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**Flourish Harmony Holdings Company
Limited**

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



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

(Incorporated in the British Virgin Islands and continued into
Bermuda as an exempted company with limited liability)
website: www.kln.com

Stock Code: 636

JOINT ANNOUNCEMENT

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

CLOSE OF THE OFFERS

Reference is made to the composite offer document dated 12 August 2021 jointly issued by the Offeror and the Company (the “**Composite Document**”), the announcement jointly published by the Offeror and the Company on 2 September 2021 in relation to the Partial Offer becoming unconditional in all respects and the announcement jointly published by the Offeror and the Company on 15 September 2021 in relation to the level of acceptances of the Offers on 15 September 2021. Unless otherwise defined, capitalised terms used in this joint announcement shall have the same meanings as those defined in the Composite Document.

CLOSE OF THE OFFERS AND LEVEL OF ACCEPTANCES OF THE OFFERS AND LEVEL OF APPROVAL OF THE PARTIAL OFFER

The Offers closed on 16 September 2021, being the Final Closing Date.

As at 4:00 p.m. on the date of this joint announcement (being the latest time and date for acceptance of the Offers), the Offeror had received:

- (i) valid acceptances of the Partial Offer in respect of 1,039,275,219 Shares, representing approximately 57.5% of the Shares in issue and approximately 57.5% of the total number of Shares in issue on a Fully-Diluted Basis, in each case as at the date of this joint announcement;
- (ii) approval of the Partial Offer by Qualifying Shareholders holding 336,924,132 Shares, representing approximately 53.5% of the total number of Shares held by Qualifying Shareholders and approximately 18.6% of the total number of Shares in issue on a Fully-Diluted Basis, in each case as at the date of this joint announcement; and
- (iii) no valid acceptance of the Option Offer.

BASIS OF THE PRO RATA ENTITLEMENT

Partial Offer

The total number of Offer Shares to be taken up by the Offeror pursuant to the Partial Offer is 931,209,117 Shares. As valid acceptances were received for 1,039,275,219 Shares, which is more than 931,209,117 Shares, the total number of Shares to be taken up by the Offeror from each Accepting Shareholder will be determined in accordance with the following formula:

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

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

B = 1,039,275,219 Shares, being the total number of Offer Shares tendered by all Shareholders under the Partial Offer

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

As a total of 1,039,275,219 Shares were tendered for acceptance by the Shareholders, only 89.6% of the Shares tendered for acceptance by an Accepting Shareholder will be taken up by the Offeror. Fractions of Shares will not be taken up under the Partial Offer and, accordingly, the number of Shares that the Offeror will take up from each Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

Option Offer

As the Offeror has received no valid acceptance of the Option Offer, no Share Option will be taken up by the Offeror.

SETTLEMENT OF THE PARTIAL OFFER

Remittances in respect of the Offer Shares for which the Partial Offer was accepted and which are taken up by the Offeror (after deducting seller's ad valorem stamp duty and, if applicable, the fees payable to the Share Registrar in respect of lost or unavailable Share certificates) will be posted to the relevant Accepting Shareholders by ordinary post at their own risk as soon as possible but in any event within seven Business Days following the Final Closing Date, being 28 September 2021. Any Share certificate(s) and/or any transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for Shares in respect of which the Partial Offer was accepted but which are not taken up by the Offeror will be posted to the relevant Accepting Shareholders by ordinary post at their own risk as soon as possible but in any event within ten days following the Final Closing Date.

ODD LOT ARRANGEMENTS

As set out in the Composite Document, Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, Guotai Junan Securities (Hong Kong) Limited, whose address is at 27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong (telephone number: 22500855, office hours: 9:00 a.m. to 4:00 p.m.), has been appointed as the designated agent to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks following the closing of the Partial Offer (being 17 September 2021 to 28 October 2021) to enable such Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 500 Shares each. Shareholders should note that the matching of odd lots is not guaranteed. Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of the odd lots matching agent set out above. Shareholders who are in any doubt about the matching arrangements described above are recommended to consult their own professional advisers.

SPECIAL DEALS

Completion of the Taiwan Business Sale

Following the Partial Offer being declared unconditional in all respects on 2 September 2021, the Company is pleased to announce that the conditions of the Taiwan Business Sale Agreement were satisfied and that the Taiwan Business Sale Agreement became unconditional. The Company expects completion to take place in accordance with the Taiwan Business Sale Agreement on 27 September 2021, being the earlier of (i) the seventh business day after the Final Closing Date; and (ii) the business day immediately before the day on which the Offeror Parent or its wholly-owned subsidiaries become a member on the register of members of the Company upon acquiring the title to the Shares under the Partial Offer.

Completion of the Warehouses Sale

Following the Partial Offer being declared unconditional in all respects on 2 September 2021, the conditions of the Warehouses Sale Agreement were satisfied and that the Warehouses Sale Agreement became unconditional. The Company expects completion to take place in accordance with the Warehouses Sale Agreement on 4 October 2021, being the third business day after the date on which the cheques for the Offer Price have been despatched to Shareholders under the Partial Offer.

As set out in the announcement of the Company dated 3 September 2021, substantially all of the proceeds from the Warehouses Sale will be distributed by way of the Special Dividend of HK\$7.28 per Share to all those Shareholders who are Shareholders as at the record date of the Special Dividend, i.e. 15 September 2021, and the Special Dividend will be paid on 5 October 2021.

Shareholders' Agreement and the effectiveness of the amendment to the Bye-laws

Following the Partial Offer being declared unconditional in all respects on 2 September 2021, the Shareholders' Agreement became unconditional. The amendments to the Bye-laws, which were proposed in order to align and facilitate certain arrangements under the Shareholders' Agreement, have taken effect in accordance with the Shareholders' Agreement on 16 September 2021, being the Final Closing Date. Further details in relation to the amendments to the Bye-laws are set out in the circular of the Company dated 3 May 2021 and the supplemental announcement of the Company dated 7 May 2021.

The full text of the amended and restated Bye-laws will also be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kln.com).

PLACING OF SHARES BY THE CONTROLLING SHAREHOLDERS

On the basis of the total number of Shares to be taken up by the Offeror from each Accepting Shareholder determined in accordance with the formula set out in the paragraph headed “BASIS OF THE PRO RATA ENTITLEMENT”, it is expected that (i) the Offeror would hold an aggregate of 931,209,117 Shares (representing approximately 51.5% of the total number of Shares in issue); (ii) the Controlling Shareholders, the Executive Directors, the Controlling Shareholders Close Associates, the Executive Directors Close Associates and the Relevant Directors (excluding the Executive Directors) and close associates of the Relevant Director (excluding the Executive Directors Close Associates) would hold an aggregate of 626,859,635 Shares (representing approximately 34.7% of the total number of Shares in issue); and (iii) there are 1,893,394 Unvested Share awards for Relevant Directors (representing approximately 0.1% of the total number of Shares in issue). As each of the Offeror, the Controlling Shareholders, the Executive Directors, the Controlling Shareholders Close Associates, the Executive Directors Close Associates, the Relevant Directors (excluding the Executive Directors) and close associates of the Relevant Director (excluding the Executive Directors Close Associates) are core connected persons of the Company (as defined under the Listing Rules), Shares and Unvested Share awards held by each of them will not be regarded as being “in public hands” and only 13.7% of Shares will be held by the public.

As disclosed in the Composite Document and pursuant to the Shareholders’ Agreement, for the purposes of ensuring a minimum public float of 15.0% of the total issued Shares following the completion of the Partial Offer, the Controlling Shareholders have agreed to place down up to 6.9% of the total issued Shares as at the date of the Joint Announcement, and the Offeror has agreed to take action to maintain the minimum public float to the extent necessary in excess of 6.9% of the total issued Shares or otherwise due to the holdings of any Directors nominated by the Offeror or of any close associates of the Offeror or any such nominee Director.

The Offeror confirms that, none of the Directors nominated by the Offeror or of any close associates of the Offeror or any such nominee Director currently hold Shares as at the Final Closing Date. As a result, pursuant to the Placing Agreements, a total of 23,753,116 Shares (representing approximately 1.3% of the total issued Shares) will be placed by the Controlling Shareholders to places who do not hold any Shares as at the Final Closing Date. Completion of the Placing Agreements will take place on 27 September 2021.

PUBLIC FLOAT

Immediately after completion of the Partial Offer and the Placing Agreements, (i) the Offeror will hold a total of 931,209,117 Shares (representing approximately 51.5% of the total number of Shares in issue), and (ii) the Controlling Shareholders, the Executive Directors, the Controlling Shareholders Close Associates, the Executive Directors Close Associates, the Relevant Directors (excluding the Executive Directors) and close associates of the Relevant Director (excluding the Executive Directors Close Associates) will hold an aggregate of 603,106,519 Shares and 1,893,394 Unvested Share awards, representing in aggregate approximately 33.5% of the total number of Shares in issue.

As a result, the public float of the Company will be approximately 15.0% following completion of the Partial Offer and the Placing Agreements, which satisfies the minimum public float requirement of 15.0% as permitted by the Stock Exchange pursuant to a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules.

TIMETABLE

The timetable set out below is indicative only and may be subject to change. All references to time and dates contained in this joint announcement are to Hong Kong time and dates.

Final Closing Date Thursday, 16 September 2021

Designated agent commences providing matching services
for sale and purchase of odd lot holdings of Shares 9:00 a.m. on Friday, 17 September 2021

Completion of the Placing Monday, 27 September 2021

Completion of the Taiwan Business Sale (*Note 1*) Monday, 27 September 2021

Expected date for posting of remittances for amounts due in respect
of valid acceptances received and taken up by the Offeror
under the Offers at or before 4:00 p.m. on the Final Closing Date
(*Note 2*) Tuesday, 28 September 2021

Completion of the Warehouses Sale (*Note 3*) Monday, 4 October 2021

Payment of the Special Dividend Tuesday, 5 October 2021

Designated agent ceases providing matching services
for sale and purchase of odd lot holdings of Shares..... 4:00 p.m. on Thursday, 28 October 2021

Notes:

1. This date assumes the Offeror Parent or its wholly-owned subsidiaries become a member on the register of members of the Company upon acquiring the title to the Shares under the Partial Offer on Tuesday, 28 September 2021.
2. Remittances in respect of the Offer Shares accepted and taken up by the Offeror under the Partial Offer (after deducting seller's ad valorem stamp duty) will be posted to the relevant Accepting Shareholders by ordinary post at their own risk as soon as possible, but in any event within 7 Business Days following the Final Closing Date.
3. This date assumes the cheques for the Offer Price will be despatched to Shareholders under the Partial Offer on Tuesday, 28 September 2021.

INTERESTS OF THE OFFEROR AND PARTIES ACTING AND PRESUMED TO BE ACTING IN CONCERT WITH IT IN THE SHARES

Immediately before the commencement of the Offer Period, other than the Controlling Shareholders, Executive Directors, Controlling Shareholders Close Associates and the Executive Directors Close Associates (which held an aggregate of 1,172,971,504 Shares immediately before the commencement of the Offer Period, representing approximately 65.3% of the total number of Shares in issue as at the date of the Joint Announcement), neither the Offeror, its director nor parties acting, or presumed to be acting, in concert with it owned, controlled or had direction over any Shares, convertible securities, warrants or options in respect of Shares or any other voting rights or rights over the Shares or any outstanding derivatives in respect of securities in the Company.

Immediately after the completion of the Partial Offer and immediately upon completion of the Placing Agreements, assuming that all Share Options are exercised:

- (a) the Offeror will acquire and become the owner of 931,209,117 Shares, representing approximately 51.5% of the total number of Shares in issue and approximately 51.5% of the total number of Shares in issue on a Fully-Diluted Basis, in each case as at the date of this joint announcement; and
- (b) the Offeror together with parties acting, and presumed to be acting, in concert with it will be interested in an aggregate of 1,533,822,115 Shares, representing approximately 84.9% of the total number of Shares in issue and approximately 84.8% of the total number of Shares in issue on a Fully-Diluted Basis, in each case as at the date of this joint announcement.

None of the Offeror or parties acting, or presumed to be acting, in concert with it borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for any borrowed Shares which have been either on-lent or sold, during the Offer Period and up to the date of this joint announcement.

Save as disclosed in this joint announcement, 3,920,000 Share Options exercised by the Executive Directors, the grant of 130,465 unvested Share awards and the vesting of 464,661 Share awards to the Executive Directors, no Share and right over Shares has been acquired or agreed to be acquired during the Offer Period by the Offeror or any persons acting, and presumed to be acting, in concert with it.

SHAREHOLDING STRUCTURE OF THE COMPANY IMMEDIATELY AFTER THE COMPLETION OF THE PARTIAL OFFER AND IMMEDIATELY UPON COMPLETION OF THE PLACING AGREEMENTS

The shareholding structure of the Company immediately after the closing of the Partial Offer and the Option Offer and immediately upon completion of the Placing Agreements, which, for illustration purposes, assumes that all Share Options are exercised and is subject to final rounding, is set out below:

Immediately after the completion of the Partial Offer and the Option Offer
and immediately upon completion of the Placing Agreements

	<i>No. of Shares</i>	<i>Approx.%</i>
The Offeror	931,209,117	51.5
<i><u>The Offeror and parties acting in concert with it</u></i>		
<i><u>Controlling Shareholders</u></i>		
Kerry Properties	376,702,626	20.8
Caninco Investments Limited	85,141,921	4.7
Darmex Holdings Limited	61,471,170	3.4
Desert Grove Limited	10,090,491	0.6
Glory Voice International Limited	4,276,706	0.2
Kerry Asset Management Limited	7,068	0.0
Star Medal Limited	3,000	0.0
Total Way Investments Limited	20,929	0.0
Moslane Limited	20,129,193	1.1
Paruni Limited	7,004,542	0.4
Ban Thong Company Limited	5,011,519	0.3
Alpha Model Limited	2,425,877	0.1
Bright Magic Investments Limited	2,826,092	0.2
Ace Time Holdings Limited	72,904	0.0
Marcromind Investments Limited	2,885,018	0.2
Marsser Limited	865,397	0.0
Noblespirit Corporation	6,596,017	0.4
Summer Fort Limited	9,288,326	0.5
Sub-total of the Controlling Shareholders (Note 1)	594,818,796	32.9
<i><u>Executive Directors</u></i>		
KUOK Khoon Hua	600,428	0.0
MA Wing Kai William	520,766	0.0
CHEUNG Ping Chuen Vicky	3,276,994	0.2
NG Kin Hang	21,810	0.0

Sub-total of Executive Directors (Note 2)	4,419,998	0.2
<u>Controlling Shareholders Close Associates</u>		
Shang Holdings Limited	2,241,725	0.1
Pristine Holdings Limited	102,093	0.0
Rosy Frontier Limited	49,188	0.0
Sub-total of Controlling Shareholders Close Associates (Note 3)	2,393,006	0.1
<u>Executive Directors Close Associates</u>		
Peacebright Assets Limited	263,610	0.0
Lohtenny Investments Limited	717,588	0.0
Subtotal of Executive Directors Close Associates (Note 4)	981,198	0.1
Sub-total of the Offeror and parties acting in concert with it	1,533,822,115	84.8
<u>Relevant Directors (excluding Executive Directors) and close associates of the Relevant Directors (excluding Executive Directors Close Associates)</u>		
WONG Yu Pok Marina	20,796	0.0
YEO Philip Liat Kok	20,796	0.0
Directors of subsidiaries	658,229	0.0
Sub-total of Relevant Directors (excluding Executive Directors) and close associates of the Relevant Directors (excluding Executive Directors)	699,821	0.0
Unvested Share awards for Relevant Directors (other than INEDs)	1,893,394	0.1
Public Shareholders	271,647,712	15.0
Total	1,808,063,042	100

Notes:

1. The Relevant Controlling Shareholders have tendered 575,545,164 Shares pursuant to the Controlling Shareholders Irrevocable Undertakings.
2. The Executive Directors have tendered 18,957,330 Shares pursuant to the Executive Directors Irrevocable Undertakings, and have tendered an additional 18,324,647 Shares for acceptances than as required under the Executive Directors Irrevocable Undertakings.
3. Controlling Shareholders Close Associates comprise (i) Shang Holdings Limited, a company which is indirectly owned as to more than 30% by Kerry Holdings; and (ii) Pristine Holdings Limited and Rosy Frontier Limited, each of which is an investment company of a discretionary trust of which Kerry Group Limited and Mr. KUOK Khoon Hua are discretionary beneficiaries.

4. *Executive Directors Close Associates 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.*
5. *J.P. Morgan is the financial adviser to the Offeror in respect of the Partial Offer. Accordingly, J.P. Morgan and persons controlling, controlled by or under the same control as J.P. Morgan (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code. As at the date of this joint announcement, members of the J.P. Morgan group do not legally or beneficially own, control or have direction over any Shares (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the J.P. Morgan group). Nor were there any borrowing or lending of, or dealing in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) by any members of the J.P. Morgan group during the period commencing on 9 August 2020 (i.e. the date falling six months prior to 9 February 2021, being the commencement date of the Offer Period), and up to the date of this joint announcement (both dates inclusive) (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding the Shares held on behalf of non-discretionary investment clients of the J.P. Morgan group).*

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

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

Hong Kong, 16 September 2021

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

Executive Directors:

Mr KUOK Khoon Hua, Mr MA Wing Kai William, Mr CHEUNG Ping Chuen Vicky and Mr NG Kin Hang

Non-executive Director:

Ms TONG Shao Ming

Independent Non-executive Directors:

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

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

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

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

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

Chairman:

Mr Wang Wei

Vice Chairman:

Mr Lin Zheyang

Directors:

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

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