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

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

Stock Code 636

**CONNECTED TRANSACTION
PROPOSED ISSUE OF HK\$780,000,000 3.30 PER CENT.
PERPETUAL CONVERTIBLE SECURITIES
UNDER SPECIFIC MANDATE**

Sole Placing Agent



**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Reference is made to the announcement of the Company dated 28 March 2023 in relation to the proposed issuance of HK dollar denominated perpetual convertible securities by the Company.

PROPOSED ISSUE OF CONVERTIBLE SECURITIES UNDER SPECIFIC MANDATE

On 29 March 2023, the Company, the Placing Agent and the Subscriber entered into the Subscription and Placing Agency Agreement pursuant to which: (i) the Company agreed to issue the Convertible Securities through the Placing Agent to the Subscriber; (ii) the Placing Agent conditionally agreed to use all reasonable efforts to procure the Subscriber to subscribe for the Convertible Securities; and (iii) the Subscriber conditionally agreed to subscribe and pay for the Convertible Securities, in the aggregate principal amount of HK\$780,000,000 at the Issue Price subject to, and in accordance with, the terms of the Subscription and Placing Agency Agreement.

Based on the initial Conversion Price of HK\$18.80 per Conversion Share (subject to adjustments) and assuming full conversion of the Convertible Securities, the Convertible Securities will be convertible into 41,489,361 Conversion Shares, representing: (i) approximately 2.30% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 2.24% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares,

assuming that there is no other change to the total number of Shares from the date of this announcement to the date when the Convertible Securities are converted in full.

The Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM. No application will be made by the Company for the listing of the Convertible Securities on the Stock Exchange. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

The gross proceeds and the net proceeds from the issue of Convertible Securities will be HK\$780,000,000 and approximately HK\$774,000,000 respectively. The Company intends to utilise the net proceeds for purposes as disclosed in the paragraph headed "Reasons for the Issue of Convertible Securities and Use of Proceeds" below.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is an indirect wholly-owned subsidiary of the controlling Shareholder, SF Holding, which indirectly holds 931,209,117 Shares, representing approximately 51.52% of the total number of issued Shares. As such, the Subscriber is a connected person of the Company and the subscription of the Convertible Securities constitutes a connected transaction of the Company and is subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, the Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the Subscription and Placing Agency Agreement and the transactions contemplated thereunder (including the issue of the Convertible Securities, the allotment and issue of the Conversion Shares under the Specific Mandate and the grant of the Specific Mandate).

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Subscription and Placing Agency Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in that regard.

The Subscriber and its associates will abstain from voting on the resolutions in respect of the Subscription and Placing Agency Agreement and the transactions contemplated thereunder to be proposed at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Subscriber and its associates, no Shareholder has any interest in the Subscription and Placing Agency Agreement and the transactions contemplated thereunder that is materially different from the other Shareholders. Therefore, save for the Subscriber and its associates, no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM.

Mr WANG Wei, the chairman of the Board and non-executive Director, is the controlling shareholder, chairman of the board of directors and general manager of SF Holding (which, in turn, wholly indirectly owns the Subscriber). Mr CHAN Fei, a non-executive Director, is the assistant chief executive officer of SF Holding and he holds interest in options to subscribe for shares in SF Holding (representing approximately 0.01% in the issued share capital of SF Holding). Mr HO Chit, a non-executive Director, is a director, deputy general manager and chief financial officer of SF Holding and he holds interest in options to subscribe for shares in SF Holding (representing approximately 0.01% in the issued share capital of SF Holding). Each of Mr WANG Wei, Mr CHAN Fei and Mr HO Chit therefore abstained from voting on the relevant resolutions of the Board approving the Subscription and Placing Agency Agreement and the transactions contemplated thereunder. To

the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors (other than Mr WANG Wei, Mr CHAN Fei and Mr HO Chit) has a material interest in the Subscription and Placing Agency Agreement and the transactions contemplated thereunder, nor is required to abstain from voting on the resolutions passed by the Board to approve the Subscription and Placing Agency Agreement and the transactions contemplated thereunder.

A circular containing, *inter alia*: (i) information of the Subscription and Placing Agency Agreement and the transactions contemplated thereunder (including the issue of the Convertible Securities, the allotment and issue of the Conversion Shares under the Specific Mandate and the grant of the Specific Mandate); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Subscription and Placing Agency Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and Placing Agency Agreement and the transactions contemplated thereunder; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 24 April 2023.

Completion of the Subscription and Placing Agency Agreement is subject to the fulfillment and/or waiver (as the case may be) of the conditions precedent set out in the Subscription and Placing Agency Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

Reference is made to the announcement of the Company dated 28 March 2023 in relation to the proposed issuance of HK dollar denominated perpetual convertible securities by the Company.

PROPOSED ISSUE OF HK\$780,000,000 3.30 PER CENT. PERPETUAL CONVERTIBLE SECURITIES UNDER SPECIFIC MANDATE

On 29 March 2023, the Company, the Placing Agent and the Subscriber entered into the Subscription and Placing Agency Agreement pursuant to which: (i) the Company agreed to issue the Convertible Securities through the Placing Agent to the Subscriber; (ii) the Placing Agent conditionally agreed to use all reasonable efforts to procure the Subscriber to subscribe for the Convertible Securities; and (iii) the Subscriber conditionally agreed to subscribe and pay for the Convertible Securities, in the aggregate principal amount of HK\$780,000,000 at the Issue Price subject to, and in accordance with, the terms of the Subscription and Placing Agency Agreement.

The principal terms of the Subscription and Placing Agency Agreement are set out below:

THE SUBSCRIPTION AND PLACING AGENCY AGREEMENT

Date

29 March 2023

Parties

- (i) The Company, as issuer
- (ii) The Placing Agent, as placing agent
- (iii) The Subscriber, as subscriber

As at the date of this announcement, the Subscriber is an indirect wholly-owned subsidiary of the controlling Shareholder, SF Holding, which indirectly holds 931,209,117 Shares, representing approximately 51.52% of the total number of issued Shares. As such, the Subscriber is a connected person of the Company under the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Subject matter

Pursuant to the Subscription and Placing Agency Agreement: (i) the Company agreed to issue the Convertible Securities through the Placing Agent to the Subscriber; (ii) the Placing Agent conditionally agreed to use all reasonable efforts to procure the Subscriber to subscribe for the Convertible Securities; and (iii) the Subscriber conditionally agreed to subscribe for the Convertible Securities, in the aggregate principal amount of HK\$780,000,000 at the Issue Price and subject to, and in accordance with, the terms of the Subscription and Placing Agency Agreement.

The Convertible Securities are being offered and sold in an institutional offering outside the United States in reliance on Regulation S under the Securities Act.

Conditions Precedent

The obligations of the Placing Agent to place the Convertible Securities, and the Subscriber to subscribe and pay for the Convertible Securities, are conditional on:

- (i) the execution and delivery (on or before the Closing Date) of the fiscal agency agreement and the deed of covenant relating to the Convertible Securities, each in a form reasonably satisfactory to the Placing Agent and the Subscriber, by the respective parties;
- (ii) at the Closing Date there having been delivered to the Placing Agent and the Subscriber a certificate confirming no material adverse change, dated as of such date, of a duly authorised officer of the Company;
- (iii) on or prior to the Closing Date there shall have been delivered to the Placing Agent and the Subscriber copies of all consents and approvals including (i) the Company's board resolutions held on 28 March 2023, and (ii) the Shareholders' resolutions passed in the SGM required in relation to the issue of Convertible Securities and the performance of the Company's obligations under the fiscal agency agreement, the deed of covenant and the Convertible Securities;
- (iv) the Stock Exchange having agreed to list the Conversion Shares (or, the Placing Agent and the Subscriber being reasonably satisfied that such listing will be granted);
- (v) at the Closing Date in respect of the Convertible Securities there shall not have occurred any change, or any development or event reasonably likely to involve a prospective change, in the financial or trading position, earnings or business affairs of the Group as a whole, which, in the opinion of the Placing Agent and the Subscriber (following consultation with the Company to the extent practicable in the circumstances), is material and adverse and which is likely to prejudice materially the success of the offering and distribution of the Convertible Securities or dealings in the Convertible Securities in the secondary market; and

(vi) on or before the Closing Date, there having been delivered to the Company Linklaters' English law opinions, in form and substance reasonably satisfactory to the Company, dated the Closing Date, in accordance with the Subscription and Placing Agency Agreement.

The Placing Agent and the Subscriber may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent (other than the condition set out under paragraph (i) above).

As at the date of this announcement, none of the above conditions precedent have been fulfilled and/or waived (as the case may be).

Closing

Subject to the fulfilment and/or waiver of the conditions precedent as disclosed in the paragraph headed "Conditions Precedent" above, closing shall take place on the Closing Date, and the Subscriber agrees to subscribe and pay for the Convertible Securities at the Issue Price on the Closing Date.

Termination

The Subscriber may, by notice to the Company given at any time prior to payment of the subscription monies for the Convertible Securities to the Company, terminate the Subscription and Placing Agency Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Subscriber any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties and representations contained in the Subscription and Placing Agency Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription and Placing Agency Agreement, except any non-performance of undertakings or agreements which would not be material in the context of the offering of the Convertible Securities;
- (ii) if there shall have occurred, since the date of the Subscription and Placing Agency Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls which would in the Subscriber's view be likely to prejudice materially the success of the offering and distribution of the Convertible Securities or dealings in the Convertible Securities in the secondary market;
- (iii) if there shall have occurred a general moratorium on commercial banking activities in the United Kingdom or United States or Hong Kong by any United Kingdom, New York State, United States Federal or Hong Kong authorities which would in the Subscriber's view be likely to prejudice materially the success of the offering and distribution of the Convertible Securities or dealings in the Convertible Securities in the secondary market;
- (iv) if on or after the date of the Subscription and Placing Agency Agreement, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc and/or the Stock Exchange; or (ii) a suspension in trading in the Company's securities on the Stock Exchange (save in circumstances in which suspension is temporary or routine in nature), which would in the

Subscriber's view be likely to prejudice materially the success of the offering and distribution of the Convertible Securities or dealings in the Convertible Securities in the secondary market; or

- (v) if there shall have occurred an outbreak or escalation of hostilities or terrorism which would in the Subscriber's view be likely to prejudice materially the success of the offering and distribution of the Convertible Securities or dealings in the Convertible Securities in the secondary market.

PRINCIPAL TERMS OF THE CONVERTIBLE SECURITIES

The principal terms of the Convertible Securities are summarised as follows:

Issuer:	The Company.
Principal amount:	HK\$780,000,000.
Distribution rate:	3.30% per annum payable semi-annually.
Step-up distribution rate	Upon the occurrence of a Triggering Event (as defined below), unless (x) an irrevocable notice to redeem the Convertible Securities has been given to the holders by the Company by the 30th day following the occurrence of the relevant Triggering Event or (y) in the case the relevant Triggering Event is remedied by the 30th day following the occurrence of such Triggering Event, the distribution rate will increase by 3% per annum, with effect from (a) the next distribution payment date or (b) if the date on which the Triggering Event occurs is prior to the most recent preceding distribution payment date, such distribution payment date, provided that the maximum aggregate increase in the distribution rate shall be 3% per annum.
Maturity:	The Convertible Securities are perpetual securities in respect of which there is no fixed redemption date.
Status:	The Convertible Securities constitute direct, unconditional, unsubordinated and (subject to the terms and conditions of the Convertible Securities) unsecured obligations of the Company, which shall at all times rank <i>pari passu</i> and without any preference or priority among themselves.
Conversion right:	<p>Subject to and upon compliance with the terms and conditions of the Convertible Securities, the Convertible Securities are convertible by holders into Conversion Shares credited as fully paid.</p> <p>No holder of the Convertible Securities shall be entitled to exercise the Conversion Right and the Company is not obliged to issue any Conversion Shares in satisfaction of the conversion right if it will (in its reasonable opinion) be in breach of its obligations under the Listing Rules, including Rule 8.08 of the Listing Rules (as it applies to the Company).</p>

- Conversion period: Conversion rights may be exercised at any time on or after the 14 days after the Closing Date up to the close of business on the date falling seven days prior to the date fixed for redemption of the relevant Convertible Securities (both days inclusive), except as described in the terms and conditions of the Convertible Securities, or if notice requiring redemption has been given by the holders of such Convertible Securities pursuant to the terms and conditions of the Convertible Securities, then up to the close of business on the day prior to the giving of such notice.
- Conversion Shares: The number of Shares to be issued on exercise of conversion rights shall be determined by dividing the principal amount of the Convertible Securities to be converted by the Conversion Price in effect on the relevant conversion date.
- Conversion Price: The initial Conversion Price is HK\$18.80 per Conversion Share.
- The Conversion Price will be subject to adjustment in each of the following cases, subject to the terms and conditions of the Convertible Securities:
- (i) consolidation, subdivision or reclassification – an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification;
 - (ii) capitalisation of profits or reserves – an issue of Shares by the Company by way of capitalisation of profits or reserves (including Shares paid up out of distributable profits or reserves and/or share premium accounts, and which would not have constituted a capital distribution), or by way of a scrip dividend (where the Current Market Price on the date of announcement of the terms of the issue of such Shares multiplied by the number of such Shares issued exceeds the amount of relevant cash dividend and which would not have constituted a capital distribution);
 - (iii) capital distribution – capital distributions paid or made by the Company to Shareholders. When the capital distribution is by means of cash dividend or distribution, such cash dividend or distribution shall constitute a capital distribution only to the extent that such cash dividend or distribution does, when taken together with any other cash dividend or distribution previously made or paid in respect of the same financial year, exceed 35 per cent. of the Company's most recently published audited core net profit for the year;
 - (iv) rights issues of Shares or options over Shares – an issue of Shares by the Company by way of rights, or issue or grant by the Company by way of rights, options, warrants or other rights to subscribe for,

purchase or otherwise acquire any Shares, in each case at less than 95% of the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant;

- (v) rights issues of other securities – an issue of securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) by the Company by way of rights, or issue or grant by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
- (vi) issues at less than Current Market Price – an issue of Shares by the Company, or issue or grant by the Company of any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than 95% of the Current Market Price per Share on the date of the first public announcement of the terms of such issue;
- (vii) other issues at less than Current Market Price – an issue of securities by the Company or any of its subsidiaries or any other person, which carries rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 95% of the Current Market Price per Share on the date of first public announcement of the terms of issue of such securities;
- (viii) modification of rights of conversion, etc. – any modification of the rights of conversion, exchange or subscription attaching to any such securities mentioned in paragraph (vii) above so that the consideration per Share is less than 95% of the Current Market Price per Share on the date of announcement of the proposals for such modification; and
- (ix) other offers to Shareholders – any issue, sell or distribution of securities by the Company or any of its subsidiaries or any other person in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements to acquire securities; and
- (x) other events – the Company determines that an adjustment should be made as a result of one or more events or circumstances not referred to above.

The Company will make further announcement(s) in relation to any adjustments to the Conversion Price as and when required under the Listing Rules.

Redemption for taxation reasons: The Company may redeem all and not some only of the Convertible Securities, at its option, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the holders of the Convertible Securities (which notice shall be irrevocable) and to the fiscal agent and the paying agent, on the date specified in the Tax Redemption Notice for redemption (the "**Tax Redemption Date**"), if the Company satisfies the holders of the Convertible Securities immediately prior to the giving of such notice that (a) it has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of Bermuda or Hong Kong or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (b) such obligation cannot be avoided by the Company taking commercially reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Convertible Securities then due.

On the Tax Redemption Date, the Company shall redeem the Convertible Securities at their principal amount together with distribution accrued to the date fixed for redemption (including any arrears of distribution and any additional distribution amount).

If the Company gives a Tax Redemption Notice pursuant to the above condition, each holder of the Convertible Securities will have the right to elect that his or her Convertible Securities shall not be redeemed.

Redemption for accounting reasons: The Convertible Securities may be redeemed at the option of the Company in whole but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the holders of the Convertible Securities (which notice shall be irrevocable) and to the fiscal agent and the paying agent, (a) at the Early Redemption Amount, at any time before the Fifth Anniversary, or (b) their principal amount, together with distribution accrued to the date fixed for redemption (including any arrears of distribution and any additional distribution amount), at any time on or after the Fifth Anniversary, if, as a result of any changes or amendments to International Financial Reporting Standards as issued by the International Accounting Standards Board or any other accounting standards that may replace International Financial Reporting Standards for the purposes of the consolidated financial statements of the Company (the "**Relevant Accounting Standard**"), the Convertible Securities must not or must no longer be recorded as

“equity” of the Company pursuant to the Relevant Accounting Standard.

No notice of redemption may be given earlier than 90 days prior to the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect in relation to the Company.

Upon the expiry of any such notice, the Company shall be bound to redeem the Convertible Securities provided that such date for redemption shall be no earlier than the last day before the date on which the Convertible Securities must not or must no longer be so recorded as “equity” of the Company pursuant to the Relevant Accounting Standard.

Redemption at the option of the Company on the Fifth Anniversary or on any distribution payment date thereafter:

The Convertible Securities may be redeemed at the option of the Company in whole or in part, on the Fifth Anniversary or on any distribution payment date after the Fifth Anniversary on the Company’s giving not less than 30 nor more than 60 days’ irrevocable notice to the holders of the Convertible Securities and to the fiscal agent and the paying agent at their principal amount (together with any distribution accrued to such date fixed for redemption, including any arrears of distribution and any additional distribution amount).

Redemption at the option of the Company on a step-up:

The Convertible Securities may be redeemed at the option of the Company in whole or in part, on giving not less than 30 nor more than 60 days’ irrevocable notice to the holders of the Convertible Securities and to the fiscal agent and the paying agent at their principal amount (together with any distribution accrued to the date fixed for redemption, including any arrears of distribution and any additional distribution amount) at any time following the occurrence of a Triggering Event (as defined below).

“**Triggering Event**” means (i) a Delisting or (ii) a Suspension (as defined below) which does not arise or result from (A) a voluntary application to the relevant stock exchange initiated or made by the Company or (B) having been effected or imposed through means within the control of the Company or (C) any action of the Company or any default or non-compliance by the Company of any of its obligations that are within its control.

On expiry of such notice, the Company shall be bound to redeem the Convertible Securities on the date fixed for redemption at their principal amount (together with any distribution accrued to the date fixed for redemption, including any arrears of distribution and any additional distribution amount).

Redemption at the option of the Company

On or at any time after the date falling 14 days after the third anniversary of the Closing Date, and provided that the Company is able

on increased Share price:

to meet the public float requirement under the Listing Rules, on giving not less than 30 nor more than 60 days' notice to the holders of the Convertible Securities, the Company may redeem the Convertible Securities in a principal amount equal to the Actual Redemption Amount (as defined in the terms and conditions of the Convertible Securities), at their principal amount (together with any distribution accrued to the date fixed for redemption, including any arrears of distribution and any additional distribution amount), if the closing price of the Shares for any 20 trading days out of 30 consecutive trading days immediately prior to the date upon which notice of such redemption is given was at least 120% of the applicable Conversion Price then in effect.

If there shall occur an event giving rise to a change in the Conversion Price during any such 30 trading day period as mentioned above, appropriate adjustments for the relevant days shall be made, as determined by an independent investment bank appointed in accordance with the terms and conditions of the Convertible Securities for the purpose of calculating the closing price for such days.

Redemption at the option of the Company on minimum outstanding amounts:

On giving not less than 45 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the holders of the Convertible Securities and to the fiscal agent and the paying agent, the Company shall redeem all and not some only of the Convertible Securities on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at (i) the Early Redemption Amount, at any time before the Fifth Anniversary, or (ii) their principal amount, together with distribution accrued to the date fixed for redemption (including any arrears of distribution and any additional distribution amount), at any time on or after the Fifth Anniversary, if, prior to the date the relevant Optional Redemption Notice is given, conversion rights shall have been exercised and/or purchases and cancellations and/or redemptions effected in respect of 90% or more in principal amount of the Convertible Securities originally issued.

Redemption for Relevant Event:

Following the occurrence of a Relevant Event (as defined below), each holder of the Convertible Securities will have the right, at such holder's option, to require the Company to redeem all or some only of such holder's Convertible Securities on the Relevant Event Put Date (as defined in the terms and conditions of the Convertible Securities) at their principal amount, together with distribution accrued to the date fixed for redemption (including any arrears of distribution and any additional distribution amount).

"Relevant Event" means the occurrence of any delisting or suspension arising from or as a result of a voluntary application to the relevant stock exchange having been initiated or made by the Company or such

delisting or suspension having been effected or imposed through any other means controlled by the Company or otherwise resulting from any action of the Company or any default or non-compliance by the Company of any of its obligations that are within its control; where “**Delisting**” occurs when the Shares cease to be listed or admitted to trading on the Stock Exchange (or if applicable, the alternative stock exchange) and “**Suspension**” occurs if there is a suspension or material limitation in trading of the Shares on the Stock Exchange (or if applicable, the alternative stock exchange) and such suspension or material limitation continues for a period of 45 consecutive trading days.

Transferability: Subject to the terms and conditions of the Convertible Securities, the Convertible Securities may be transferred in whole or in part in integral multiples of HK\$2,000,000 by the holder(s) of the Convertible Securities to any party.

CONVERSION SHARES

Subject always to the Company determining in its reasonable opinion that the allotment and issue of the Conversion Shares will not result in it breaching its obligations under the Listing Rules (including Rule 8.08 of the Listing Rules as it applies to the Company), the Conversion Shares to be allotted and issued by the Company upon conversion of the Convertible Securities will rank *pari passu* with the other Shares then outstanding on the relevant conversion date.

Based on the initial Conversion Price of HK\$18.80 per Conversion Share (subject to adjustments) and assuming full conversion of the Convertible Securities, the Convertible Securities will be convertible into 41,489,361 Conversion Shares, representing: (i) approximately 2.30% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 2.24% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares, assuming that there is no other change to the total number of Shares from the date of this announcement to the date when the Convertible Securities are converted in full.

The Conversion Shares have a maximum aggregate nominal value of HK\$20,744,681 and based on the estimated net proceeds of approximately HK\$774,000,000 and 41,489,361 Conversion Shares resulting from the conversion of the Convertible Securities at the initial Conversion Price, the net price per Conversion Share to the Company is approximately HK\$18.66.

CONVERSION PRICE

The initial Conversion Price of HK\$18.80 per Conversion Share represents:

- (i) a premium of approximately 44.17% over the closing price of HK\$13.04 per Share as quoted on the Stock Exchange on 28 March 2023, being the Trading Date immediately prior to the date of the Subscription and Placing Agency Agreement (the “**Last Trading Date**”);
- (ii) a premium of approximately 46.55% over the average closing price of HK\$12.83 per Share for the last five consecutive trading days up to and including the Last Trading Date; and

(iii) a premium of approximately 44.66 % over the average closing price of HK\$ 13.00 per Share for the last 10 consecutive trading days up to and including the Last Trading Date.

SPECIFIC MANDATE

The Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

No application will be made by the Company for the listing of the Convertible Securities on the Stock Exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal, in the Conversion Shares.

CAPITAL RAISING ACTIVITIES IN THE LAST 12 MONTHS

The Company has not raised any funds on issue of equity securities in the past 12 months immediately preceding the date of this announcement.

EFFECTS OF THE CONVERSION OF CONVERTIBLE SECURITIES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Based on the initial Conversion Price of HK\$18.80 per Conversion Share (subject to adjustments) and assuming full conversion of the Convertible Securities at the initial Conversion Price, the Convertible Securities will be convertible into 41,489,361 Conversion Shares, representing: (i) approximately 2.30% of the total number of issued Shares as at the date of this announcement; (ii) approximately 2.24% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares, assuming that there is no other change to the total number of Shares from the date of this announcement to the date when the Convertible Securities are converted in full.

The following table illustrates the shareholding structure of the Company: (i) as at the date of this announcement; (ii) immediately after the issue of Convertible Securities assuming no conversion of the Convertible Securities; and (iii) immediately after the allotment and issue of the Conversion Shares assuming full conversion of the Convertible Securities at the initial Conversion Price.

Immediately after the issue of the Convertible Securities

Shareholders	As at the date of this announcement		Assuming no conversion of the Convertible Securities		Assuming full conversion of the Convertible Securities at the initial Conversion Price	
	Number of Shares	Approximate % (Notes 1 and 2)	Number of Shares	Approximate % (Notes 1 and 2)	Number of Shares	Approximate % (Notes 1 and 2)
SF Holding (Note 3) Flourish Harmony Holdings Company Limited	931,209,117	51.52	931,209,117	51.52	931,209,117	50.37
Subscriber	-	-	-	-	41,489,361	2.24
Kerry Group Limited and its subsidiaries (Note 4)	578,384,383	32.00	578,384,383	32.00	578,384,383	31.28
Close associates of Kerry Group Limited (Note 5)	2,393,006	0.13	2,393,006	0.13	2,393,006	0.13
Sub-total for Shareholders	1,511,986,506	83.65	1,511,986,506	83.65	1,553,475,867	84.02
Directors						
KUOK Khoon Hua	600,428	0.03	600,428	0.03	600,428	0.03
MA Wing Kai William	1,169,525	0.06	1,169,525	0.06	1,169,525	0.06
CHEUNG Ping Chuen Vicky	3,332,068	0.18	3,332,068	0.18	3,332,068	0.18
WONG Yu Pok Marina	20,796	0.00	20,796	0.00	20,796	0.00
Close associates of Directors (Note 6)	981,198	0.05	981,198	0.05	981,198	0.05
Other subsidiary directors and their close associates	1,020,829	0.06	1,020,829	0.06	1,020,829	0.06
Unvested Share awards for the relevant Directors and other subsidiary directors	1,869,355	0.10	1,869,355	0.10	1,869,355	0.10
Sub-total for Directors	8,994,199	0.50	8,994,199	0.50	8,994,199	0.49
Public Shareholders	286,444,137	15.85	286,444,137	15.85	286,444,137	15.49
Total	1,807,424,842	100.00	1,807,424,842	100.00	1,848,914,203	100.00

Notes:

- Based on 1,807,424,842 Shares in issue as at the date of this announcement.
- Certain percentage figures included in the above tables have been subject to rounding adjustments.
- The Shares are held by SF Holding through (i) Flourish Harmony Holdings Company Limited, which is a beneficial owner of 931,209,117 Shares; and (ii) the Subscriber, both of which are indirect wholly-owned subsidiaries of SF Holding, which is a subsidiary of Shenzhen Mingde Holding Development Co., Ltd., and which is in turn controlled by Mr WANG Wei. Therefore, each of SF Holding, Shenzhen Mingde Holding Development Co., Ltd. and Mr WANG Wei is deemed to be interested in the shareholding interests of Flourish Harmony Holdings Company Limited and the Subscriber pursuant to the disclosure requirements under the SFO.
- The Shares are held by Kerry Group Limited's subsidiaries, being Kerry Properties Limited, Alpha Model Limited, Macromind Investments Limited, Noblespirit Corporation, Caninco Investments Limited, Darmex Holdings Limited, Glory Voice International Limited, Moslane Limited, Paruni Limited, Ban Thong Company Limited and Desert Grove Limited. Accordingly, Kerry Group Limited is deemed to be interested in the shareholding interest of each of its subsidiaries pursuant to the disclosure requirements under the SFO.
- Close associates of Kerry Group Limited comprise (i) Shang Holdings Limited, a company which is indirectly owned as to more than 30% by Kerry Group Limited; and (ii) Pristine Holdings Limited and Rosy Frontier Limited, each of which is an investment company of a discretionary trust of which Kerry Group Limited and Mr KUOK Khoon Hua are discretionary beneficiaries.
- Close associates of Directors comprise (i) Peacebright Assets Limited, an investment company of a discretionary trust of which Mr KUOK Khoon Hua is a discretionary beneficiary; and (ii) Lochtenny

Investments Limited, an investment company of a discretionary trust of which Mr KUOK Khoon Hua and Mr MA Wing Kai William are discretionary beneficiaries. Each of Mr KUOK Khoon Hua and Mr MA Wing Kai William are Directors.

REASONS FOR THE ISSUE OF CONVERTIBLE SECURITIES AND USE OF PROCEEDS

The Directors are of the view that the issue of Convertible Securities can provide the Company with additional funds at lower funding cost for the expansion of its international express delivery business in Southeast Asia, particularly to support KEX Thailand, replenishment of general working capital and repayment of existing debt. The subscription for the Convertible Securities by the Subscriber also in turn enables the Subscriber to support the Company in expanding its international express delivery business in Southeast Asia, particularly to support KEX Thailand.

The initial Conversion Price and the Issue Price were determined after arm's length negotiations between the Company, the Placing Agent and the Subscriber with reference to the closing price of the Shares quoted on the Stock Exchange on the date of the Subscription and Placing Agency Agreement.

Mr WANG Wei, the chairman of the Board and non-executive Director, is the controlling shareholder, chairman of the board of directors and general manager of SF Holding (which, in turn, wholly indirectly owns the Subscriber). Mr CHAN Fei, a non-executive Director, is the assistant chief executive officer of SF Holding and he is interested in options to subscribe for shares in SF Holding (representing approximately 0.01% in the issued share capital of SF Holding). Mr HO Chit, a non-executive Director, is a director, deputy general manager and chief financial officer of SF Holding and he is interested in options to subscribe for shares in SF Holding (representing approximately 0.01% in the issued share capital of SF Holding). Each of Mr WANG Wei, Mr CHAN Fei and Mr HO Chit therefore abstained from voting on the relevant resolutions of the Board approving the Subscription and Placing Agency Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors (other than Mr WANG Wei, Mr CHAN Fei and Mr HO Chit) has a material interest in the Subscription and Placing Agency Agreement and the transactions contemplated thereunder nor is required to abstain from voting on the resolutions passed by the Board to approve the Subscription and Placing Agency Agreement and the transactions contemplated thereunder.

In view of the above, the Board (excluding (i) the independent non-executive Directors whose views will be included in the circular after reviewing the letter from the Independent Financial Adviser, and (ii) each of Mr WANG Wei, Mr CHAN Fei and Mr HO Chit who has abstained from voting on the relevant resolutions of the Board approving the Subscription and Placing Agency Agreement and the transactions contemplated thereunder) considers that the terms of the Subscription and Placing Agency Agreement are on normal commercial terms and are fair and reasonable, and the transactions contemplated thereunder are in the interests of the Group and its shareholders as a whole.

The gross proceeds and the net proceeds from the issue of Convertible Securities will be HK\$780,000,000 and approximately HK\$774,000,000 respectively. The Company intends to utilise the net proceeds for supporting the future growth and expansion of its international express delivery business in Southeast Asia, particularly to support KEX Thailand, replenishment of working capital for general corporate purposes and repayment of existing debt.

INFORMATION OF THE GROUP

The Group is a leading Asia-based logistics service provider with a highly diversified business portfolio and global presence in 58 countries and territories. Headquartered in Hong Kong, the Group offers a

broad range of supply chain solutions from integrated logistics, international freight forwarding (air, ocean, road, rail and multimodal), industrial project logistics, to cross-border e-commerce, last-mile fulfilment and infrastructure investment.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong and is an indirect wholly owned subsidiary of SF Holding, which is a leading integrated express logistic services provider in the PRC. As at the date of this announcement, SF Holding is indirectly owned by Mr Wang Wei as to approximately 55%.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is an indirect wholly-owned subsidiary of the controlling Shareholder, SF Holding, which indirectly holds 931,209,117 Shares, representing approximately 51.52% of the total number of issued Shares. As such, the Subscriber is a connected person of the Company and the subscription of the Convertible Securities constitutes a connected transaction of the Company and is subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, the Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the Subscription and Placing Agency Agreement and the transactions contemplated thereunder (including the issue of the Convertible Securities, the allotment and issue of the Conversion Shares under the Specific Mandate and the grant of the Specific Mandate). The Subscriber and its associates will abstain from voting on the resolutions in respect of the Subscription and Placing Agency Agreement and the transactions contemplated thereunder to be proposed at the SGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Subscriber and its associates, no Shareholder has any interest in the Subscription and Placing Agency Agreement and the transactions contemplated thereunder, that is materially different from the other Shareholders. Therefore, save for the Subscriber and its associates, no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Subscription and Placing Agency Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in that regard.

A circular containing, *inter alia*: (i) information of the Subscription and Placing Agency Agreement and the transactions contemplated thereunder (including the issue of the Convertible Securities, the allotment and issue of the Conversion Shares under the Specific Mandate and the grant of the Specific Mandate); (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Subscription and Placing Agency Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and Placing Agency Agreement and the transactions contemplated thereunder; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 24 April 2023.

Completion of the Subscription and Placing Agency Agreement is subject to the fulfillment and/or waiver (as the case may be) of the conditions precedent set out in the Subscription and Placing Agency Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement have the meanings set out below:

“Actual Redemption Amount”	an amount equal to (i) the principal amount of the Convertible Securities proposed to be redeemed pursuant to any Optional Redemption Notice <i>minus</i> (ii) the principal amount of the Convertible Securities in respect of which conversion rights are exercised during the period following delivery of the relevant Optional Redemption Notice and the last day on which the conversion rights may be exercised by a holder of Convertible Securities as specified in such Optional Redemption Notice
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Closing Date”	the date falling 5 business days from the date on which all conditions precedent are satisfied (save for those conditions precedent which are only capable of being satisfied on the Closing Date itself) or such other date that the Company and the Subscriber may agree
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the price at which Conversion Shares will be allotted and issued upon conversion of the Convertible Securities which will initially be HK\$18.80 per Conversion Share, and will be subject to adjustment in the manner provided in the terms and conditions of the Convertible Securities
“Convertible Securities”	the 3.30% perpetual convertible securities in the aggregate principal amount of HK\$780,000,000 issued by the Company
“Conversion Share(s)”	Share(s) to be allotted and issued by the Company upon conversion of the Convertible Securities
“Current Market Price”	in respect of a Share on a particular date and subject to certain adjustments, the average of the daily closing prices of one Share on each of the 10 consecutive trading days ending on and including (i) the trading day immediately preceding such date or (ii) if the relevant announcement was made after the close of trading on such date (being a trading date), such date of

	announcement, subject to certain conditions as stipulated in the terms and conditions of the Convertible Securities
“Director(s)”	director(s) of the Company
“Early Redemption Amount”	an amount equal to the greater of: (i) the principal amount of the Convertible Securities, together with any distribution accrued to the date fixed for redemption (including any arrears of distribution and any additional distribution amount).; and (ii) an amount, as determined by an independent bank of international repute acting as calculation agent, equal to the sum of: (x) the present value of the principal amount of the Convertible Securities to be redeemed discounted from the Fifth Anniversary, and (y) the present value of all distributions payable (or but for any deferral, would be payable) after such redemption date (exclusive of distributions accrued to the redemption date) to, and including, the Fifth Anniversary, discounted to the redemption date on a semi-annual basis (using the actual number of days for the relevant period divided by 365) at the Swap Rate (as defined in the terms and conditions of the Convertible Securities) plus 1.00% per annum
“Fifth Anniversary”	5 years after the Closing Date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors (namely, Dr CHEUNG Wai Man, Mr LAI Sau Cheong Simon, Mr TAN Chuen Yan Paul and Ms WONG Yu Pok Marina), established for the purpose of advising the Independent Shareholders in relation to the terms of the Subscription and Placing Agency Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and Placing Agency Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than those who are required to abstain from voting on the resolutions at the SGM approving the Subscription and Placing Agency Agreement and the transactions contemplated thereunder
“Issue Price”	100.0%

“KEX Thailand”	Kerry Express (Thailand) Public Company Limited, a public company with limited liability registered in Thailand and listed on The Stock Exchange of Thailand (stock code: KEX), and a subsidiary of the Company
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Placing Agent”	Natixis, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
“PRC”	the People’s Republic of China
“Regulation S”	Regulation S under the Securities Act
“Securities Act”	the US Securities Act of 1933, as amended
“SF Holding”	S.F. Holding Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002352.SZ)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for considering and, if thought fit, approving the Subscription and Placing Agency Agreement and the transactions contemplated thereunder (including the issue of the Convertible Securities, the allotment and issue of the Conversion Shares under the Specific Mandate and the grant of the Specific Mandate)
“Share(s)”	share(s) of nominal value of HK\$0.50 each in the Company or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM to authorise the Board to issue the Convertible Securities, and to allot, issue and deal with the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	SF Holding Limited, a company incorporated in Hong Kong, and an indirect wholly-owned subsidiary of SF Holding

“Subscription and Placing Agency Agreement”	the subscription and placing agency agreement dated 29 March 2023 between the Company, the Placing Agent and the Subscriber relating to the issue of Convertible Securities
“Trading Day”	a day on which trading of the Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time
“US” or “United States”	The United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“%”	per cent

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

Hong Kong, 29 March 2023

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

Chairman, Non-executive Director:
Mr WANG Wei

Vice Chairman, Non-executive Director:
Mr KUOK Khoon Hua

Executive Directors:
Mr MA Wing Kai William and Mr CHEUNG Ping Chuen Vicky

Non-executive Directors:
Mr CHAN Fei, Mr HO Chit and Ms CHEN Keren

Independent Non-executive Directors:
Dr CHEUNG Wai Man, Mr LAI Sau Cheong Simon, Mr TAN Chuen Yan Paul and Ms WONG Yu Pok Marina

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