

Press Release

Li & Fung and Maersk form long-term strategic partnership and announce acquisition of LF Logistics by Maersk valued at US\$3.6bn

Hong Kong, 22 December 2021 – Li & Fung Limited (Li & Fung), the world's leading supply chain solutions partner for consumer brands and retailers, and its affiliates, today announced it has agreed to form a long-term strategic partnership with A.P. Moller - Maersk (Maersk), an integrated logistics company working to connect and simplify its customers' supply chains. The partnership will enable both companies to utilize their respective resources and global networks to create a comprehensive range of end-to-end global supply chain services. In addition to this partnership, Li & Fung has entered into a transaction for Maersk to acquire its logistics business, LF Logistics Holdings Limited (LF Logistics) and its various entities, valuing the business at US\$3.6bn on an enterprise value basis. Subject to regulatory approvals, the transaction is expected to close in 2022.

LF Logistics is jointly owned with Temasek, the Singapore sovereign wealth fund (Li & Fung holds 78.3% and Temasek holds 21.7% of the company), and is a leading logistics services provider, offering both contract logistics services across Asia and freight management services globally. The company has consistently registered double-digit growth over the past decade and has a stellar track record in e-logistics and omni-channel fulfillment.

The strategic partnership follows the recent formation of LFX, focusing on digital ventures, investments and supply chain finance with GLP, its Singapore-based partner, as Li & Fung continues its journey of helping customers navigate the new digital economy.

Spencer Fung, Group Executive Chairman of Li & Fung, said, "We are very pleased to have reached this agreement with Maersk. The divestment of LF Logistics will further simplify our business to focus on our core trading and supply chain digitalization capabilities, which have seen a strong rebound back to pre-Covid levels. With Covid causing major supply chain disruptions, the importance of a diverse global supply chain network is more pronounced than ever, and Li & Fung is well positioned to serve our customers through our network of 50 export markets. With Li & Fung's upstream digital and sourcing expertise and Maersk's downstream logistics capabilities, we will begin to offer our respective customers the opportunity to take advantage of this unique end-to-end value chain proposition anchored upon operations excellence, technology, and sustainability."

Commenting on the intended transaction, Joseph Phi, Group CEO, Li & Fung and CEO, LF Logistics, said, "We recognize that for LF Logistics to be a global leader in the industry, achieving scale is of paramount importance. Maersk provides the ideal fit for our people and our customers. It has a substantial presence around the world and will utilize LF Logistics' talent base and operational platform to build out its logistics and fulfillment offering globally. This is testament to the strength of our team, our unique operations-centric culture, and superb growth potential."

"We are excited, and we look forward to strengthening our global logistics business and welcoming 10,000 new logistics experts from a customer-centric culture with well-executed operations. With the intended acquisition of LF Logistics, we will bring in an extensive warehousing network covering the fast-growing Asia-Pacific markets; all underpinned by a best-in-class operational and technology platform which we can scale globally across our network. We are impressed by the way LF Logistics has built a track record of executing a superior omni-channel strategy for customers, which is a strength we can use to build and operate fulfillment to customers across our network," said Vincent Clerc, CEO of Ocean & Logistics at Maersk.

As part of the strategic partnership, the parent company of Li & Fung is expected to acquire and continue to build the Global Freight Management (GFM) business following the completion of the transaction. Until the closing of the transaction LF Logistics and Maersk remain two separate independent companies.

Editor's note: Joseph Phi, Group CEO of Li & Fung and CEO of LF Logistics, will continue as the Group CEO of Li & Fung after the transaction closes and will no longer serve as the CEO of LF Logistics.

– ends –

About Li & Fung Limited

Founded in 1906, Li & Fung is the world's leading supply chain solutions provider. Headquartered in Hong Kong with offices across all key production markets, it specializes in responsibly managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide. The Company's goal is to create the supply chain of the future, help its customers navigate the digital economy and improve the lives of one billion people along the supply chain. To further this, it formed LFX, an incubation, investment, and operating platform dedicated to creating digital ventures that transform the supply chain and retail industry through innovative digital solutions and services such as supply chain fintech and digital product creation and commerce.

For more information, please visit www.lifung.com

Media contacts

Anna Tehan
Tel: +852 2300 4949
AnnaTehan@fung1937.com

Diane Quilindo
Tel: +852 2806 5829
DianeQuilindo@fung1937.com