
China's S.F. offers to buy 51.8% stake in Kerry Logistics

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Chinese logistics giant S.F. Holding Co has offered to buy a 51.8 percent stake in Hong Kong-listed Kerry Logistics Networks Ltd, it said in an exchange filing on Tuesday.

The offer, at HK\$18.8 (\$2.43) per share and valuing the total transaction at HK\$17.6 billion, will be conducted by S.F. Holding unit Flourish Harmony Holdings Co Ltd, it said in the filing. The price represents a 19.83% discount to the stock's last close of HK\$23.45 on Feb.4, prior to a trading halt.

Kerry Logistics Networks will retain its listing on the Hong Kong stock exchange upon completion of the deal, S.F. Holding said, although the public float would be reduced to 15% of the company from 25%.

Kerry Logistics said it will separately declare a special dividend of HK\$7.28 per from the sales of its warehouse assets for HK\$13.5 bln (\$1.74 bln) to parent company Kerry Holdings. The company will also sell its Taiwan operations to the parent.

Kerry Logistics shares rose as much as 10.4% to HK\$25.90 Wednesday morning, their highest since listing in December 2013.

The planned deal comes amid consolidation in China's logistics sector since late last year, a development sparked by the country's e-commerce boom during the COVID-19 pandemic.

Kerry will become S.F.'s international arm after the transaction is completed and together the companies will become Asia's biggest logistics operator, executives from both companies said at a Wednesday presser.

"We have been communicating with each other for three years. We think the transaction will benefit us in the future competition in the sector," said Dick Wong, S.F.'s chairman.

Kerry Logistics will become an asset-light company after the sale of its warehouses, said its group managing director William Ma.

S.F.'s purchase of the controlling stake, as well as Kerry Logistics' assets sale, are

subject to shareholder approval. Global regulatory approval is expected to take six months to complete, with S.F. officially starting its offer period in the fourth quarter, Ma said.

Reuters previously reported that S.F. Holding was in talks to take Kerry private at a premium to Kerry's trading price.

(Reuters)