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嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website:www.kerryprops.com

(Stock Code: 683)

**MAJOR AND CONNECTED TRANSACTIONS:
DISPOSAL OF SHARES IN KERRY LOGISTICS NETWORK LIMITED
PURSUANT TO THE CONTROLLING SHAREHOLDERS IRREVOCABLE
UNDERTAKING AND THE PARTICIPATION AGREEMENT
AND
THE SHAREHOLDERS' AGREEMENT**

Reference is made to the Joint Announcement, pursuant to which the Offeror (an indirectly wholly-owned subsidiary of the Offeror Parent, namely S.F. Holding Co., Ltd.), KLN and the Company jointly announced 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 the shareholders of KLN to acquire 931,209,117 KLN Shares (representing approximately 51.8% of the KLN Shares in issue as at the date of the Joint Announcement and approximately 51.5% of the KLN Shares in issue as at the date of the Joint Announcement on a Fully-Diluted Basis), at the Offer Price of HK\$18.80 per Offer Share.

PARTIAL OFFER AND PROPOSED DISPOSAL OF KLN SHARES

(i) KPL Irrevocable Undertaking

On 30 March 2021, in connection with the Partial Offer and the proposed participation in the Partial Offer by the Company, the Company entered into the KPL Irrevocable Undertaking in favour of the Offeror under which the Company has undertaken to accept or procure the acceptance of the Partial Offer in respect of 364,496,510 KLN Shares (the “**Relevant Undertaking Shares**”, representing approximately 50.7% of the KLN Shares held by the Company as at the date of this announcement).

* For identification purpose only

(ii) Participation Agreement

On 30 March 2021, in connection with the Partial Offer, the Company entered into the Participation Agreement with Kerry Holdings, pursuant to which the Company and Kerry Holdings agreed that any tendering of additional KLN Shares in excess of the obligations under the Controlling Shareholders Irrevocable Undertakings into the Partial Offer and the number of KLN Shares which are the subject of the Placing Agreements to be entered into by the Relevant KLN Controlling Shareholders, shall be on a pro rata basis by reference to, on the one hand, the Company's holding of KLN Shares, and on the other hand, the holding of KLN Shares by the Relevant KLN Controlling Shareholders (other than the Company), in each case as at the date of the Participation Agreement.

SHAREHOLDERS' AGREEMENT

As disclosed in the Joint Announcement, in connection with the Partial Offer, the Company also entered into the Shareholders' Agreement with Kerry Holdings, the Offeror and the Offeror Parent regarding certain corporate governance matters in relation to KLN.

LISTING RULES IMPLICATIONS

Assuming the Company validly accepts the Partial Offer in respect of all the Relevant Undertaking Shares pursuant to the KPL Irrevocable Undertaking, as one or more of the applicable percentage ratios under Rule 14.07 is expected to be 25% or more but all are less than 75%, the KPL Irrevocable Undertaking constitutes a major transaction of the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement and as disclosed by Kerry Holdings pursuant to the Securities and Futures Ordinance, Kerry Holdings is interested in 746,230,656 Shares in the Company, representing approximately 51.23% of the existing issued Shares. Therefore, Kerry Holdings is a controlling shareholder and a connected person of the Company.

Pursuant to Rule 14A.20(1) of the Listing Rules, the Offeror is deemed to be a connected person of the Company since the Offeror proposes to enter into a transaction with the Company, namely the KPL Irrevocable Undertaking, and the Offeror also proposes to enter into the Controlling Shareholders Irrevocable Undertakings with the Relevant KLN Controlling Shareholders, including subsidiaries of Kerry Holdings which are connected persons of the Company under the Listing Rules. As such, the KPL Irrevocable Undertaking also constitutes a connected transaction of the Company under the Listing Rules and would be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Kerry Holdings is a controlling shareholder and a connected person of the Company, the Participation Agreement and the Shareholders' Agreement constitute connected transactions of the Company under the Listing Rules and would be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, Kerry Holdings and its associates will abstain from voting on the resolutions to be tabled to approve the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders' Agreement at the SGM.

Completion of the Partial Offer is subject to pre-conditions and conditions being satisfied (or waived) and therefore the Partial Offer may or may not become unconditional and may or may not be completed. The issuance of this announcement and the entering into of the KPL Irrevocable Undertaking do not in any way imply that the Partial Offer will become unconditional. Shareholders and/or potential investors of the Company should note that the completion of the Partial Offer is subject to the pre-conditions and conditions being satisfied (or waived) and therefore the Partial Offer and the transactions contemplated herein may or may not become unconditional and may or may not be completed. Accordingly, Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the Joint Announcement, pursuant to which the Offeror (an indirectly wholly-owned subsidiary of the Offeror Parent, namely S.F. Holding Co., Ltd.), KLN and the Company jointly announced 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 the shareholders of KLN to acquire 931,209,117 KLN Shares (representing approximately 51.8% of the KLN Shares in issue as at the date of the Joint Announcement and approximately 51.5% of the KLN Shares in issue as at the date of the Joint Announcement on a Fully-Diluted Basis), at the Offer Price of HK\$18.80 per Offer Share. Unless otherwise stated or defined herein, capitalised terms used in the Joint Announcement shall have the same meanings when used herein.

In connection with the Partial Offer, on 30 March 2021 (after trading hours), the Company executed (i) the KPL Irrevocable Undertaking in favour of the Offeror, under which the Company has undertaken to accept or procure the acceptance of the Partial Offer in respect of the Relevant Undertaking Shares, in accordance with the terms of the KPL Irrevocable Undertaking; and (ii) the Participation Agreement with Kerry Holdings to regulate any sales by the Relevant KLN Controlling Shareholders of KLN Shares into the Partial Offer or pursuant to the Placing Agreements.

As disclosed in the Joint Announcement, the Company also entered into the Shareholders' Agreement with Kerry Holdings, the Offeror and the Offeror Parent regarding certain corporate governance matters in relation to KLN.

PARTIAL OFFER AND PROPOSED DISPOSAL OF KLN SHARES

As at the date of this announcement, the Company holds 718,340,998 KLN Shares, representing approximately 39.7% of the KLN Shares in issue as at the date of the Joint Announcement on a Fully-Diluted Basis.

As set out in the Joint Announcement, 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 the shareholders of KLN to acquire 931,209,117 KLN Shares (representing approximately 51.8% of the KLN Shares in issue as at the date of the Joint Announcement and approximately 51.5% of the KLN Shares in issue as at the date of the Joint Announcement on a Fully-Diluted Basis), at the Offer Price of HK\$18.80 per Offer Share.

The making of the Partial Offer is subject to satisfaction or waiver (where applicable) of the Pre-Conditions, which include among others:

- (i) the KLN Controlling Shareholders (including the Company) duly executing and delivering to the Offeror the Controlling Shareholders Irrevocable Undertakings (including the KPL Irrevocable Undertaking), in each case in favour of the Offeror no later than three business days (or such later date parties may agree) after the announcement of the annual results for the year ended 31 December 2020 by KLN;
- (ii) approval by the Independent Shareholders of the disposal of part of the Company's shareholding in KLN pursuant to the KPL 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 Chapters 14 and 14A of the Listing Rules or the grant by the Stock Exchange of a waiver from the need to obtain such approval; and
- (iii) the KLN Controlling Shareholders (including the Company) having entered into the Placing Agreements with one or more purchasers (each of which is not a connected person of KLN 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 Placing Agreements hold any KLN Shares) to sell in aggregate up to approximately 6.9% of the total issued KLN Shares as at the date of the Joint Announcement if and to the extent the number of KLN Shares held by the public comprise less than 15.0% of the total issued KLN Shares immediately following the Final Closing Date (other than due to the holdings of KLN Shares by any persons nominated by the Offeror as directors of KLN or of any close associates of the Offeror or any such nominee director of KLN).

The Pre-Condition set out in paragraph (i) above is waivable by the Offeror, and Pre-Condition set out in paragraph (iii) above is waivable by the Offeror with the prior written consent of KLN. Further details of the Pre-Conditions and conditions of the Partial Offer are set out in the Joint Announcement.

The Partial Offer, if made, will be subject to certain Conditions.

Settlement of the consideration payable by the Offeror in respect of acceptance of the Partial 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 of the Partial Offer and the basis upon which the Offer Price was determined are set out in the Joint Announcement.

Completion of the Partial Offer is subject to pre-conditions and conditions being satisfied (or waived) and therefore the Partial Offer may or may not become unconditional and may or may not be completed. The issuance of this announcement and the entering into of the KPL Irrevocable Undertaking do not in any way imply that the Partial Offer will become unconditional. Shareholders and potential investors of the Company should note that the Partial Offer, if made, will be subject to the satisfaction of the Conditions. Accordingly, the Partial 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.

1. KPL Irrevocable Undertaking

In connection with the Partial Offer and the proposed participation in the Partial Offer by the Company, the Company entered into the KPL Irrevocable Undertaking in favour of the Offeror under which the Company has undertaken to accept or procure the acceptance of the Partial Offer in respect of the Relevant Undertaking Shares.

Principal terms of the KPL Irrevocable Undertaking are set out below.

Date

30 March 2021

Undertakings by the Company

Pursuant to the KPL Irrevocable Undertaking:

- (i) Subject to relevant termination events, the Company irrevocably and unconditionally undertakes to the Offeror that: (a) as soon as possible after the commencement of the Acceptance Period, and in any event no later than the third business day (as defined in the Takeovers Code) of the Acceptance Period, the Company shall duly accept or procure acceptance of the Partial Offer in accordance with its terms in respect of the Relevant Undertaking Shares by submitting or procuring the submission of the completed form of approval and acceptance in order to effect the acceptance of the Offer, and to transfer or procure the transfer to the Offeror such Relevant Undertaking Shares as are taken up by it pursuant to the Partial Offer; and (b) notwithstanding terms of the Composite Document, the Company shall not withdraw any acceptance of the Partial Offer in respect of any Relevant Undertaking Shares and shall procure that no rights to withdraw any acceptance in respect of any of the Relevant Undertaking Shares are exercised.

- (ii) The Company undertakes to the Offeror that, other than pursuant to the Partial Offer, the Company shall not prior to the earlier of the Partial Offer closing on the Final Closing Date (or becoming or being declared unconditional in all respects) or lapsing or being withdrawn: (a) other than usual brokers' or bankers' liens or assurances provided to the Hong Kong Securities Clearing Company Limited (HKSCC), sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit any of the above actions over all or any of the Relevant Undertaking Shares or interest in the Relevant Undertaking Shares, or accept any other offer in respect of all or any of the Relevant Undertaking Shares; or (b) enter into any agreement or arrangement or permit any agreement or arrangement to be entered into or incur any obligation or permit any obligation to arise to do all or any of the acts referred to in (a) above or which would or might restrict or otherwise preclude the Company from complying with its obligations under the KPL Irrevocable Undertaking as described in paragraph (i) above.

Termination

The Company's undertakings given in the KPL Irrevocable Undertaking shall terminate automatically if, without the prior written consent of the KLN Controlling Shareholders,

- (i) any of the Pre-Conditions (iv), (viii), (ix), (xiv), (xv) and (xvi) set out in the section of the Joint Announcement headed "*The Partial Offer and the Option Offer – Pre-Conditions to the Partial Offer and the Option Offer*" are waived; or
- (ii) save for the Taiwan Business Sale, KLN 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),

or if any of the Pre-Conditions have not been satisfied or (without prejudice to paragraph (i) above) waived by the Long Stop Date or the Partial Offer does not otherwise become unconditional in all respects, is withdrawn or lapses.

2. Participation Agreement

In connection with the Partial Offer, the Company may tender more KLN Shares for acceptance than is required under the KPL Irrevocable Undertaking 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 KLN Shares pursuant to the Placing Agreements.

The Company entered into the Participation Agreement with Kerry Holdings to regulate any sales by the Relevant KLN Controlling Shareholders of KLN Shares into the Partial Offer or pursuant to the Placing Agreements.

Principal terms of the Participation Agreement are set out below.

Date

30 March 2021

Undertakings by the Company

Pursuant to the Participation Agreement, the Company and Kerry Holdings agreed that any tendering of additional KLN Shares in excess of the obligations under the Controlling Shareholders Irrevocable Undertakings into the Partial Offer and the number of KLN Shares which are the subject of the Placing Agreements to be entered into by the Relevant KLN Controlling Shareholders, shall be on a pro rata basis by reference to, on the one hand, the Company's holding of KLN Shares, and on the other hand, the holding of KLN Shares by the Relevant KLN Controlling Shareholders (other than the Company), in each case as at the date of the Participation Agreement.

For the avoidance of doubt, nothing in the Participation Agreement requires every KLN Controlling Shareholder to enter into the Controlling Shareholders Irrevocable Undertakings provided that the aggregate number of KLN Shares which are the subject of the Controlling Shareholders Irrevocable Undertakings is 575,545,164 KLN Shares.

SHAREHOLDERS' AGREEMENT

As disclosed in the Joint Announcement, in connection with the Partial Offer, the Company also entered into the Shareholders' Agreement with Kerry Holdings, the Offeror and the Offeror Parent regarding certain corporate governance matters in relation to KLN.

The principal terms of the Shareholders' Agreement, including the board composition of KLN, reserved matters, business arrangements and public float, have been summarised in the Joint Announcement.

The Shareholders' Agreement is conditional upon KLN's 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.

USE OF PROCEEDS

The net proceeds to be received by the Company from the Partial Offer (upon the Partial Offer becoming or being declared unconditional in all respects) is dependent on the number of KLN Shares tendered by the Company into the Partial Offer which is validly accepted by the Offeror. The number of KLN Shares tendered by the Company into the Partial Offer which is validly accepted by the Offeror, in turn, is dependent on the number of KLN Shares tendered into the Partial Offer by other shareholders of KLN. The greater the number of KLN Shares tendered into the Partial Offer by other shareholders of KLN, the lesser the number of KLN Shares held by the Company which will be validly accepted by the Offeror.

Taking into account such uncertainty, the Company announced on 18 March 2021 that it expects to receive net proceeds of not less than HK\$11,000 million, comprising the Offer Price for an estimate of the KLN Shares tendered by the Company pursuant to the KPL Irrevocable Undertaking which are expected to be validly accepted into the Partial Offer and the special dividend per KLN Share to be declared by KLN.

Conditional upon completion of the Disposal, the Company intends to declare a Special Dividend to distribute approximately 25% to 30% of such net proceeds to all those Shareholders on record on the relevant record date to be announced by the Company. Further details of the Special Dividend and record date for determining Shareholders' entitlement to the Special Dividend, if declared, will be announced in due course. For the avoidance of doubt, there is no assurance that the Partial Offer and the Share Sale will complete or that the Special Dividend will be declared.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL OF KLN SHARES

If all Relevant Undertaking Shares are validly accepted into the Partial Offer, the gross proceeds from the Disposal would be approximately HK\$6,853 million. Taking into consideration such gross proceeds and the carrying value of the Company's investment in KLN as at 31 December 2020 (as set out in the Company's audited consolidated accounts for the year ended 31 December 2020 without adjustments for any events occurring after 31 December 2020, including without limitation any KLN dividends which may be paid after 31 December 2020 (such as the proposed final dividend of 23.8 HK cents per KLN Share for the year ended 31 December 2020)), the Group estimates the gains attributable to Shareholders arising from the Disposal to be approximately HK\$2.4 per KLN Share sold into the Partial Offer.

KLN will continue to be accounted for as an associate of the Company following the completion of the Disposal and the Shareholders' Agreement.

LISTING RULES IMPLICATIONS IN RESPECT OF THE PROPOSED DISPOSAL OF KLN SHARES

Assuming the Company validly accepts the Partial Offer in respect of all the Relevant Undertaking Shares pursuant to the KPL Irrevocable Undertaking, as one or more of the applicable percentage ratios under Rule 14.07 is expected to be 25% or more but all are less than 75%, the KPL Irrevocable Undertaking constitutes a major transaction of the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement and as disclosed by Kerry Holdings pursuant to the Securities and Futures Ordinance, Kerry Holdings is interested in 746,230,656 Shares in the Company, representing approximately 51.23% of the existing issued Shares. Therefore, Kerry Holdings is a controlling shareholder and a connected person of the Company.

Pursuant to Rule 14A.20(1) of the Listing Rules, the Offeror is deemed to be a connected person of the Company since the Offeror proposes to enter into a transaction with the Company, namely KPL Irrevocable Undertaking, and the Offeror also proposes to enter into the Controlling Shareholders Irrevocable Undertakings with the Relevant KLN Controlling Shareholders, including subsidiaries of Kerry Holdings which are connected persons of the Company under the Listing Rules. As such, the KPL Irrevocable Undertaking also constitutes a connected transaction of the Company under the Listing Rules and would be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Kerry Holdings is a controlling shareholder and a connected person of the Company, the Participation Agreement and the Shareholders' Agreement constitute connected transactions of the Company under the Listing Rules and would be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, Kerry Holdings and its associates will abstain from voting on the resolutions to be tabled to approve the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders' Agreement at the SGM.

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

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL OF KLN SHARES AND THE SHAREHOLDERS' AGREEMENT

Conditional upon completion of the Partial Offer and the Warehouses Sale, the Company will be able to lock in significant value via (i) the Partial Offer, and (ii) the special dividend declared by KLN. In addition, the Company also has the opportunity to enjoy further potential upside from any retained ownership in KLN post the Partial Offer as a result of the current structure of the Partial Offer and related transactions.

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

- (i) will receive a payment of HK\$18.80 in cash for every KLN Share in respect of which it 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 KLN Share declared by KLN; and
- (iii) will have the opportunity of retaining an interest in KLN going forward and benefiting from the partnership of two complementary businesses.

Having considered the Company's obligations under the KPL Irrevocable Undertakings, the Participation Agreement and the Shareholders' Agreement, the Directors (excluding the members of the Independent Board Committee whose view will be given after having been advised by the Independent Financial Adviser) believe that the terms of the KPL Irrevocable Undertakings, the Participation Agreement and the Shareholders' Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

MISCELLANEOUS

Information about the Group

The Company is incorporated under the laws of Bermuda as an exempted company with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding and the principal activities of the Company's subsidiaries, associates and joint ventures comprise property development, investment and management in Hong Kong, the People's Republic of China and the Asia Pacific region; hotel ownership in Hong Kong, and hotel ownership and operations in the People's Republic of China; and integrated logistics and international freight forwarding.

Information about Kerry Holdings

Kerry Holdings is incorporated in Hong Kong and is a wholly owned subsidiary of Kerry Group Limited. Kerry Holdings is an investment holding company and is a substantial shareholder of the Company, Shangri-La Asia Limited and KLN (all of which are listed in Hong Kong).

Information about the KLN Group

KLN Group's core business encompasses integrated logistics, international freight forwarding and supply chain solutions. With headquarters in Hong Kong, the KLN 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.

The net assets of KLN as at 31 December 2020 based on KLN's annual results for the year ended 31 December 2020 amounted to approximately HK\$32,480 million. The audited net profits before and after taxation of KLN for the year ended 31 December 2020 amounted to approximately HK\$4,242 million and HK\$3,470 million, respectively. The audited net profits before and after taxation of KLN for the year ended 31 December 2019 amounted to HK\$4,928 million and HK\$4,339 million, respectively.

As at 31 December 2020, the total carrying value of the Company's investment in KLN was HK\$11,781 million. Therefore, the carrying value of the Relevant Undertaking Shares is HK\$5,978 million.

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 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 as to 99.9%.

GENERAL

The Independent Board Committee was established to consider the terms of the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders' Agreement and to advise the Independent Shareholders on whether the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders' Agreement are in the interests of the Company and the Shareholders as a whole, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The Independent Board Committee comprises Mr. CHANG Tso Tung, Stephen and Mr. HUI Chun Yue, David, being all INEDs other than Ms. WONG Yu Pok, Marina who is also an independent non-executive director of KLN.

Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in relation to, among others, the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders' Agreement.

A circular containing, among others, (i) information on the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders' Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders' Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders' Agreement; and (iv) a notice of convening the SGM, will be despatched to the Shareholders on or before 5 May 2021, which is more than 15 business days from the date of this announcement in view of the estimated time required for the preparation of certain financial information required to be included in the circular under the Listing Rules.

DEFINITIONS

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

“Acceptance Period”	the period in which the Partial Offer is open for acceptance;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Company”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Composite Document”	the composite document to be jointly issued by the Offeror and KLN in connection with the Partial Offer and the Option Offer in compliance with the Takeovers Code;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Controlling Shareholders Irrevocable Undertakings”	the irrevocable undertakings dated 30 March 2021 provided to the Offeror by the Relevant KLN Controlling Shareholders in favour of the Offeror in relation to the Partial Offer, which includes the KPL Irrevocable Undertaking;
“Despatch Date”	the date of despatch of the Composite Document to the shareholders of KLN as required by the Takeovers Code;
“Directors”	the directors of the Company;

“Disposal”	disposal of KLN Shares held by the Company pursuant to the KPL Irrevocable Undertaking;
“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;
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegates of the Executive Director;
“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;
“Fully-Diluted Basis”	(in the context of the number of KLN Shares in issue) means such number of KLN Shares on the assumption that all the outstanding KLN Share Options have been exercised in full;
“Greater China”	for the purpose of this 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;
“Independent Board Committee”	the independent committee of the Board (comprising Mr. CHANG Tso Tung, Stephen and Mr. HUI Chun Yue, David, being all INEDs other than Ms. WONG Yu Pok, Marina who is also an independent non-executive director of KLN) established for the purpose of advising the Independent Shareholders in respect of the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders’ Agreement pursuant to the Listing Rules;
“Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, the independent financial adviser to the Independent Board Committee appointed in respect of the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders’ Agreement;
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the SGM of the Company to be convened to consider and, if thought fit, approve the KPL Irrevocable Undertaking, the Participation Agreement and the Shareholders’ Agreement;

“INEDs”	the independent non-executive directors of the Company;
“Joint Announcement”	the announcement jointly published by the Offeror, KLN and the Company on 10 February 2021;
“Kerry Holdings”	Kerry Holdings Limited, a company incorporated in Hong Kong, which at the date of this announcement, is the controlling shareholder of the Company;
“KLN”	Kerry Logistics Network Limited, incorporated in the British Virgin Islands and continued into Bermuda to become an exempted company with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“KLN Controlling Shareholders”	controlling shareholders of KLN, being Kerry Holdings, Kerry Group Limited and their respective subsidiaries which hold KLN Shares, being the Company, 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;
“KLN Group”	KLN and its subsidiaries;
“KLN Share”	an ordinary share of par value of HK\$0.50 each in the share capital of KLN, and “KLN Shares” shall be construed accordingly;
“KLN Share Options”	outstanding options over KLN Shares granted pursuant to the pre-IPO share option scheme adopted by KLN on 25 November 2013, where one KLN Share Option represents the right to subscribe for one KLN Share with an exercise price of HK\$10.2 for each KLN Share;
“KPL Irrevocable Undertaking”	the irrevocable undertakings dated 30 March 2021 provided to the Offeror by the Company in favour of the Offeror in relation to the Partial Offer;
“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 the Joint Announcement, or such other date as the Offeror and the KLN Controlling Shareholders may agree in writing;
“Offeror”	Flourish Harmony Holdings Company Limited, a company incorporated in the Cayman Islands, that is indirectly wholly-owned by the Offeror Parent;
“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 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;
“Offer Price”	HK\$18.80 for each Offer Share payable by the Offeror to the shareholders of KLN accepting the Partial Offer;
“Offer Share”	the KLN Shares subject to the Partial Offer, being 931,209,117 KLN Shares, and “Offer Share” shall be construed accordingly;
“Option Offer”	the appropriate partial offer to be made by the Offeror to the holders of the KLN Share Options to cancel such number of outstanding KLN Share Options representing 51.8% of the outstanding KLN Share Options as at the Final Closing Date pursuant to Rule 13 of the Takeovers Code;
“Partial Offer”	the pre-conditional voluntary partial cash offer to be made by J.P. Morgan on behalf of the Offeror to the shareholders of KLN to acquire 931,209,117 KLN Shares on the terms and conditions set out in the Joint Announcement and to be set out in the Composite Document, and in compliance with the Takeovers Code;
“Participation Agreement”	the participation agreement dated 30 March 2021 entered into between the Company and Kerry Holdings, pursuant to which the Company and Kerry Holdings agreed on pro rata participation in the Partial Offer and the Placing Agreements;
“percentage ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules;

“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 the Joint Announcement;
“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 the Joint Announcement;
“Relevant KLN Controlling Shareholders”	all the KLN Controlling Shareholders which directly hold KLN Shares (being all the KLN Controlling Shareholders other than Kerry Holdings and Kerry Group Limited);
“Relevant Undertaking Shares”	364,496,510 KLN Shares (representing approximately 50.7% of the KLN Shares held by the Company as at the date of this announcement on a Fully-Diluted Basis), which shall be tendered by the Company for acceptance of the Partial Offer pursuant to the KPL Irrevocable Undertaking;
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve and the KPL Irrevocable Undertaking, the Participation Agreement, and the Shareholders’ Agreement;
“Shareholder”	a holder of any Shares, and “Shareholders” shall be construed accordingly;
“Shareholders’ Agreement”	the shareholders’ agreement entered into between the Offeror, the Offeror Parent, Kerry Holdings and the Company for the purpose of, among other things, setting out their mutual agreement regarding the corporate governance of KLN and their respective rights and obligations after completion of the Partial Offer;
“Share”	an ordinary share of HK\$1.00 each in the capital of the Company, and “Shares” shall be construed accordingly;
“Special Dividend”	conditional upon completion of the Disposal, a special dividend to be declared by the Company to distribute approximately 25% to 30% of the net proceeds of the Disposal to those Shareholders who are shareholders of record as at the relevant record date;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Taiwan Business”	the entire issued share capital of Kerry Logistics (Taiwan) Investments Limited and Pan Asia Airlines Investment Limited, which hold equity interests of certain companies that carry on the international freight forwarding and coffee trading business of KLN in Taiwan, and indirectly holds approximately 49.7% shareholding interest in Kerry TJ Logistics Company Limited, a company listed on the Taiwan Stock Exchange;
“Taiwan Business Sale”	the proposed sale of the Taiwan Business by KLN to Treasure Seeker Group Limited, a wholly owned subsidiary of Kerry Holdings;
“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 KLN as at the date of the Joint Announcement, and each a direct or indirect owner of the Target Warehouses;

“Undertaking Shares”	575,545,164 KLN Shares (representing approximately 31.8% of the KLN Shares in issue as at the date of this announcement on a Fully-Diluted Basis), which shall be tendered by the Relevant KLN Controlling Shareholders for acceptance of the Partial Offer pursuant to the Controlling Shareholders Irrevocable Undertaking; and
“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 KLN) to Urban Treasure Holdings Limited (a wholly-owned subsidiary of Kerry Holdings).

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

Hong Kong, 30 March 2021

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

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 the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.