehouses, for the provision of

Warehouses Management services, where the Warehouses Manager will guarantee that the owners of certain Target Warehouses will receive an agreed amount of minimum gross revenue in respect of those Target Warehouses. The basis for determining the minimum gross revenue is set out in the paragraph headed “Management Fee”.

Urban Treasure Holdings Limited (a wholly-owned subsidiary of Kerry Holdings) has entered into a non-binding term sheet with the Warehouses Manager in relation to the Warehouses Management Agreements which are proposed to be entered into.

Pursuant to the proposed Warehouses Management Agreements, the owners of the Target Warehouses would appoint the Warehouses Manager as the building manager and leasing agent of the respective Target Warehouses for the provision of Warehouses Management services for fees negotiated on an arms’ length basis during a term of six (6) years commencing on the date of completion of the Warehouses Sale.

The Warehouses Management Agreements between the relevant parties (if entered into) and the obligations of the relevant parties thereunder would commence on the date of completion of the Warehouses Sale.

Management Fee

The Warehouses Manager shall be entitled to: (i) a fixed rate leasing management fee which is (a) 2% of Guaranteed Gross Revenue (as defined below) plus 5.5% of the actual gross revenue received above the Guaranteed Gross Revenue (in respect of the relevant Target Warehouses where Guaranteed Gross Revenue is applicable) and (b) 5.5% of the actual gross revenue received (in respect of the Target Warehouses where no Guaranteed Gross Revenue is applicable); (ii) 15% fixed rate fee on income (“**Warrant Income**”) generated from the warrant business operated in certain Target Warehouses by the Warehouses Manager; (iii) a 10% fixed rate building manager fee with reference to the actual management expenses incurred in respect of certain Target Warehouses; and (iv) reimbursement of estate agent commission for new or renewal of leases and licenses in respect of certain Target Warehouses (together, the “**Aggregate Management Fee**”). The Warehouses Manager shall pay to the respective owners of the Target Warehouses the gross revenue after deducting the Aggregate Management Fee and other outgoings and expenses in respect of the respective Target Warehouses on a monthly basis.

With respect to certain Target Warehouses, if the actual gross revenue generated by such Target Warehouses and received by the relevant owners in a financial year of the relevant owners (excluding Warrant Income) is less than such level agreed between the Warehouses Manager and the relevant owners for each of them (including warehouse rental, office rental and carpark rental, but not Warrant Income) (the “**Guaranteed Gross Revenue**”) (the aggregate of which is HK\$427,000,000), the Warehouses Manager shall pay to the respective owners the amount of the shortfall in respect of the relevant Target Warehouse(s).

The Guaranteed Gross Revenue shall also be subject to review upon the expiry of the first three years of the term (the “**Initial Period**”), provided that in no event shall the Guaranteed Gross Revenue for the remaining term be adjusted downward by over 15% or upward by over 15% of the Guaranteed Gross Revenue of the Initial Period.

The Guaranteed Gross Revenue is determined with reference to the estimated rate of occupancy and/or usage of the Target Warehouses in the three years after the commencement of the Warehouses Management Agreements and the estimated market rental and other revenue to be generated from such occupancy and/or usage of the Target Warehouses.

The proposed terms of the Warehouses Management Agreements, including the consideration payment, have been determined by arm's length negotiations between Kerry Holdings and the Company, and are subject to execution of the Warehouses Management Agreements upon signing of the Warehouses Sale Agreement.

Proposed Special Dividend

Conditional upon completion of the Warehouses Sale (which is in turn conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects), the Company will declare the Special Dividend of HK\$7.28 per Share to distribute substantially all of the proceeds from the Warehouses Sale to all those Shareholders who are Shareholders of record on the Record Date (i.e. before the Final Closing Date).

If the Partial Offer lapses, or if, after the Partial Offer becomes or is declared unconditional in all respects, the Warehouse Sale Agreement does not complete because the Company, the Controlling Shareholders or their respective subsidiaries breach their respective closing obligations in the Warehouses Sale Agreement, the Special Dividend will not be paid.

The Company, the Controlling Shareholders and their respective subsidiaries have no intention of breaching their respective closing obligations in the Warehouses Sale Agreement.

Listing Rules Implications

As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Warehouses Sale Agreement (if entered into) is expected to be 25% or more but less than 75%, the Warehouses Sale Agreement would constitute a major transaction of the Company under the Listing Rules and would therefore be subject to the reporting, announcement, and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Kerry Holdings is a connected person of the Company, the Warehouses Sale Agreement (if entered into) would constitute a connected transaction of the Company under the Listing Rules and would therefore be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Warehouses Management Agreements (if entered into) is expected to be 5% or more but less than 25%, the Warehouses Management Agreements would constitute a discloseable transaction of the Company under the Listing Rules and would therefore be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Kerry Holdings is a connected person of the Company, the Warehouses Management Agreements (if entered into) would constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules and would therefore be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

According to Rule 14A.52 of the Listing Rules, the period for continuing connected transactions must not, in normal cases, exceed three (3) years unless the nature of the transactions requires the contract to be of a duration longer than three (3) years. The Company will appoint, if the Warehouses Management Agreements are entered into, an independent financial adviser in accordance with the Listing Rules to explain reason for a longer tenor and to confirm that it is a normal business practice for agreement(s) of this type to be of such a duration.

Takeovers Code Implication

Each of the Warehouses Sale Agreement and the Warehouses Management Agreements (if entered into) would constitute a special deal in relation to the Partial Offer under Note 4 to Rule 25 of the Takeovers Code. An application will be made by the Company to the Executive for consent to proceed with the Warehouses Sale Agreement and the Warehouses Management Agreements (if entered into). Such consent, if granted, is expected to be subject to (i) the opinion of the Independent Financial Adviser that the terms of the Warehouses Sale Agreement and the Warehouses Management Agreements are fair and reasonable; and (ii) the approval of the Warehouses Sale Agreement and the Warehouses Management Agreements by the Independent Shareholders by way of poll at the SGM. The Independent Financial Adviser will state in the Circular its opinion on whether the terms of the Warehouses Sale Agreement and the Warehouses Management Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Further details of the Warehouses Sale Agreement and the Warehouses Management Agreements will be announced when they are entered into, and the Company will comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules as applicable.

The approval by the Independent Shareholders of the Warehouses Sale Agreement and the Warehouses Management Agreements is a Pre-Condition as referred to in the section headed *“Pre-Conditions to the Partial Offer and the Option Offer”* of this joint announcement.

PROPOSED BRAND LICENCE AGREEMENTS

The Company and its subsidiaries have adopted the Kerry Trademarks and the Kerry Names across all the international markets in which the Company operates and in connection with the Partial Offer, the Company has requested the ongoing use of the Kerry Trademarks and the Kerry Names. KE Thailand and its subsidiary have adopted the Kerry Express Trademarks and Kerry Express Names in Thailand and in connection with the Partial Offer, KE Thailand has requested the ongoing use of the Kerry Express Trademarks and Kerry Express Names.

As the Controlling Shareholders are expected to continue to be involved in the Company as significant Shareholders (i.e., in excess of 30%), it is proposed that in connection with the Partial Offer, each of the Company and KE Thailand will enter into the Brand Licence Agreements with the Licensor for the

use of (in the case of the Company) the Kerry Trademarks and Kerry Names and (in the case of KE Thailand) the Kerry Express Trademarks and the Kerry Express Names.

Each of the Company and KE Thailand has entered into a non-legally binding term sheet with the Licensor in relation to the Brand Licence Agreements which are proposed to be entered into. The principal terms of the term sheet are summarised below.

Subject Matter

Pursuant to the Brand Licence Agreements (if entered into), the Licensor would agree to grant to the Company (i) a limited, non-exclusive, non-assignable and revocable licence for the relevant Kerry Trademarks and a limited, non-exclusive, non-assignable and revocable right to use the Kerry Names in relation to certain permitted purposes and in relevant territories as set out in the term sheet; and (ii) subject to the Licensor's prior written consent (such consent not to be unreasonably withheld or delayed), a right to sub-license to certain of its existing subsidiaries and certain existing pre-approved invested entities of the Company in substantially the same terms. The licence fee is a nominal amount of HK\$100.

The Licensor would also grant to KE Thailand (i) a limited, exclusive, non-assignable and revocable licence for the relevant Kerry Express Trademarks and a limited, non-exclusive, non-assignable and revocable right to use the Kerry Express Names to KE Thailand in relation to certain permitted purposes in Thailand as set out in the term sheet; and (ii) subject to the Licensor's prior written consent (such consent not to be unreasonably withheld or delayed), a right to sub-license a non-exclusive licence to its existing subsidiary. The licence fee is a nominal amount of HK\$100.

The Brand Licence Agreements (if entered into) would be conditional upon (i) consent having been obtained from the Executive to the transactions contemplated in the Brand Licence Agreements, (ii) the Independent Shareholders' approval in relation to the Brand Licence Agreements and the transactions contemplated thereunder and (iii) the Partial Offer becoming or being declared unconditional in all respects, in each case by no later than 31 December 2021, or such later date as agreed by the parties thereto. If the Brand Licence Agreements becomes unconditional, it shall become legally effective at the Effective Time.

Subject to fulfilment of the conditions, the Brand Licence Agreements shall remain valid for 3 years from the Effective Time and shall be renewable for such period and on such terms mutually agreed by the parties.

The terms of the Brand Licence Agreements (as set out in the term sheets) have been determined by arm's length negotiations between the Company, KE Thailand (as the case may be) and the Licensor and are subject to the execution of the Brand Licence Agreements.

Termination

The Licensor shall be entitled to terminate the Brand Licence Agreements if, *inter alia*, (i) Kerry Group Limited and its subsidiaries (as defined in the Brand Licence Agreements) cease to hold, directly or indirectly, 30% or more of the voting rights in the Company; (ii) the Offeror Parent Group ceases to

control in any way, or hold, directly or indirectly, 50% or more of the voting rights in the Company; (iii) the Offeror Ultimate Controlling Shareholder ceases to have control or ownership over the Offeror Parent; (iv) Kerry Group Limited and its subsidiaries or the Offeror Parent Group or the Offeror Ultimate Controlling Shareholder enter into an agreement with a third party to sell or dispose of Shares upon completion of which (i), or (ii) or (iii) would occur; or (v) there is a failure of the Company or the approved entities to pay a material amount due or there is a breach of any representations or warranties and/or undertakings under the Brand Licence Agreements or sub-licence, or breach of any term of the Brand Licence Agreements by the Company or the approved entities not capable of cure. With respect to KE Thailand's Brand Licence Agreement, the Licensor may also terminate the licence agreement if (a) the Group ceases to control in any way, or to hold, directly or indirectly, 50% or more of the voting rights in KE Thailand; or (b) the Group enters into an agreement with a third party upon completion of which (a) would occur.

All sub-licences shall be automatically terminated upon termination of the relevant Brand Licence Agreement.

Guarantee and Indemnification

In consideration of the entering into of the Brand Licence Agreements, the Company and KE Thailand (as the case may be) would agree to guarantee the performance by the sub-licensees of all their obligations and liabilities under the respective Brand Licence Agreements. Each of the Company and KE Thailand would indemnify the Licensor, Kerry Group Limited and its subsidiaries against any loss or liabilities arising from a breach of the Brand Licence Agreements by the Company or KE Thailand or any of the sub-licensees and/or anyone associated or affiliated with them in relation to the use of the Kerry Trademarks, the Kerry Names, the Kerry Express Trademarks and the Kerry Express Names (as the case may be) or otherwise arising out of or in relation to the Brand Licence Agreements.

Listing Rules Implications

As the Licensor is a connected person of the Company, the Brand Licence Agreements (if entered into) would constitute continuing connected transactions of the Company under the Listing Rules. As the licence fee is nominal, the aggregate amounts to be paid by the Company and KE Thailand (as the case may be) to the Licensor under the Brand Licence Agreements will not be, on an annual basis, more than the de minimis threshold of 0.1% during the term of the Brand Licence Agreements (if entered into). The Brand Licence Agreements would therefore be fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Takeovers Code Implications

The Brand Licence Agreements (if entered into) would constitute a special deal in relation to the Partial Offer under Rule 25 of the Takeovers Code. An application will be made by the Company to the Executive for consent to proceed with the Brand Licence Agreements (if entered into). Such consent, if granted, is expected to be subject to (i) the opinion of the Independent Financial Adviser that the terms of the Brand Licence Agreements are fair and reasonable; and (ii) the approval of the Brand Licence Agreements by the Independent Shareholders by way of poll at the SGM.

Further details of the Brand Licence Agreements will be announced when they are entered into, and the Company will comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules as applicable.

The approval by the Independent Shareholders of the Brand Licence Agreements is a Pre-Condition as referred to in the section headed “*Pre-Conditions to the Partial Offer and the Option Offer*” of this joint announcement.

PROPOSED SALE OF THE TAIWAN BUSINESS

Due to foreign investment restrictions which prevent the Offeror from indirectly acquiring interests in Taiwan businesses, it is proposed that the Company will enter into a sale arrangement pursuant to which Kerry Holdings or one or more of its subsidiaries (not being Kerry Properties) shall purchase the Company’s interest in certain Taiwan business.

Subject matter

The Company and its wholly-owned subsidiary, Kerry Logistics Services Limited, entered into a non-binding term sheet with Kerry Holdings and its wholly-owned subsidiary, Treasure Seeker Group Limited, in relation to the Taiwan Business Sale pursuant to which the Taiwan Business Sale Agreement is proposed to be entered into.

Pursuant to the Taiwan Business Sale Agreement (if entered into), Kerry Logistics Services Limited would sell and Treasure Seeker Group Limited would purchase the Taiwan Target Companies. The Taiwan Business Sale Agreement (if entered into) would be conditional upon fulfilment of the following conditions precedent:

- (i) (a) Independent Shareholders’ approval and other consents which are required in accordance with Chapters 14 and 14A of the Listing Rules and the Takeovers Code having been obtained; (b) all required regulatory approvals having been obtained from Taiwan regulators and governmental authorities (including, if applicable, the clearance of the combination filing from the Taiwan Fair Trade Commission, and any approval, if applicable, arising from change of control of any of the Taiwan Target Companies) without conditions or with conditions which will not materially adversely affect Treasure Seeker Group Limited, the Kerry Holdings group, the Taiwan Target Companies and their respective subsidiaries (including the Taiwan Listco); (c) (to the extent that such consents are required) relevant material joint venture partners’ consents having been obtained, including any consents necessary to appoint Treasure Seeker Group Limited’s nominees onto the board of directors of the Taiwan Listco after completion of the Taiwan Business Sale; (d) no material breach of any Kerry Logistics Services Limited’s representations, warranties and undertakings; and (e) no new laws or amendment to any existing laws which would require Kerry Holdings and/or Treasure Seeker Group Limited to, and Kerry Holdings and/or Treasure Seeker Group Limited not otherwise being required by the relevant Taiwanese regulators to, make a tender offer for the shares of the Taiwan Listco as a result of the Taiwan Business Sale (the “**Taiwan Business Sale Pre-Conditional Conditions**”);

- (ii) during the period between signing of the Taiwan Business Sale Agreement and immediately before satisfaction of condition (iii) below: (a) no new laws or amendment to any existing laws which would render the Taiwan Business Sale not permissible or illegal; and (b) no restraining governmental order or permanent injunction or other governmental order preventing any of the Taiwan Target Companies and their subsidiaries from carrying out their business in Taiwan in the ordinary course (the “**Taiwan Business Sale Continuing Conditions**”); and
- (iii) the Partial Offer having become or being declared unconditional in all respects,

in each case by no later than 31 December 2021, or such later date as agreed by the parties thereto.

The Taiwan Business Sale Pre-Conditional Conditions set out in paragraphs (i)(c), (i)(d) and (i)(e) above may be waived by Treasure Seeker Group Limited in its absolute discretion at any time on or before the date on which all of the Pre-Conditions (other than Pre-Condition (viii) to the extent it relates to the Taiwan Business Sale Pre-Conditional Condition set out in paragraphs (i)(c), (i)(d) and (i)(e)) have been satisfied or (where applicable) waived. None of the other conditions set out above is waivable.

If the Taiwan Business Sale Agreement becomes unconditional, completion thereunder shall take place not more than 7 business days after the Final Closing Date or prior to the Offeror becoming a member on the register of members of the Company, whichever is earlier (or such earlier date as the Offeror, Kerry Logistics Services Limited and Treasure Seeker Group Limited may agree, not to be earlier than immediately prior to the Partial Offer becoming or being unconditional in all respects).

The Taiwan Target Companies are investment holding companies which hold equity interests in certain companies that carry on the Unlisted Taiwan Business, and indirectly holds approximately 49.7% shareholding interest in the Taiwan Listco.

Consideration

The aggregate consideration under the Taiwan Business Sale Agreement shall be the USD equivalent of NTD4,537,018,403, taking into account adjustments on cash, bank loans (approximately NTD6,680,000,000 as at 31 December 2020), and other liabilities of the Taiwan Target Companies and certain of their subsidiaries. The consideration will be subject to adjustments based on the Carrying Book Value (as defined in the term sheet) of certain of the subsidiaries of the Taiwan Target Companies (including the Taiwan Listco) and the cash, bank loans and other liabilities of the Taiwan Target Companies and their other subsidiaries in the completion accounts.

The proceeds from the Taiwan Business Sale are expected to be retained by the Company to support the ongoing growth and development of the Group. The terms of the Taiwan Business Sale Agreement (as set out in the term sheet), including the consideration, have been determined by arm’s length negotiations between the Company and Kerry Holdings and are subject to the execution of the Taiwan Business Sale Agreement.

Pursuant to the Taiwan Business Sale Agreement (if entered into), the Company and Kerry Logistics Services Limited would jointly and severally indemnify Treasure Seeker Group Limited for, among other things, all losses and damages suffered (whether direct or indirect) as a result of or arising in connection with, among other things, any contingent or undisclosed liabilities of the Taiwan Target Companies and the other companies directly or indirectly controlled by the Taiwan Target Companies arising from the conduct of their business prior to completion of the Taiwan Business Sale Agreement.

Listing Rules Implications

As the highest percentage ratio under Rule 14.07 of the Listing Rules in respect of the Taiwan Business Sale Agreement (if entered into) for the Company is expected to be 5% or more but less than 25%, the Taiwan Business Sale Agreement (if entered into) would constitute a discloseable transaction of the Company under the Listing Rules and would therefore be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Kerry Holdings is a connected person of the Company, the Taiwan Business Sale Agreement (if entered into) would constitute a connected transaction of the Company and would therefore be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Takeovers Code Implications

The Taiwan Business Sale Agreement (if entered into) would constitute a special deal in relation to the Partial Offer under Note 4 to Rule 25 of the Takeovers Code. An application will be made by the Company to the Executive for consent to proceed with the Taiwan Business Sale Agreement (if entered into). Such consent, if granted, is expected to be subject to (i) the opinion of the Independent Financial Adviser that the terms of the Taiwan Business Sale Agreement (if entered into) are fair and reasonable; and (ii) the approval of the Taiwan Business Sale Agreement (if entered into) by the Independent Shareholders by way of poll at the SGM. The Independent Financial Adviser will state in the Circular its opinion on whether the terms of the Taiwan Business Sale Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Further details of the Taiwan Business Sale Agreement will be announced when it is entered into, and the Company will comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules as applicable.

The approval by the Independent Shareholders of the Taiwan Business Sale Agreement (if entered into) is a Pre-Condition as referred to in the section headed “*Pre-Conditions to the Partial Offer and the Option Offer*” of this joint announcement.

OTHER ARRANGEMENTS

The Group and the Offeror will cooperate to take such steps and provide such information and assistance as are requested by the Offeror (in the case of the Group) or the Company (in the case of the Offeror) and considered reasonable by the Company (in the case of the Group) or the Offeror (in the case of the Offeror) that may be reasonably required for the implementation of the Partial Offer under,

and in compliance with, all applicable law in the relevant jurisdictions (including but not limited to making, obtaining and completion of all legally required Filings and Approvals, based on a reasonable interpretation of relevant local laws). Without prejudice to the generality of this, if, in the reasonable opinion of the Offeror and the Group, the implementation of the Partial Offer would be reasonably likely to lead to any criminal penalty, material injunction or other material civil penalty or other material regulatory fine or punishment (“**Material Penalties**”) for any of the Offeror Parent Group, the Controlling Shareholders’ Group, or the Group, or their respective officers or employees, each of the Group and the Offeror shall take such steps as are requested by the Offeror (in the case of the Group) or the Company (in the case of the Offeror) and considered reasonable by the Company (in the case of the Group) or the Offeror (in the case of the Offeror) in order to ensure the Partial Offer can be legally implemented without any such Material Penalties being so imposed, including, without limitation, accepting any Relevant Measures on terms that are satisfactory to the Group and the Offeror. For the avoidance of doubt, the Group shall not be obliged to undertake any Relevant Measure or other action that would have a material adverse effect on the Group or the Controlling Shareholders Group, and the Offeror shall not be obliged to undertake any Relevant Measure or other action which would have a material adverse effect on the Offeror Parent Group.

SGM

The SGM will be held for the purpose of considering and, if thought fit, approving the Special Deal Agreements by way of poll. Any Shareholders who are involved in or interested in the Special Deal Agreements, and their respective associates (as defined in the Listing Rules) and any persons acting in concert with any Shareholders who are involved in or interested in the Special Deal Agreements are required to abstain from voting on the relevant resolution at the SGM. Other than the Controlling Shareholders, the Directors (other than the INEDs) and their respective associates (as defined in the Listing Rules) and concert parties, none of the Shareholders is required to abstain from voting on the relevant resolution at the SGM.

It is expected that the Circular containing, among other things, (i) information on the Special Deal Agreements; (ii) a letter of advice from the LR Independent Board Committee to the Independent Shareholders in relation to the Warehouses Sale Agreement, Warehouses Management Agreements and the Taiwan Business Sale Agreement (in each case, if entered into); (iii) a letter of advice from the Code Independent Board Committee to the Independent Shareholders in relation to the Special Deal Agreements; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committees in relation to the Special Deal Agreements; (v) the independent valuation report on the Target Warehouses; and (vi) a notice convening the SGM will be despatched to the Shareholders in due course.

INDEPENDENT BOARD COMMITTEES

The LR Independent Board Committee has been established to consider the terms of the Warehouses Sale Agreement, Warehouses Management Agreements and the Taiwan Business Sale Agreement (in each case, if entered into) and to advise the Independent Shareholders on whether the Warehouses Sale Agreement, Warehouses Management Agreements and the Taiwan Business Sale Agreement are in the interests of the Company and the Shareholders as a whole and whether the terms of the Warehouses Sale Agreement, Warehouses Management Agreements and the Taiwan Business Sale Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are

concerned. The LR Independent Board Committee comprises Ms. KHOO Shulamite N K, Mr. YEO Philip Liat Kok and Mr. ZHANG Yi Kevin, being all of the INEDs other than Ms. WONG Yu Pok Marina who is also an independent non-executive director of Kerry Properties.

The Code Independent Board Committee has been established for the purpose of making a recommendation to (i) the Independent Shareholders as to whether the terms of the Special Deal Agreements are fair and reasonable and the voting action that should be taken; and (ii) the Shareholders and Optionholders as to whether the Partial Offer and the Option Offer are fair and reasonable and as to acceptance. The Code Independent Board Committee comprises Ms. KHOO Shulamite N K, Mr. YEO Philip Liat Kok and Mr. ZHANG Yi Kevin, being all the INEDs other than Ms. WONG Yu Pok Marina who is also an independent non-executive director of Kerry Properties. Ms. TONG Shao Ming, being the non-executive Director, is also the investment director of Kerry Holdings and is therefore not on the Code Independent Board Committee given the conflicts of interest in respect of the Special Deal Agreements.

INDEPENDENT FINANCIAL ADVISER

The Company will appoint an independent financial adviser to advise the Independent Board Committees in relation to the Partial Offer, the Option Offer and the Special Deal Agreements. A further announcement will be made after the Independent Financial Adviser has been appointed.

PUBLIC FLOAT

The Company has a public float of approximately 34.6% of the Shares in issue as at the date of this joint announcement. If the Partial Offer is implemented and taking into account the Controlling Shareholders Irrevocable Undertakings and the Executive Directors Irrevocable Undertakings, the public float of the Company may fall to a minimum of approximately 8.1% of the total issued Shares as at the date of this joint announcement on a Fully-Diluted Basis, (assuming (1) the Controlling Shareholders tender 575,545,164 Shares in pursuant to the Controlling Shareholders Irrevocable Undertakings, (2) Executive Directors tender 18,957,330 Shares in pursuant to the Executive Directors Irrevocable Undertakings; (3) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors) and close associates of the Relevant Directors do not tender any of their shares, (4) all Public Shareholders tender all their Shares; and (5) no new single shareholder owns 10% or more of the total issued Shares) which is below the minimum prescribed percentage of 25% under Rule 8.08(1)(a) of the Listing Rules.

As noted in the section headed “*Pre-Conditions to the Partial Offer and the Option Offer*” of this joint announcement, the Partial Offer will only proceed if the Controlling Shareholders have entered into the Placing Agreements to sell up to approximately 6.9% of the total issued Shares as at the date of this joint announcement (or approximately 6.9% of the total issued Shares as at the date of this joint announcement on a Fully-Diluted Basis) to restore the public float of the Shares to 15.0% within 14 days following the Final Closing Date, in the event the public float is less than 15.0% of the total issued Shares immediately following the Final Closing Date otherwise than due to the holdings of any Directors nominated by the Offeror or of any close associates (as defined in the Listing Rules) of the Offeror or any such nominee Director.

Pursuant to the Shareholders' Agreement, if the public float falls below 15% of the total issued Shares immediately following the Final Closing Date, the Controlling Shareholders will take action to restore the public float by placing down up to 6.9% of the total issued Shares as at the date of this joint announcement in accordance with the Placing Agreements, and the Offeror will take action to restore the public float to the extent in excess of 6.9%.

In addition, the Offeror has confirmed that for the purpose of the Placing Agreements, the Offeror will not nominate any persons who, or whose close associates, have interests in the Shares as Directors upon completion of the Partial Offer. On that basis, the public float of the Company immediately following the Final Closing Date, or immediately following the completion of the sell down by the Controlling Shareholders pursuant to the Placing Agreements, is expected to be not less than 15.0%.

The Company has applied to the Stock Exchange and has obtained a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules to permit a minimum public float of 15.0%, subject to the conditions that: (i) each of the Offeror and the Controlling Shareholders will give an undertaking not to acquire additional Shares or interests in Shares which will result in the Company's public float falling below 15.0% (other than pursuant to a transaction implemented in compliance with the Takeovers Code); and (ii) details, reasons and conditions of the waiver are disclosed by way of an announcement.

As a condition to the waiver from the Stock Exchange, the Offeror and the Controlling Shareholders will, acting severally, undertake to the Stock Exchange not to acquire additional Shares or interests in Shares which, so far as it is aware, will directly and immediately result in the Company's public float falling below 15.0% (other than pursuant to a transaction implemented in compliance with the Takeovers Code). Such an undertaking shall terminate with respect to a Shareholder giving the undertaking if and when such Shareholder ceases to hold 10.0% or more of the Shares and, for the avoidance of doubt, the undertaking shall not be treated as having been breached as a result of actions not taken by such person, including share buybacks carried on by the Company.

It is intended that following closing of the Partial Offer and the Option Offer, the Company will maintain its listing on the Stock Exchange.

The reasons for the Company to seek the waiver from the Stock Exchange include, amongst others, the unique nature of the structure of the Partial Offer, the mechanisms implemented to ensure that the public float would not be less than 15.0% immediately after the Partial Offer and the safeguards available to minority Shareholders, being (i) the Partial Offer is subject to approval from Shareholders holding 50% of the Company's issued Shares; and (ii) the Partial Offer would be conditional upon the Special Deal Agreements proceeding, which are in turn subject to Shareholders' and the Independent Shareholders' approval as may be required pursuant to the Listing Rules and Rule 25 of the Takeovers Code..

REASONS FOR AND BENEFITS OF THE PARTIAL OFFER AND THE OPTION OFFER AND INTENTION OF THE OFFEROR

Significant synergies and growth opportunities

The Offeror and the Directors (excluding the members of the LR Independent Board Committee and the Code Independent Board Committee whose view will be given after having been advised by the

Independent Financial Adviser) believe that the Partial Offer will bring together the core competencies of the Offeror Parent Group and the Group across multiple verticals to create the leading Asia-based global logistics platform.

The Group currently is a market leader in the integrated logistics, international freight forwarding and supply chain solutions industries with a global network of 59 countries and territories. The Offeror Parent Group is a leading integrated express logistic services provider in Mainland China, supported by the largest cargo freighter fleet in China, an extensive ground service network in China and industry leading technologies applicable to supply chain management. The resources which the Offeror Parent Group brings to the Group are expected to create significant synergies and growth opportunities for the Company.

The Company will be positioned as the Offeror Parent's primary vehicle for international expansion. Accordingly, in addition to the existing businesses of the Company which will continue to be carried on by the Company, the Offeror Parent intends that its logistics businesses outside Greater China, including, without limitation, its international freight forwarding business, will be carried out through the Company.

The Company will also retain a clear brand identity and culture as it will continue to use the Kerry Trademarks and the Kerry Names and be led by the existing senior leadership team of the Company.

The Warehouses Sale will not only crystallise shareholder value for the Shareholders, but will also reposition the Company as an asset light logistics company with better return on equity potential.

With this clear business focus and complementary strengths of both parties, the Company is expected to be well-positioned to further accelerate growth and strengthen its leadership in the logistics sector.

Unlocking Significant Shareholder Value

Shareholders will be able to lock in significant value via (i) the Partial Offer and (ii) the Special Dividend, should the Partial Offer and the Warehouses Sale be completed. In addition, Shareholders also have the opportunity to enjoy further potential upside from any retained ownership in the Company post the Partial Offer as a result of the current structure.

Benefits to the Shareholders

Upon the Partial Offer becoming or being declared unconditional in all respects, each Shareholder:

- (i) will receive a payment of HK\$18.80 in cash for every Share in respect of which that Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer (less the seller's ad valorem stamp duty arising therefrom);
- (ii) conditional upon completion of the Warehouses Sale (which is conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects), will receive the Special Dividend of HK\$7.28 per Share; and

- (iii) will have the opportunity of retaining an interest in the Company going forward and benefiting from the partnership of two complementary businesses.

GENERAL

It is expected that the Composite Document containing, among other things, (i) the full terms and details of the Partial Offer and the Option Offer; (ii) the recommendation from the Code Independent Board Committee to the Shareholders and Optionholders in respect of, amongst other things, the Partial Offer and the Option Offer; (iii) the letter of advice from the Independent Financial Adviser in respect of, amongst other things, the Partial Offer and the Option Offer; and (iv) the Form of Approval and Acceptance, will be jointly despatched by the Offeror and the Company to the Shareholders and Optionholders within seven days after the satisfaction or waiver (where applicable) of the Pre-Conditions. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above.

MISCELLANEOUS

Information about the Offeror and the Offeror Parent

The Offeror is a company incorporated in the Cayman Islands and is wholly owned by the Offeror Parent. The Offeror Parent is a joint stock company incorporated in the PRC with limited liability and the shares of the Offeror Parent are listed on the Shenzhen Stock Exchange. The Offeror Parent is a leading integrated express logistic services provider in the PRC. As at the date of this joint announcement, the Offeror Parent is owned as to 59.3% by the Offeror Parent Holdco which is in turn controlled by the Offeror Ultimate Controlling Shareholder, Mr. Wang Wei (the Founder and Chairman of the Offeror Parent) as to 99.9%.

As at the date of this joint announcement, the Offeror Parent and the Controlling Shareholders are not related parties of each other and the Partial Offer does not constitute a related party transaction or a material asset restructuring under the Measures for the Administration of the Material Asset Restructurings of Listed Companies.

There will be no competing interests between the Offeror Parent and any of its related parties upon completion of the Partial Offer.

Information about the Group

As at the date of this joint announcement, the Group's core business encompasses integrated logistics, international freight forwarding and supply chain solutions. With headquarters in Hong Kong, the Group has a far-reaching global network that stretches across six continents, and includes one of the largest distribution network and hub operations in Greater China and the ASEAN region.

Overseas Shareholders and Optionholders

The availability of the Partial Offer and the Option Offer to persons who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Shareholders

and Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of those Shareholders or Optionholders who wish to accept the Partial Offer or the Option Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Partial Offer or the Option Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Shareholders in respect of such jurisdictions).

Acceptance of the Partial Offer and the Option Offer by any Shareholder and Optionholder will be deemed to constitute a representation and warranty from such Shareholder and Optionholder to the Offeror that the local laws and requirements have been complied with and that the Partial Offer and the Option Offer can be accepted by such Shareholder and Optionholder lawfully under the laws of the relevant jurisdiction. Shareholders and Optionholders should consult their professional advisers if in doubt.

In the event that the despatch of the Composite Document to any overseas Shareholders or Optionholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that are unduly burdensome, subject to the Executive's waiver, the Composite Document will not be despatched to such overseas Shareholders or Optionholders. The Offeror will apply for such waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Hong Kong stamp duty

In Hong Kong, the seller's ad valorem stamp duty arising in connection with acceptance of the Partial Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Partial Offer, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such Shareholder on acceptance of the Partial Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty will be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Partial Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Partial Offer and the Option Offer. None of the Offeror, J.P. Morgan and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Partial Offer and the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Partial Offer and the Option Offer.

Interests and other arrangements

As at the date of this joint announcement,

- (i) other than the Controlling Shareholders and the Directors (excluding the INEDs), neither the Offeror nor parties acting, or presumed to be acting, in concert with it owns, control or have direction over any Shares, convertible securities, warrants or options in respect of Shares or any other voting rights or rights over the Shares or any outstanding derivatives in respect of securities in the Company entered into by the Offeror or any party acting, or presumed to be acting, in concert with it;
- (ii) none of the Offeror and its concert parties has received any irrevocable commitment to accept the Partial Offer and the Option Offer;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Shares and which might be material to the Partial Offer and the Option Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) save as disclosed in the sections headed “*Pre-Conditions to the Partial Offer and the Option Offer*” and “*Conditions of the Partial Offer and the Option Offer*” of this joint announcement, there is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a Pre-Condition or a Condition;
- (v) none of the Offeror and its concert parties has borrowed or lent any relevant securities in the Company, save for any borrowed Shares which have been either on-lent or sold;
- (vi) other than the Offer Price and the Option Offer Price, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or parties acting in concert with it in connection with the Partial Offer and the Option Offer;
- (vii) save for the Shareholders’ Agreement, there is no understanding, arrangement, agreement or special deal (under Rule 25 of the Takeovers Code) between the Offeror or parties acting in concert with it on the one hand, and Shareholders or parties acting in concert with them on the other hand; and
- (viii) save for the Special Deal Agreements, there is no understanding, arrangement, agreement or special deal (under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror or parties acting, or presumed to be acting, in concert with it or (b) the Company, its subsidiaries or associated companies.

After having made reasonable enquiries that could be made by the Offeror prior to the issue of this joint announcement, neither the Offeror nor any person acting in concert with it has acquired any voting rights or rights over Shares during the six months immediately prior to the date of this joint announcement.

Shareholding structure of the Company and effect of the Partial Offer and the Option Offer

Assuming that no Share Options are exercised

The shareholding structure of the Company (a) as at the date of this joint announcement and (b) immediately after the closing of the Partial Offer and the Option Offer and (c) immediately after the closing of the Partial Offer and the Option Offer and immediately upon completion of the Placing Agreements, assuming that (i) there will be no change to the issued share capital of the Company between the date of this joint announcement and up to the Final Closing Date; and (ii) all Shareholders validly elect to accept the Partial Offer in respect of all of their Shares (except for (1) the Controlling Shareholders who will tender 575,545,164 Shares pursuant to the Controlling Shareholders Irrevocable Undertakings, and who may or may not tender more Shares for acceptances than as required under the Controlling Shareholders Irrevocable Undertakings; (2) the Executive Directors who will tender 18,957,330 Shares pursuant to the Executive Directors Irrevocable Undertakings and who may or may not tender more Shares for acceptances than as required under the Executive Directors Irrevocable Undertakings; (3) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors) and close associates of the Relevant Directors who will tender their Shares in the same proportion as regards their respective own shareholdings as the Controlling Shareholders; and (4) all unvested Share awards for the Relevant Directors are vested and tendered in the same proportion as regards their respective own shareholdings as the Controlling Shareholders) and no Share Options are exercised, is set out below:

	As at the date of this joint announcement		Shares tendered for acceptance in respect of the Partial Offer		Immediately after the completion of the Partial Offer and the Option Offer		Immediately after the completion of the Partial Offer and the Option Offer and immediately upon completion of the Placing Agreements	
	<i>No. of Shares</i>	<i>Approx.%</i>	<i>No. of Shares</i>	<i>Approx.%</i>	<i>No. of Shares</i>	<i>Approx.%</i>	<i>No. of Shares</i>	<i>Approx.%</i>
The Offeror	-	-	-	-	931,209,117	51.8	931,209,117	51.8
<i><u>The Offeror and parties acting in concert with it</u></i>								
<i><u>Controlling Shareholders</u></i>								
Kerry Properties	718,340,998	40.0	364,496,510	20.3	440,225,612	24.5	362,859,663	20.2
Caninco Investments Limited	156,124,097	8.7	79,219,603	4.4	95,678,551	5.3	78,863,851	4.4
Darmex Holdings Limited	128,449,630	7.1	65,177,182	3.6	78,718,627	4.4	64,884,490	3.6
Desert Grove Limited	18,502,856	1.0	9,388,614	0.5	11,339,226	0.6	9,346,453	0.5
Glory Voice International Limited	7,842,163	0.4	3,979,226	0.2	4,805,964	0.3	3,961,356	0.2
Kerry Asset Management Limited	67,971	0.0	34,489	0.0	41,655	0.0	34,335	0.0

Star Medal Limited	28,851	0.0	14,639	0.0	17,681	0.0	14,574	0.0
Total Way Investments Limited	201,273	0.0	102,129	0.0	123,347	0.0	101,670	0.0
Moslane Limited	36,910,748	2.1	18,729,042	1.0	22,620,255	1.3	18,644,936	1.0
Paruni Limited	12,844,175	0.7	6,517,318	0.4	7,871,380	0.4	6,488,051	0.4
Ban Thong Company Limited	9,189,586	0.5	4,662,928	0.3	5,631,714	0.3	4,641,988	0.3
Alpha Model Limited	4,448,313	0.2	2,257,138	0.1	2,726,089	0.2	2,247,002	0.1
Bright Magic Investments Limited	5,182,183	0.3	2,629,514	0.1	3,175,831	0.2	2,617,705	0.1
Ace Time Holdings Limited	701,118	0.0	355,757	0.0	429,671	0.0	354,160	0.0
Marcromind Investments Limited	5,290,234	0.3	2,684,340	0.1	3,242,049	0.2	2,672,286	0.1
Marsser Limited	1,586,871	0.1	805,201	0.0	972,493	0.1	801,585	0.0
Noblespirit Corporation	12,095,067	0.7	6,137,210	0.3	7,412,299	0.4	6,109,650	0.3
Summer Fort Limited	16,464,500	0.9	8,354,324	0.5	10,090,047	0.6	8,316,805	0.5
Sub-total of the Controlling Shareholders (Note 1)	1,134,270,634	63.1	575,545,164	32.0	695,122,491	38.7	572,960,560	31.9
<i>Executive Directors</i>								
KUOK Khoon Hua	301,000	0.0	170,635	0.0	170,803	0.0	170,803	0.0
MA Wing Kai William ¹	1,588,761	0.1	900,600	0.1	901,546	0.1	901,546	0.1
CHEUNG Ping Chuen Vicky ¹	31,514,956	1.8	17,865,663	1.0	17,883,232	1.0	17,883,232	1.0
NG Kin Hang ¹	35,936	0.0	20,372	0.0	20,393	0.0	20,393	0.0
Sub-total of Executive Directors (Note 2)	33,440,653	1.9	18,957,330	1.1	18,975,974	1.1	18,975,974	1.1
<i>Controlling Shareholders Close Associates</i>								
Shang Holdings Limited	2,241,725	0.1	1,137,483	0.1	1,373,811	0.1	1,373,811	0.1
Pristine Holdings Limited	981,835	0.1	498,197	0.0	601,704	0.0	601,704	0.0
Rosy Frontier Limited	473,047	0.0	240,031	0.0	289,901	0.0	289,901	0.0

¹ Whether Mr. MA Wing Kai William, Mr. CHEUNG Ping Chuen Vicky and Mr. NG Kin Hang are to be regarded as concert parties of the Offeror remains subject to further discussions with the Executive.

Sub-total of Controlling Shareholders Close Associates (Note 3)	3,696,607	0.2	1,875,711	0.1	2,265,416	0.1	2,265,416	0.1
<i>Executive Directors' close associates</i>								
Peacebright Assets Limited	263,610	0.0	133,759	0.0	161,550	0.0	161,550	0.0
Lochtenny Investments Limited	1,300,000	0.1	659,639	0.0	796,687	0.0	796,687	0.0
Sub-total of Executive Directors' close associates (Note 4)	1,563,610	0.1	793,398	0.0	958,237	0.1	958,237	0.1
Sub-total of the Offeror and parties acting in concert with it	1,172,971,504	65.3	597,171,603	33.2	1,648,531,235	91.7	1,526,369,304	84.9
<i>Relevant Directors (excluding Executive Directors) and close associates of the Relevant Directors (excluding Executive Directors)</i>								
Wong Yu Pok Marina	-	-	-	-	-	-	-	-
Yeo Philip Liat Kok	-	-	-	-	-	-	-	-
Directors of subsidiaries	267,804	0.0	135,888	0.0	164,120	0.0	164,120	0.0
Sub-total of Relevant Directors (excluding Executive Directors) and close associates of the Relevant Directors (excluding Executive Directors)	267,804	0.0	135,888	0.0	164,120	0.0	164,120	0.0
Unvested Share awards for Relevant Directors (other than INEDs)	1,960,329	0.1	994,699	0.1	1,201,361	0.1	1,201,361	0.1
Public Shareholders	622,135,405	34.6	622,135,405	34.6	147,438,326	8.2	269,600,257	15.0
Total	1,797,335,042	100.0	1,220,437,595	67.9	1,797,335,042	100.0	1,797,335,042	100.0

1. The Controlling Shareholders will tender 575,545,164 Shares pursuant to the Controlling Shareholders Irrevocable Undertakings, and may or may not tender more Shares for acceptances than as required under the Controlling Shareholders Irrevocable Undertakings.

2. *The Executive Directors will tender 18,957,330 Shares pursuant to the Executive Directors Irrevocable Undertakings, and may or may not tender more Shares for acceptances than as required under the Executive Directors Irrevocable Undertakings.*
3. *Controlling Shareholders Close Associates comprise (i) Shang Holdings Limited, a company which is indirectly owned as to more than 30% by Kerry Holdings; and (ii) Pristine Holdings Limited and Rosy Frontier Limited, each of which is a discretionary trust of which Kerry Group Limited and Mr. Kuok Khoon Hua are discretionary beneficiaries.*
4. *Close associates of the Directors (excluding INEDs) comprise (i) Peacebright Assets Limited, a discretionary trust of which Mr. Kuok Khoon Hua is a discretionary beneficiary; and (ii) Lochtenny Investments Limited, a discretionary trust of which Mr. Kuok Khoon Hua and Mr. William Ma are discretionary beneficiaries. Each of Mr. Kuok Khoon Hua and Mr. William Ma are Directors.*
5. *J.P. Morgan is the financial adviser to the Offeror in respect of the Partial Offer. Accordingly, J.P. Morgan and persons controlling, controlled by or under the same control as J.P. Morgan (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of "acting in concert" under the Takeovers Code. Details of holdings or borrowings or lendings of, and dealings in, Shares or derivatives in respect of them by other parts of the J.P. Morgan group will be obtained as soon as possible after this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the other parts of the J.P. Morgan group are significant. The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, Shares or derivatives in respect of Shares by parties acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of the other parts of the J.P. Morgan group. Notwithstanding that connected exempt principal traders within the J.P. Morgan group are not acting in concert with the Offeror, Shares held by any such connected exempt principal traders must not be assented to the Partial Offer until the Partial Offer becomes or is declared unconditional as to acceptances in accordance with the requirements of Rule 35.3 of the Takeovers Code, and must not approve the Partial Offer and the Special Deal Agreements in accordance with the requirements of Rule 35.4 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only, and if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader. For this purpose, a written confirmation of the matters set out in points (i) and (ii) above and whether the relevant underlying clients are entitled to vote in the context of the Partial Offer will be submitted to the Executive prior to the publication of the Composite Document.*

Assuming that all Share Options are exercised

The shareholding structure of the Company (a) as at the date of this joint announcement and (b) immediately after the closing of the Partial Offer and the Option Offer and (c) immediately after the closing of the Partial Offer and the Option Offer and immediately upon completion of the Placing Agreements, assuming that (i) there will be no change to the issued share capital of the Company between the date of this joint announcement and up to the Final Closing Date; and (ii) all Shareholders validly elect to accept the Partial Offer in respect of all of their Shares (except for (1) the Controlling Shareholders who will tender 575,545,164 Shares pursuant to the Controlling Shareholders Irrevocable Undertakings, and who may or may not tender more Shares for acceptances than as required under the Controlling Shareholders Irrevocable Undertakings; (2) the Executive Directors who will tender 18,957,330 Shares pursuant to the Executive Directors Irrevocable Undertakings and who may or may not tender more Shares for acceptances than as required under the Executive Directors Irrevocable Undertakings; (3) the Controlling Shareholders Close Associates, the Relevant Directors (other than the Executive Directors) and close associates of the Relevant Directors who will tender their Shares in the same proportion as regards their respective own shareholdings as the Controlling Shareholders; and (4) all unvested Share awards for the Relevant Directors are vested and tendered in the same proportion as regards their respective own shareholdings as the Controlling Shareholders) and all Share Options are exercised, is set out below:

	As at the date of this joint announcement		Shares tendered for acceptance in respect of the Partial Offer		Immediately after the completion of the Partial Offer and the Option Offer		Immediately after the completion of the Partial Offer and the Option Offer and immediately upon completion of the Placing Agreements	
	<i>No. of Shares</i>	<i>Approx.%</i>	<i>No. of Shares</i>	<i>Approx.%</i>	<i>No. of Shares</i>	<i>Approx.%</i>	<i>No. of Shares</i>	<i>Approx.%</i>
The Offeror	-	-	-	-	931,209,117	51.5	931,209,117	51.5
<i><u>The Offeror and parties acting in concert with it</u></i>								
<i><u>Controlling Shareholders</u></i>								
Kerry Properties	718,340,998	39.7	364,496,510	20.2	441,239,934	24.4	364,235,891	20.1
Caninco Investments Limited	156,124,097	8.6	79,219,603	4.4	95,899,004	5.3	79,162,960	4.4
Darmex Holdings Limited	128,449,630	7.1	65,177,182	3.6	78,900,002	4.4	65,130,579	3.6
Desert Grove Limited	18,502,856	1.0	9,388,614	0.5	11,365,353	0.6	9,381,901	0.5
Glory Voice International Limited	7,842,163	0.4	3,979,226	0.2	4,817,037	0.3	3,976,381	0.2
Kerry Asset Management Limited	67,971	0.0	34,489	0.0	41,751	0.0	34,465	0.0
Star Medal Limited	28,851	0.0	14,639	0.0	17,722	0.0	14,629	0.0
Total Way Investments Limited	201,273	0.0	102,129	0.0	123,632	0.0	102,056	0.0
Moslane Limited	36,910,748	2.0	18,729,042	1.0	22,672,374	1.3	18,715,651	1.0
Paruni Limited	12,844,175	0.7	6,517,318	0.4	7,889,516	0.4	6,512,658	0.4
Ban Thong Company Limited	9,189,586	0.5	4,662,928	0.3	5,644,690	0.3	4,659,594	0.3
Alpha Model Limited	4,448,313	0.2	2,257,138	0.1	2,732,370	0.2	2,255,524	0.1
Bright Magic Investments Limited	5,182,183	0.3	2,629,514	0.1	3,183,148	0.2	2,627,634	0.1
Ace Time Holdings Limited	701,118	0.0	355,757	0.0	430,661	0.0	355,503	0.0
Marcromind Investments Limited	5,290,234	0.3	2,684,340	0.1	3,249,519	0.2	2,682,421	0.1
Marsser Limited	1,586,871	0.1	805,201	0.0	974,733	0.1	804,625	0.0
Noblespirit Corporation	12,095,067	0.7	6,137,210	0.3	7,429,378	0.4	6,132,822	0.3

Summer Fort Limited	16,464,500	0.9	8,354,324	0.5	10,113,295	0.6	8,348,349	0.5
Sub-total of the Controlling Shareholders (Note 1)	1,134,270,634	62.7	575,545,164	31.8	696,724,119	38.5	575,133,643	31.8
<i>Executive Directors</i>								
KUOK Khoon Hua	1,101,000	0.1	558,663	0.0	676,288	0.0	676,288	0.0
MA Wing Kai William	4,588,761	0.3	2,328,403	0.1	2,818,640	0.2	2,818,640	0.2
CHEUNG Ping Chuen Vicky	31,514,956	1.7	15,991,140	0.9	19,358,017	1.1	19,358,017	1.1
NG Kin Hang	155,936	0.0	79,124	0.0	95,784	0.0	95,784	0.0
Sub-total of Executive Directors (Note 2)	37,360,653	2.1	18,957,330	1.0	22,948,729	1.3	22,948,729	1.3
<i>Controlling Shareholders Close Associates</i>								
Shang Holdings Limited	2,241,725	0.1	1,137,483	0.1	1,376,977	0.1	1,376,977	0.1
Pristine Holdings Limited	981,835	0.1	498,197	0.0	603,091	0.0	603,091	0.0
Rosy Frontier Limited	473,047	0.0	240,031	0.0	290,568	0.0	290,568	0.0
Sub-total of Controlling Shareholders Close Associates (Note 3)	3,696,607	0.2	1,875,711	0.1	2,270,636	0.1	2,270,636	0.1
<i>Executive Directors' close associates</i>								
Peacebright Assets Limited	263,610	0.0	133,759	0.0	161,922	0.0	161,922	0.0
Lohtenny Investments Limited	1,300,000	0.1	659,639	0.0	798,523	0.0	798,523	0.0
Subtotal of Executive Directors' close associates (Note 4)	1,563,610	0.1	793,398	0.0	960,445	0.1	960,445	0.1
Sub-total of the Offeror and parties acting in concert with it	1,176,891,504	65.1	597,171,603	33.0	1,654,113,046	91.5	1,532,522,570	84.8
<i>Relevant Directors (excluding Executive Directors) and close associates of the Relevant Directors (excluding Executive Directors)</i>								
Wong Yu Pok Marina	200,000	0.0	101,483	0.0	122,850	0.0	122,850	0.0

Yeo Philip Liat Kok	200,000	0.0	101,483	0.0	122,850	0.0	122,850	0.0
Directors of subsidiaries	4,842,804	0.3	2,457,308	0.1	2,974,686	0.2	2,974,686	0.2
Sub-total of Relevant Directors (excluding Executive Directors) and close associates of the Relevant Directors (excluding Executive Directors)	5,242,804	0.3	2,660,274	0.1	3,220,386	0.2	3,220,386	0.2
Unvested Share awards for Relevant Directors (other than INEDs)	1,960,329	0.1	994,699	0.1	1,204,129	0.1	1,204,129	0.1
Public Shareholders	624,078,405	34.5	624,078,405	34.5	149,635,481	8.3	271,225,957	15.0
Total	1,808,173,042	100.0	1,224,904,981	67.7	1,808,173,042	100.0	1,808,173,042	100.0

- The Controlling Shareholders will tender 575,545,164 Shares pursuant to the Controlling Shareholders Irrevocable Undertakings, and may or may not tender more Shares for acceptances than as required under the Controlling Shareholders Irrevocable Undertakings.*
- The Executive Directors will tender 18,957,330 Shares pursuant to the Executive Directors Irrevocable Undertakings, and may or may not tender more Shares for acceptances than as required under the Executive Directors Irrevocable Undertakings.*
- Controlling Shareholders Close Associates comprise (i) Shang Holdings Limited, a company which is indirectly owned as to more than 30% by Kerry Holdings; and (ii) Pristine Holdings Limited and Rosy Frontier Limited, each of which is a discretionary trust of which Kerry Group Limited and Mr. Kuok Khoon Hua are discretionary beneficiaries.*
- Close associates of the Directors (excluding INEDs) comprise (i) Peacebright Assets Limited, a discretionary trust of which Mr. Kuok Khoon Hua is a discretionary beneficiary; and (ii) Lochtenny Investments Limited, a discretionary trust of which Mr. Kuok Khoon Hua and Mr. William Ma are discretionary beneficiaries. Each of Mr. Kuok Khoon Hua and Mr. William Ma are Directors*
- J.P. Morgan is the financial adviser to the Offeror in respect of the Partial Offer. Accordingly, J.P. Morgan and persons controlling, controlled by or under the same control as J.P. Morgan (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code. Details of holdings or borrowings or lendings of, and dealings in, Shares or derivatives in respect of them by other parts of the J.P. Morgan group will be obtained as soon as possible after this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the other parts of the J.P. Morgan group are significant. The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, Shares or derivatives in respect of Shares by parties acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of the other parts of the J.P. Morgan group. Notwithstanding that connected exempt principal traders within the J.P. Morgan group are not acting in concert with the Offeror, Shares held by any such connected exempt principal traders must not be assented to the Partial Offer until the Partial Offer becomes or is declared unconditional as to acceptances in accordance with the requirements of Rule 35.3 of the Takeovers Code, and must not approve the Partial Offer and the Special Deal Agreements in accordance with the requirements of Rule 35.4 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in*

place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only, and if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader. For this purpose, a written confirmation of the matters set out in points (i) and (ii) above and whether the relevant underlying clients are entitled to vote in the context of the Partial Offer will be submitted to the Executive prior to the publication of the Composite Document.

Save as aforesaid, as at the date of this joint announcement, the Company has no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

Dealings disclosure

In accordance with Rule 3.8 of the Takeovers Code, the respective associates of the Company and the Offeror (as defined under the Takeovers Code and including but not limited to any person who owns or controls 5% or more of any class of relevant securities of the Company or the Offeror) are reminded to disclose their dealings in the relevant securities of the Company pursuant to the Takeovers Code.

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

“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 \$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.”

RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY AND KERRY PROPERTIES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 5 February 2021 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 10 February 2021 .

At the request of Kerry Properties, trading in the shares of Kerry Properties on the Stock Exchange has been suspended with effect from 9:00 a.m. on 5 February 2021 pending the release of this joint announcement. Application has been made by Kerry Properties to the Stock Exchange for resumption of trading in the shares of Kerry Properties with effect from 9:00 a.m. on 10 February 2021 .

WARNING

As the making of the Partial Offer and the Option Offer is subject to the satisfaction or waiver (where applicable) of the Pre-Conditions, the Partial Offer and the Option Offer are a possibility only and may or may not be made. Accordingly, Shareholders and prospective investors 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.

Completion of the Partial Offer and the Option Offer is subject to the Conditions being fulfilled. Accordingly, the issue of this joint announcement does not in any way imply that the Partial Offer and the Option Offer will be completed. The transactions contemplated by the Special Deal Agreements may or may not proceed. Shareholders and prospective investors 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.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this joint announcement:

“Acceptance Period”	the period in which the Partial Offer is open for acceptance
“acting in concert”	has the meaning given to it under the Takeovers Code
“Approvals”	all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions, permits, approvals and waivers from any Relevant Authority that are necessary or desirable in connection with the implementation of the Partial Offer
“associate(s)”	has the meaning given to it under the Takeovers Code
“Blackout Period”	the blackout period in respect of the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Board”	the board of Directors
“Brand Licensing”	the proposed grant of a licence by the Licensor to each of the Company and KE Thailand, and the right to sub-license to certain of their respective subsidiaries and certain existing pre-approved invested entities of the Company for the use of the Kerry Trademarks, the Kerry Names, the Kerry Express Trademarks and the Kerry Express Names (as the case may be)
“Brand Licence Agreements”	the definitive brand licence agreements proposed to be entered into between the Licensor and each of the Company and KE Thailand in respect of Brand Licensing, which will be in substantially the same terms as the term sheets as detailed in the section headed “ <i>Proposed Brand Licence Agreements</i> ” of this joint announcement
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“CCASS”	the Central Clearing and Settlement System
“CFIUS”	the Committee on Foreign Investment in the United States
“Circular”	a circular of the Company in relation to the Special Deal Agreements, and containing, among other things, the notice of the SGM, which is to be despatched to the Shareholders

“Citigroup”	Citigroup Global Markets Asia Limited, the financial adviser to Kerry Holdings and Kerry Properties, is a company incorporated in Hong Kong with limited liability and licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
“close associate(s)”	has the meaning given to it under the Listing Rules
“Closing Date”	the First Closing Date of the Partial Offer or any subsequent closing date of the Partial Offer as may be extended or revised in accordance with the Takeovers Code
“Code Independent Board Committee”	the independent committee of the Board (comprising Ms. KHOO Shulamite N K, Mr. YEO Philip Liat Kok and Mr. ZHANG Yi Kevin, being all the INEDs other than Ms. WONG Yu Pok, Marina who is also an independent non-executive director of Kerry Properties) established for the purpose of advising the Independent Shareholders in respect of the Partial Offer, the Option Offer and the Special Deal Agreements pursuant to the requirements of the Takeovers Code
“Company”	Kerry Logistics Network Limited, a company 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 (Stock Code: 636)
“Composite Document”	the composite document to be jointly issued by the Offeror and the Company in connection with the Partial Offer and the Option Offer in compliance with the Takeovers Code
“concert parties”	with respect to a person, parties acting in concert or presumed to acting in concert with that person for the purposes of the Takeovers Code
“Conditions”	the conditions of the Partial Offer and the Option Offer, as set out under the section headed “ <i>Conditions of the Partial Offer and the Option Offer</i> ” in this joint announcement
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

“Controlling Shareholders”	Kerry Holdings Limited, Kerry Group Limited (its holding company) and their respective subsidiaries which hold Shares, being Kerry Properties, Alpha Model Limited, Bright Magic Investments Limited, Ace Time Holdings Limited, Macromind Investments Limited, Marsser Limited, Noblespirit Corporation, Summer Fort Limited, Caninco Investments Limited, Darmex Holdings Limited, Glory Voice International Limited, Moslane Limited, Paruni Limited, Ban Thong Company Limited, Desert Grove Limited, Kerry Asset Management Limited, Star Medal Limited and Total Way Investments Limited
“Controlling Shareholders Close Associates”	close associates of the Controlling Shareholders, which as at the date of this joint announcement, comprise (i) Shang Holdings Limited, a company which is indirectly owned as to more than 30% by Kerry Holdings and; (ii) Pristine Holdings Limited and Rosy Frontier Limited, each of which is a discretionary trust of which Kerry Group Limited and Mr. Kuok Khoon Hua (an Executive Director) are discretionary beneficiaries
“Controlling Shareholders Group”	the Controlling Shareholders, together with the Controlling Shareholders Close Associates
“Controlling Shareholders Irrevocable Undertakings”	the irrevocable undertakings intended to be provided to the Offeror by the Controlling Shareholders in favour of the Offeror, on terms as agreed between the Offeror and the Controlling Shareholders and in a form substantially reflecting the relevant terms contained in this joint announcement
“Despatch Date”	the date of despatch of the Composite Document to the Shareholders as required by the Takeovers Code
“Director(s)”	director(s) of the Company for the time being
“Effective Time”	4:00 p.m. on the Final Closing Date provided that the Partial Offer has become or been declared unconditional in all respects
“Encumbrance”	any encumbrance including any mortgage, pledge, charge, lien, deposit or assignment by way of security, bill of sale, right to acquire, option or right of pre-emption, beneficial ownership (including usufruct and similar entitlements), any provisional or executorial attachment and any other interest or right of any nature held, or claim that could be raised, by a third party, and any agreement, commitment or right to give, create or enforce any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director

“Executive Directors”	the executive Directors, namely Mr. KUOK Khoon Hua, Mr. MA Wing Kai William, Mr. CHEUNG Ping Chuen Vicky and Mr. NG Kin Hang
“Executive Directors Irrevocable Undertakings”	the irrevocable undertakings intended to be provided to the Offeror by the Executive Directors in favour of the Offeror, on terms as agreed between the Offeror and the Executive Directors and in a form substantially reflecting the relevant terms contained in this joint announcement
“Filings”	all filings or applications to any Relevant Authority that are necessary or desirable in connection with the implementation of the Partial Offer under any applicable legislation, rules or regulation (including foreign investment, antitrust and listed securities legislation, rules or regulation) of any relevant jurisdiction
“Final Closing Date”	the date which is (i) the 14th day after the date on which the Partial Offer becomes or is declared unconditional in all respects or (ii) the First Closing Date, whichever is the later, provided that the Partial Offer will be open for acceptance for at least 21 days following the Despatch Date
“First Closing Date”	the date stated in the Composite Document as the first closing day of the Partial Offer, which shall be at least 21 days following the Despatch Date, or such later date as may be extended by the Offeror in accordance with the Takeovers Code
“Form of Approval and Acceptance”	the form of approval and acceptance in respect of the Partial Offer and the Option Offer accompanying the Composite Document
“Fully-Diluted Basis”	(in the context of the number of Shares in issue) means such number of Shares on the assumption that all the outstanding Share Options have been exercised in full
“FY2020”	the financial year ended 31 December 2020
“FY2020 Final Dividend”	any final dividend declared, paid or made in the ordinary course for FY2020
“FY2020 Final Dividend Threshold”	up to 35% of the annual core net profit as disclosed in the annual report of the Company for FY2020 minus the interim dividend declared and paid for FY2020
“FY2021”	the financial year ending 31 December 2021

“FY2021 Interim Dividend”	any interim dividend declared, paid or made in the ordinary course for FY2021
“FY2021 Interim Dividend Threshold”	up to 25% of the interim core net profit as disclosed in the interim report of the Company for the six months ending 30 June 2021
“Greater China”	for the purpose of this joint announcement, the Mainland China, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China, and Taiwan
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committees”	the Code Independent Board Committee and the LR Independent Board Committee
“Independent Financial Adviser”	the independent financial adviser to the Independent Board Committees, to be appointed, in respect of the Partial Offer, the Option Offer and the Special Deal Agreements
“INEDs”	the independent non-executive Directors
“Independent Shareholders”	the Shareholders other than any Shareholders who are involved in or interested in the Special Deal Agreements, and their respective associates (as defined in the Listing Rules) and any persons acting in concert with any of them
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited, the financial adviser to the Offeror. J.P. Morgan is a registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
“Kerry Express Names”	“KERRY EXPRESS” as part of company name, trade name, internet domain names and social media handles
“Kerry Express Trademarks”	certain existing Kerry Express licensed trademarks

“Kerry Names”	“KERRY” as part of company name, trade name, internet domain names and social media handles
“Kerry Trademarks”	certain existing Kerry licensed trademarks
“Kerry Holdings”	Kerry Holdings Limited, one of the Controlling Shareholders of the Company
“Kerry Properties”	Kerry Properties Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 683) and one of the Controlling Shareholders of the Company
“KE Thailand”	the Company’s Thailand-listed subsidiary, Kerry Express (Thailand) Public Company Limited, the shares of which are listed on The Stock Exchange of Thailand (Stock Code: KEX)
“Last Trading Day”	4 February 2021, being the last trading day for the Shares immediately before the publication of this joint announcement
“Licensor”	Kuok Registrations Limited, being a fellow subsidiary of Kerry Holdings
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	9 August 2021, being the date falling six months after the date of this joint announcement, or such other date as the Offeror and the Controlling Shareholders may agree in writing
“LR Independent Board Committee”	the independent committee of the Board (comprising Ms. KHOO Shulamite N K, Mr. YEO Philip Liat Kok and Mr. ZHANG Yi Kevin, being all the INEDs other than Ms. WONG Yu Pok Marina who is also an independent non-executive director of Kerry Properties) established for the purpose of advising the Independent Shareholders in respect of the Warehouses Sale Agreement, Warehouses Management Agreements and the Taiwan Business Sale Agreement (in each case, if entered into) pursuant to the Listing Rules
“NTD”	New Taiwan Dollars, the lawful currency of Taiwan
“Offer Price”	HK\$18.80 for each Offer Share payable by the Offeror to the Shareholders accepting the Partial Offer

“Offer Shares”	the Shares subject to the Partial Offer, being 931,209,117 Shares, and “Offer Share” shall be construed accordingly
“Offeror”	Flourish Harmony Holdings Company Limited, a company incorporated in the Cayman Islands, that is indirectly wholly-owned by the Offeror Parent
“Offeror Group”	the Offeror and its subsidiaries
“Offeror Parent”	S.F. Holding Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the shares of the Offeror Parent are listed on the Shenzhen Stock Exchange
“Offeror Parent Group”	the Offeror Parent and its subsidiaries
“Offeror Parent Holdco”	Shenzhen Mingde Holding Development Co., Ltd., a joint stock company incorporated in the PRC with limited liability
“Offeror Ultimate Controlling Shareholder”	Mr. Wang Wei, the Founder and Chairman of the Offeror Parent
“Optionholders”	the holder(s) of the Share Options
“Option Offer”	the appropriate partial offer to be made by the Offeror to the Optionholders to cancel such number of outstanding Share Options representing 51.8% of the outstanding Share Options as at the Final Closing Date pursuant to Rule 13 of the Takeovers Code
“Option Offer Price”	HK\$8.60 for cancellation of each Share Option
“Partial Offer”	the pre-conditional voluntary partial cash offer to be made by J.P. Morgan on behalf of the Offeror to the Shareholders to acquire 931,209,117 Shares on the terms and conditions set out in this joint announcement and to be set out in the Composite Document, and in compliance with the Takeovers Code
“Placing Agreement(s)”	has the meaning ascribed to it under the section headed “ <i>Pre-Conditions to the Partial Offer and the Option Offer</i> ” of this joint announcement
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong and the Macao Special Administrative Region of the People’s Republic of China and Taiwan

“Pre-Conditions”	the pre-conditions to the making of the Partial Offer and the Option Offer, as set out under the section headed “ <i>Pre-Conditions to the Partial Offer and the Option Offer</i> ” of this joint announcement
“President”	the President of the United States of America
“Public Shareholders”	Shareholders who are members of the public within the meaning of Rule 8.24 of the Listing Rules
“Qualifying Shareholder”	each Shareholder other than the Offeror or any parties acting, or presumed to be acting, in concert with it, including the Controlling Shareholders, Mr. Kuok Khoo Hua (being an Executive Director), the Controlling Shareholders Close Associates and close associates of the Relevant Directors, and “Qualifying Shareholders” shall be construed accordingly. If Mr. MA Wing Kai William, Mr. CHEUNG Ping Chuen Vicky and Mr. NG Kin Hang, being other Executive Directors, are to be regarded as concert parties of the Offeror, they too will be excluded from being “Qualifying Shareholders”
“Record Date”	means the date immediately prior to the Final Closing Date, being the record date for determining Shareholders’ entitlement to the Special Dividend
“Relevant Authority”	any government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction
“Relevant Directors”	the directors of the Company and its subsidiaries
“Relevant Measures”	the imposition of, or offering up of, any conditions, obligations, undertakings, commitments, measures or modifications by or to a Relevant Authority, or making and/or agreeing to make divestments of relevant shares, assets and/or businesses
“relevant securities”	has the meaning given to it under Note 4 to Rule 22 of the Takeovers Code
“rights over shares”	has the meaning given to it under the Takeovers Code
“SEC Act”	the Securities and Exchange Act of Thailand
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the Special Deal Agreements
“Share”	an ordinary share of par value of HK\$0.50 each in the share capital of the Company, and “Shares” shall be construed accordingly
“Shareholder”	a holder of any Shares, and “Shareholders” shall be construed accordingly
“Shareholders’ Agreement”	the definitive shareholders’ agreement entered into between the Offeror and certain members of the Controlling Shareholders Group for the purpose of, among other things, setting out their mutual agreement regarding the corporate governance of the Company and their respective rights and obligations after completion of the Partial Offer
“Share Options”	outstanding options over Shares granted pursuant to the Share Option Scheme, where one Share Option represents the right to subscribe for one Share with an exercise price of HK\$10.2 for each Share
“Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on 25 November 2013
“Shortfall Shares”	has the meaning ascribed to it under the section headed “ <i>Pre-Conditions to the Partial Offer and the Option Offer</i> ” of this joint announcement
“Special Deal Agreements”	the Shareholders’ Agreement and (in each case, if entered into) the Brand Licence Agreements, the Warehouses Sale Agreement, the Warehouses Management Agreements and the Taiwan Business Sale Agreement
“Special Dividend”	conditional upon completion of the Warehouses Sale Agreement (which is conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects), the special dividend of HK\$7.28 per Share to be declared by the Company to distribute substantially all of the proceeds from the Warehouses Sale to those Shareholders who are shareholders of record as at the Record Date

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning given to it under the Listing Rules
“Taiwan Business”	the Taiwan Target Companies, which hold equity interests of certain companies that carry on the Unlisted Taiwan Business, and indirectly holds approximately 49.7% shareholding interest in the Taiwan Listco
“Taiwan Business Sale”	the proposed sale of the Taiwan Business by the Company to Treasure Seeker Group Limited, a wholly owned subsidiary of Kerry Holdings, pursuant to the Taiwan Business Sale Agreement
“Taiwan Business Sale Agreement”	the definitive sale agreement proposed to be entered into between the Company and Treasure Seeker Group Limited, a wholly owned subsidiary of Kerry Holdings, for the Taiwan Business Sale, which will be in substantially the same terms as the term sheet as detailed in the section headed “ <i>Proposed sale of the Taiwan Business</i> ” of this joint announcement
“Taiwan Business Sale Continuing Conditions”	has the meaning ascribed to it under the section headed “ <i>Proposed sale of the Taiwan Business</i> ” of this joint announcement
“Taiwan Business Sale Pre-Conditional Conditions”	has the meaning ascribed to it under the section headed “ <i>Proposed sale of the Taiwan Business</i> ” of this joint announcement
“Taiwan Listco”	Kerry TJ Logistics Company Limited, a company listed on the Taiwan Stock Exchange
“Taiwan Target Companies”	the entire issued share capital of Kerry Logistics (Taiwan) Investments Limited and Pan Asia Airlines Investment Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Warehouses”	all the landed properties directly or indirectly owned by the Target Warehouses Companies, which comprise of properties known as: (i) Kwai Chung Town Lot No.326 (Nos. 4-6 Kwai Tai Road, Kwai Chung, New Territories, Hong Kong), (ii) Fanling Sheung Shui Town Lot No. 109, North, New Territories, Hong Kong, (iii) Fanling Sheung Shui Town Lot No.45 and Fanling Sheung Shui Town Lot No.46 (No. 39 On Lok Mun Street, Fanling, New Territories, Hong Kong), (iv) Kwai Chung Town Lot No.455 (No.55 Wing Kei Road, Kwai Chung, New Territories, Hong Kong), (v) Kwai Chung Town

Lot No.452 (No. 3 Shing Yiu Street, Kwai Chung, New Territories, Hong Kong), (vi) Kwai Chung Town Lot No.437 (No. 35 Wing Kei Road, Kwai Chung, New Territories, Hong Kong), (vii) certain premises at Block A and Car Parking Spaces at Nan Fung Godown Centre, No.3 Kin Chuen Street, Kwai Chung, New Territories, Hong Kong, (viii) certain premises at Block B, Car Parking Spaces and parking area / loading and unloading platform and certain other premises (if any) and rights (if subsisting) at Nan Fung Godown Centre, No.3 Kin Chuen Street, Kwai Chung, New Territories, Hong Kong, and (ix) Unit A2, 7/F., Block A and Car Parking Space No.V18 on 1/F. at Nan Fung Godown Centre, No. 3 Kin Chuen Street, Kwai Chung, New Territories, Hong Kong

“Target Warehouse Companies”	nine indirectly wholly-owned subsidiaries of the Company as at the date of this joint announcement, and each a direct or indirect owner of the Target Warehouses
“Term Sheets”	the non-legally binding term sheets for each of the Warehouses Sale Agreement, the Warehouses Management Agreements, the Brand Licence Agreements and the Taiwan Business Sale Agreement, which include their annexures, if any
“Thai MGO”	chain principle mandatory takeover offer for the shares of KE Thailand
“Thai SEC”	the Securities and Exchange Commission of Thailand
“United States”, “U.S.” or “USA”	means the United States of America, its territories and possessions, any State of the United States and the District of Columbia
“Unlisted Taiwan Business”	the international freight forwarding and coffee trading business in Taiwan
“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended
“Warehouses Manager”	Kerry Warehouse (Hong Kong) Limited (a wholly-owned subsidiary of the Company), the building manager and leasing agent of the Target Warehouses under the Warehouses Management Agreements
“Warehouses Management”	the proposed provision of building management services, leasing management services, operation of warehouses facilities and other related services including accounting, IT support, human resources and administration in relation to the Target Warehouses

“Warehouses Management Agreements”	the definitive management agreements proposed to be entered into among the owners of the Target Warehouses and the Warehouses Manager for the Warehouses Management services, which will be in substantially the same terms as the term sheet as detailed in the section headed “ <i>Proposed Warehouses Sale Agreement, Proposed Warehouses Management Agreements and Possible Special Dividend</i> ” of this joint announcement
“Warehouses Sale”	the proposed sale of the entire issued share capital of each of the Target Warehouse Companies by Kerry Warehouse (HK) Holdings Limited (a wholly-owned subsidiary of the Company) to Urban Treasure Holdings Limited (a wholly-owned subsidiary of Kerry Holdings)
“Warehouses Sale Agreement”	the definitive sale agreement to be entered into among the Company, Kerry Warehouse (HK) Holdings Limited (a wholly-owned subsidiary of the Company), Kerry Holdings and its wholly-owned subsidiary, Urban Treasure Holdings Limited for the Warehouses Sale, which will be in substantially the same terms as the term sheet as detailed in the section headed “ <i>Proposed Warehouses Sale Agreement, Proposed Warehouses Management Agreements and Possible Special Dividend</i> ” of this joint announcement
“Warehouses Sale Pre-Conditional Conditions”	has the meaning ascribed to it under the section headed “ <i>Proposed Warehouses Sale Agreement, Proposed Warehouses Management Agreements and Possible Special Dividend</i> ” of this joint announcement
“%”	per cent.

By Order of the Sole Director of
Flourish Harmony Holdings Company Limited
NG Wai Ting
Director

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

By Order of the Board of
Kerry Properties Limited
LI Siu Ching, Liz
Company Secretary

Hong Kong, 9 February 2021

As at the date of this joint announcement, the Directors are as follows:

Executive Directors:

Mr. KUOK Khoon Hua, Mr. MA Wing Kai William, Mr. CHEUNG Ping Chuen Vicky 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

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than information relating to the Offeror and Kerry Properties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror and the directors of Kerry Properties) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of Kerry Properties are as follows:

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

The directors of Kerry Properties jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than information relating to the Offeror and the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors and the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror is Ms. Ng Wai Ting.

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this joint announcement (other than the information relating to the Group and Kerry Properties) and confirms, having made all reasonable inquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors and the directors of Kerry Properties) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror Parent are as follows:

Chairman:

Mr. Wang Wei

Vice Chairman:

Mr. Lin Zheyang

Directors:

Mr. Zhang Yichen, Mr. Liu Chengwei, Mr. Deng Weidong, Mr. Chen Fei, Mr. Luo Shili, Ms. Wu Weiting, Mr. Jin Li, Mr. Ye Diqi, Mr. Zhou Yongjian and Mr. Zhou Zhonghui

The directors of the Offeror Parent jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group and Kerry Properties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors and the directors of Kerry Properties) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.