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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

## RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2023, together with comparative figures for the year ended 31 December 2022.

### GROUP'S FINANCIAL HIGHLIGHTS

- Revenue\* decreased by 42% to HK\$47,408 million (2022: HK\$82,330 million).
- Core operating profit\* dropped by 61% to HK\$2,207 million (2022: HK\$5,645 million).
- Core net profit\* decreased by 69% to HK\$1,214 million (2022: HK\$3,952 million).
- Profit attributable to the Shareholders was HK\$791 million, which represents a drop of 78% (2022: HK\$3,579 million).
- IL business recorded a segment profit\* of HK\$1,295 million (2022: HK\$1,385 million), which represents a decrease of 7%.
- IFF business recorded a segment profit\* of HK\$1,394 million (2022: HK\$4,721 million), which represents a drop of 70%.
- Proposed final dividend of 13 HK cents per Share to be payable on or around Thursday, 6 June 2024.

\* For continuing operations only

## CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2023 HK\$'000	2022 HK\$'000 (restated)
<b>Continuing operations</b>			
Revenue	2	47,407,559	82,329,565
Direct operating expenses	4	(42,506,403)	(73,555,194)
Gross profit		4,901,156	8,774,371
Other income and net gains	3	86,060	561,893
Administration expenses	4	(2,709,690)	(3,199,585)
Operating profit before fair value change of investment properties		2,277,526	6,136,679
Change in fair value of investment properties		10,499	9,315
Operating profit		2,288,025	6,145,994
Finance expenses	5	(576,720)	(370,566)
Share of results of associates and a joint venture		195,371	166,894
Profit before taxation		1,906,676	5,942,322
Taxation	6	(464,119)	(1,424,766)
Profit for the year from continuing operations		1,442,557	4,517,556
Discontinued operations:			
Loss for the year from discontinued operations	14	(836,672)	(697,538)
Profit for the year		605,885	3,820,018
Profit attributable to:			
Company's shareholders			
From continuing operations		1,209,818	3,959,459
From discontinued operations		(418,653)	(380,268)
Non-controlling interests			
From continuing operations		219,869	558,097
From discontinued operations		(418,019)	(317,270)
Holder of perpetual convertible securities			
From continuing operations		12,870	–
From discontinued operations		–	–
		605,885	3,820,018
Earnings per share from continuing operations	8		
– Basic		HK\$0.67	HK\$2.19
– Diluted		HK\$0.67	HK\$2.19
Earnings per share from discontinued operations			
– Basic		HK\$(0.23)	HK\$(0.21)
– Diluted		HK\$(0.23)	HK\$(0.21)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023 HK\$'000	2022 HK\$'000 (restated)
Profit for the year	605,885	3,820,018
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss		
Defined benefit pension plans		
– Actuarial gain	10,141	6,869
– Deferred income tax	(2,028)	(1,374)
Fair value change on financial assets at fair value through other comprehensive income	(10,292)	(29,912)
Fair value gain recognised upon the transfer from property, plant and equipment to investment properties, net of tax	258,495	–
Items that may be reclassified to profit or loss		
Net translation differences on foreign operations	(115,032)	(1,290,709)
Other comprehensive income/(loss) for the year (net of tax)	141,284	(1,315,126)
Total comprehensive income for the year	747,169	2,504,892
Total comprehensive income attributable to:		
Company's shareholders		
From continuing operations	1,320,990	2,881,907
From discontinued operations	(379,945)	(431,589)
Non-controlling interests	(206,746)	54,574
Holders of perpetual convertible securities	12,870	–
	747,169	2,504,892

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2023 HK\$'000	2022 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Intangible assets		5,785,503	5,855,895
Investment properties		2,538,606	1,819,589
Property, plant and equipment		6,986,802	7,869,412
Right-of-use assets		2,543,977	3,221,273
Associates and a joint venture		1,681,808	1,642,761
Financial assets at fair value through other comprehensive income		461,270	554,962
Investment in convertible bonds		5,831	5,538
Other non-current assets		314,556	–
Deferred taxation		381,120	463,169
		20,699,473	21,432,599
<b>Current assets</b>			
Financial assets at fair value through profit or loss		389	38,137
Inventories		410,790	482,035
Accounts receivable, prepayments and deposits	9	11,920,703	13,406,909
Tax recoverable		429,375	721,645
Amounts due from fellow subsidiaries		45,682	–
Amounts due from related companies		106	–
Amounts due from associates		9,431	–
Restricted and pledged bank deposits		12,843	12,383
Cash and bank balances		6,521,438	9,240,365
		19,350,757	23,901,474
Assets classified as held for distribution		2,070,685	–
		21,421,442	23,901,474
<b>Current liabilities</b>			
Lease liabilities		927,103	1,196,141
Accounts payable, deposits received and accrued charges	10	8,409,541	10,695,071
Amounts due to fellow subsidiaries		160	278,252
Amounts due to related companies		157,537	166,063
Taxation		363,631	492,536
Loan from non-controlling interests		–	6,862
Short-term bank loans and current portion of long-term bank loans	11	3,262,675	2,226,402
Bank overdrafts		62,535	83,801
		13,183,182	15,145,128
Liabilities associated with assets classified as held for distribution		1,471,618	–
		14,654,800	15,145,128

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31 December	
		2023 HK\$'000	2022 HK\$'000
<b>Non-current liabilities</b>			
Loans from non-controlling interests		270,841	209,144
Long-term bank loans	11	5,235,456	6,586,447
Lease liabilities		1,100,566	1,453,234
Deferred taxation		731,734	614,209
Retirement benefit obligations		20,259	52,110
Other non-current liabilities		–	24,096
		7,358,856	8,939,240
<b>ASSETS LESS LIABILITIES</b>		20,107,259	21,249,705
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's shareholders</b>			
Share capital		903,715	903,712
Share premium		4,074,218	4,074,169
Shares held for share award scheme		(27,639)	–
Retained profits and other reserves		11,861,985	13,451,213
		16,812,279	18,429,094
Perpetual convertible securities		774,101	–
Non-controlling interests		2,520,879	2,820,611
<b>TOTAL EQUITY</b>		20,107,259	21,249,705

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of logistics and freight forwarding services. The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

During the year ended 31 December 2023, the Group has reinforced its strategy of focusing on its core business of integrated logistics and international freight forwarding, with an aim to enhancing its overall performance and prospects. The Group has disposed of its companies engaging in express delivery services in the Asia Pacific and Europe ("KEX Operations") to S.F. Holding in the third quarter of 2023 and subsequently announced in December 2023 for a conditional declaration of special interim dividend by way of a distribution in species of all its shares held in Kerry Express (Thailand) Public Company Limited ("KETH"). Since the express delivery services being disposed of or held for distribution constituted discontinued operations ("Discontinued Operations") under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operation", the related financial information of the Discontinued Operations is required to be presented separately as discontinued operations of the Group in the consolidated financial statements for the year ended 31 December 2023. The results of the discontinued operation has been presented separately as one-line item below profit for the year from continuing operations as "discontinued operations", and the comparative figures in the consolidated income statement and the note thereto have also been restated accordingly. The comparative figures in the consolidated statement of financial position and consolidated statement of cash flows were not represented. Further detail of the financial information of the Discontinued Operations are set out in note 14.

The financial information and the related notes in respect of this results announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by the auditor on this results announcement.

Shenzhen Mingde Holding Development Co., Ltd., a private company incorporated in the PRC, is the ultimate holding company.

These financial statements have been prepared in accordance with HKFRS issued by HKICPA. In addition, these financial statements also comply with the applicable disclosure provisions of the Listing Rules.

## (I) ADOPTION OF AMENDMENTS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are effective for the Group's accounting period beginning on 1 January 2023:

- Amendments to HKAS 1 and HKFRS Practice Statement 2, 'Disclosure of accounting policies'
- Amendments to HKAS 8, 'Definition of accounting estimates'
- Amendments to HKAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'
- Amendments to HKAS 12, 'International Tax Reform – Pillar Two Model Rules (amendments)'
- HKFRS 17, 'Insurance contracts'
- Amendments to HKFRS 17, 'Insurance contracts'
- Amendments to HKFRS 17, 'Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information'

In the current year, the Group has applied, for the first time, the above amendments to existing standards issued by the HKICPA. The adoption of the above amendments to existing standards had no material impact on the Group's accounting policies and did not require retrospective adjustments.

## (II) AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATION WHICH ARE NOT YET EFFECTIVE

The following amendments to existing standards and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2024, but the Group has not early adopted them:

	<b>Applicable for accounting periods beginning on/after</b>
Amendments to HKAS 1, 'Classification of liabilities as current or non-current'	1 January 2024
Amendments to HKAS 1, 'Non-current liabilities with covenants'	1 January 2024
Amendment to HKFRS 16, 'Lease liability in a sale and leaseback'	1 January 2024
Hong Kong Interpretation 5 (Revised), 'Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause'	1 January 2024
Amendments to HKAS 7 and HKFRS 7, 'Supplier Finance Arrangements (amendments)'	1 January 2024
Amendments to HKAS 21, 'Lack of Exchangeability'	1 January 2025
Amendments to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined

The Group will adopt the above amendments to existing standards and interpretation as and when they become effective. None of the above is expected to have a significant effect on the consolidated financial statements of the Group.

## 2. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

An analysis of the Group's financial results by operating segment and geographical area for the year ended 31 December 2023, together with comparative figures for the year ended 31 December 2022, as reclassified, is as follows:

	For the year ended 31 December											
	Continuing operations								Discontinued operations			
	Integrated logistics		International freight forwarding		Elimination		Consolidation		after elimination		Consolidation	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	
<b>Revenue</b>												
Turnover	14,280,309	14,809,282	33,127,250	67,520,283	-	-	47,407,559	82,329,565	3,298,670	4,319,898	50,706,229	86,649,463
Inter-segment revenue	750,872	986,983	5,527,704	12,489,428	(6,278,576)	(13,476,411)	-	-	-	-	-	-
	15,031,181	15,796,265	38,654,954	80,009,711	(6,278,576)	(13,476,411)	47,407,559	82,329,565	3,298,670	4,319,898	50,706,229	86,649,463
<i>Turnover by geographical area</i>												
Hong Kong	5,999,487	6,338,906	1,734,329	3,605,919	(797,581)	(1,333,234)	6,936,235	8,611,591	-	-	6,936,235	8,611,591
Mainland of China	6,065,342	6,647,517	12,983,361	21,678,918	(2,786,337)	(4,884,959)	16,262,366	23,441,476	-	-	16,262,366	23,441,476
Asia	2,811,947	2,668,871	5,884,240	12,940,465	(1,348,293)	(4,807,782)	7,347,894	10,801,554	3,183,939	4,293,073	10,531,833	15,094,627
Americas	-	-	10,395,704	29,231,522	(661,852)	(1,861,306)	9,733,852	27,370,216	-	-	9,733,852	27,370,216
EMEA	-	-	6,868,690	10,847,382	(639,884)	(542,925)	6,228,806	10,304,457	99,348	26,825	6,328,154	10,331,282
Oceania	154,405	140,971	788,630	1,705,505	(44,629)	(46,205)	898,406	1,800,271	15,383	-	913,789	1,800,271
	15,031,181	15,796,265	38,654,954	80,009,711	(6,278,576)	(13,476,411)	47,407,559	82,329,565	3,298,670	4,319,898	50,706,229	86,649,463
<b>Segment profit by geographical area</b>												
Hong Kong	591,271	775,527	50,480	127,747	-	-	641,751	903,274	-	-	641,751	903,274
Mainland of China	401,660	342,414	494,775	1,196,494	-	-	896,435	1,538,908	-	-	896,435	1,538,908
Asia	285,837	258,268	222,591	879,849	-	-	508,428	1,138,117	(998,170)	(854,473)	(489,742)	283,644
Americas	-	-	386,636	1,978,372	-	-	386,636	1,978,372	-	-	386,636	1,978,372
EMEA	-	-	176,961	417,320	-	-	176,961	417,320	(434)	62	176,527	417,382
Oceania	16,298	9,221	62,455	121,476	-	-	78,753	130,697	(1,108)	-	77,645	130,697
	1,295,066	1,385,430	1,393,898	4,721,258	-	-	2,688,964	6,106,688	(999,712)	(854,411)	1,689,252	5,252,277
<b>Less: Unallocated administration expenses</b>												
							(481,467)	(461,965)	(9)	(76)	(481,476)	(462,041)
<b>Core operating profit</b>							2,207,497	5,644,723	(999,721)	(854,487)	1,207,776	4,790,236
Interest income							70,029	62,379	1,510	10,412	71,539	72,791
Finance costs							(576,720)	(370,566)	(19,134)	(22,402)	(595,854)	(392,968)
Share of results of associates and a joint venture							195,371	166,894	(254)	-	195,117	166,894
Gain on disposal of associates*							-	397,611	-	-	-	397,611
Profit/(loss) before taxation*							1,896,177	5,901,041	(1,017,599)	(866,477)	878,578	5,034,564
Taxation*							(461,735)	(1,390,527)	162,697	168,939	(299,038)	(1,221,588)
Profit/(loss) for the year*							1,434,442	4,510,514	(854,902)	(697,538)	579,540	3,812,976
Non-controlling interests*							(220,368)	(558,071)	418,019	317,270	197,651	(240,801)
<b>Core net profit</b>							1,214,074	3,952,443	(436,883)	(380,268)	777,191	3,572,175
Change in fair value of investment properties							10,499	9,315	-	-	10,499	9,315
Deferred tax of change in fair value of investment properties							(2,384)	(2,273)	-	-	(2,384)	(2,273)
Less: Non-controlling interests' share of after-tax change in fair value of investment properties							499	(26)	-	-	499	(26)
Gain on disposal of KEX operation							-	-	18,230	-	18,230	-
<b>Profit attributable to Company's shareholders and holders of perpetual convertible securities</b>							1,222,688	3,959,459	(418,653)	(380,268)	804,035	3,579,191
Holders of perpetual convertible securities							(12,870)	-	-	-	(12,870)	-
<b>Profit attributable to Company's shareholders</b>							1,209,818	3,959,459	(418,653)	(380,268)	791,165	3,579,191
Depreciation and amortisation	1,278,922	1,240,015	438,543	384,012	-	-	1,717,465	1,624,027	461,823	584,743	2,179,288	2,208,770

# Only the gain on disposal (net of tax) of Asia Airfreight Terminal Company Limited and Beijing Bei Jian Tong Cheng International Logistics Co., Ltd are included.

\* Excluding the change in fair value of investment properties and its related deferred tax, gain on disposal of KEX Operations.

Management has determined the operating segments based on the reports reviewed by the executive directors. The executive directors assess the performance of the two principal activities in continuing operations of the Group, in 2023 namely integrated logistics and international freight forwarding, in each geographical area.

As set out in note 1, the results of KEX operations and KETH, which was presented in a separate segment namely, e-commerce and express in prior year, are presented under "Discontinued Operations" in the current segmental analysis of operations. The prior period corresponding segment information that is presented for comparative purpose has been restated accordingly. The reclassification has no impact on the profit for the current and comparative period of the Group for the years ended 31 December 2023 and 31 December 2022 nor on the assets and liabilities of the Group as of 31 December 2022. Further details of financial information of the Discontinued Operations are set out in note 14.

Integrated logistics segment derives revenue from provision of logistics services and sales of goods.

International freight forwarding segment derives revenue primarily from provision of freight forwarding services.

Segment revenue and profit derived from geographical areas are based on the geographical location of the operation.

The executive directors assess the performance of the operating segments by geographical area based on segment profit.

The executive directors also assess the performance of the Group based on core operating profit, which is the profit before taxation excluding interest income, finance costs, share of results of associates and a joint venture, gain on disposal of associates, and also core net profit, which is the profit attributable to Company's shareholders before the after-tax effect of change in fair value of investment properties and gain on disposal of KEX Operations.

In the following table, revenue of the Group from contracts with customers is disaggregated by timing of satisfaction of performance obligations. The table also includes a reconciliation to the segment information in respect of revenue of the Group that is disclosed in the operating segment note.

By operating segment	2023				2022			
	Revenue recognised at a point in time	Revenue recognised over time	Rental income	Total	Revenue recognised at a point in time	Revenue recognised over time	Rental income	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)
Revenue from contracts with customers								
Integrated logistics	1,265,745	12,881,467	133,097	14,280,309	1,484,566	13,192,077	132,639	14,809,282
International freight forwarding	-	33,127,250	-	33,127,250	-	67,520,283	-	67,520,283
Discontinued operations	-	3,298,670	-	3,298,670	-	4,319,898	-	4,319,898
	1,265,745	49,307,387	133,097	50,706,229	1,484,566	85,032,258	132,639	86,649,463

By geographical area	2023				2022			
	Revenue recognised at a point in time	Revenue recognised over time	Rental income	Total	Revenue recognised at a point in time	Revenue recognised over time	Rental income	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)
Revenue from contracts with customers								
- Hong Kong	1,029,638	5,906,597	-	6,936,235	1,303,897	7,307,694	-	8,611,591
- Mainland of China	215,969	15,960,572	85,825	16,262,366	156,367	23,194,832	90,277	23,441,476
- Asia	20,138	7,280,484	47,272	7,347,894	24,302	10,734,890	42,362	10,801,554
- Americas	-	9,733,852	-	9,733,852	-	27,370,216	-	27,370,216
- EMEA	-	6,228,806	-	6,228,806	-	10,304,457	-	10,304,457
- Oceania	-	898,406	-	898,406	-	1,800,271	-	1,800,271
Discontinued operations	-	3,298,670	-	3,298,670	-	4,319,898	-	4,319,898
	1,265,745	49,307,387	133,097	50,706,229	1,484,566	85,032,258	132,639	86,649,463

An analysis of the Group's non-current assets by geographical area is as follows:

	Segment non-current assets <sup>#</sup>	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	1,499,881	1,665,857
Mainland of China	7,589,767	7,068,214
Asia	6,548,548	7,512,809
Americas	2,866,405	2,870,537
EMEA	1,186,944	1,153,674
Oceania	159,707	137,839
	19,851,252	20,408,930

<sup>#</sup> Other than financial assets at fair value through other comprehensive income, investment in convertible bonds and deferred taxation.

### 3. OTHER INCOME AND NET GAINS

	2023 HK\$'000	2022 HK\$'000 (restated)
<b>Continuing operations</b>		
Interest income from banks	69,652	61,458
Interest income from associates	377	921
Gain on disposal of property, plant and equipment	2,364	10,442
Gain on disposal of subsidiaries	–	21,355
Gain on disposal of associates (note)	–	429,941
Fair value change of financial assets at fair value through profit or loss	(31)	–
Gain on early termination of lease contracts	8,605	51,924
Net gain on settlement of consideration payable	5,093	–
Net loss from settlement of put option written on non-controlling interest	–	(14,148)
	86,060	561,893

Note:

The amount mainly represented the gains on disposals of the Group's 15% interest in Asia Airfreight Terminal Company Limited and 24% interest in Beijing Bei Jian Tong Cheng International Logistics Co., Ltd, with the consideration of HK\$310,500,000 and the consideration of RMB588,000,000 (approximately HK\$679,081,000) respectively, for the year ended 31 December 2022.

### 4. EXPENSES BY NATURE

Expenses from continuing operations included in direct operating expenses and administration expenses are analysed as follows:

	2023 HK\$'000	2022 HK\$'000 (restated)
<b>Continuing operations</b>		
Auditors' remuneration	41,425	37,675
Business tax and other taxes	7,425	21,556
Cost of goods sold	1,019,523	1,251,023
Freight and transportation costs	36,340,626	66,967,021
Depreciation of property, plant and equipment	559,126	566,087
Depreciation of right-of-use assets	989,491	901,260
Amortisation of intangible assets	168,848	156,680
Provision for impairment of receivables	100,569	136,693
Reversal of provision for impairment of receivables	(26,728)	(31,793)
Rental expenses on land and buildings	463,947	474,179
Employee benefit expenses (note)	4,966,083	5,724,411

Note:

Government grants amounting to HK\$16,332,000 (2022: HK\$37,111,000) have been recognised and deducted in employee benefit expenses for the year ended 31 December 2023.

## 5. FINANCE EXPENSES

	2023 HK\$'000	2022 HK\$'000 (restated)
<b>Continuing operations</b>		
Interest expenses on bank loans and overdrafts	493,748	295,603
Interest expenses on lease liabilities	82,972	74,963
	576,720	370,566

## 6. TAXATION

	2023 HK\$'000	2022 HK\$'000 (restated)
<b>Continuing operations</b>		
Hong Kong profits tax		
– Current	92,277	221,265
– Over provision in prior years	(4,343)	(1,105)
– Deferred	(2,517)	(19,417)
	85,417	200,743
PRC taxation		
– Current	181,417	260,883
– (Over)/under provision in prior years	(9,624)	22,529
– Deferred	70,228	2,108
	242,021	285,520
Overseas taxation		
– Current	251,737	748,088
– Under/(over) provision in prior years and tax refunds	2,377	(41,485)
– Deferred	(117,433)	231,900
	136,681	938,503
	464,119	1,424,766

### HONG KONG AND OVERSEAS PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) for the year ended 31 December 2023 on the estimated assessable profit for the year. Income tax on the overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the overseas countries in which the Group operates.

### PRC ENTERPRISE INCOME TAX

PRC enterprise income tax has been provided at the rate of 25% (2022: 25%) on the estimated assessable profit for the year.

## OECD PILLAR TWO MODEL RULES

The Group is within the scope of the OECD Pillar Two Model rules. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

The Group is in the process of working together with the holding company in assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating Global Anti-Base Erosion (“GloBE”) income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications.

## WITHHOLDING TAX ON DISTRIBUTED/UNDISTRIBUTED PROFITS

Withholding tax in the Group’s subsidiaries, associates and a joint venture is levied on profit distribution upon declaration/remittance and in respect of the undistributed earnings for the year at the rates of taxation prevailing in the PRC and overseas countries.

The Group’s share of taxation from associates and a joint venture for the year ended 31 December 2023 is HK\$51,309,000 (2022: HK\$37,189,000) and included in the share of results of associates and a joint venture in the consolidated income statement.

## 7. DIVIDENDS

A final dividend in respect of the year ended 31 December 2023 of 13 HK cents per share, amounting to a total dividend of HK\$234,966,000, is to be proposed at the annual general meeting on Wednesday, 22 May 2024. These financial statements do not reflect this dividend payable.

	2023 HK\$'000	2022 HK\$'000
Interim dividend paid of 9 HK cents (2022: 28 HK cents) per ordinary share	162,669	506,079
Proposed final dividend of 13 HK cents (2022: 38 HK cents) per ordinary share	234,966	686,821
	397,635	1,192,900

## 8. EARNINGS PER SHARE

### BASIC

Basic earnings per share is calculated by dividing the profit attributable to the Company’s shareholders from continuing operations and discontinued operations by the adjusted weighted average number of ordinary shares in issue during the year.

	2023	2022 (restated)
Adjusted weighted average number of ordinary shares in issue	1,806,455,075	1,807,383,897
Profit attributable to the Company’s shareholders (HK\$’000)		
From continuing operations	1,209,818	3,959,459
From discontinued operations	(418,653)	(380,268)
Basic earnings per share (HK\$)		
From continuing operations	0.67	2.19
From discontinued operations	(0.23)	(0.21)

## DILUTED

Diluted earnings per share is calculated by the profit attributable to the Company's shareholders from continuing operations and discontinued operations by the weighted average number of shares outstanding for the effects of all dilutive potential shares.

	2023	2022 (restated)
Adjusted weighted average number of ordinary shares in issue	1,806,455,075	1,807,383,897
Adjustment for share options and share awards	3,091,004	257,232
Adjustment for perpetual convertible securities	25,802,973	–
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,835,349,052	1,807,641,129
Profit attributable to the Company's shareholders (HK\$'000)		
From continuing operations	1,209,818	3,959,459
Adjustment for profit attributable to holders of perpetual convertible securities	12,870	–
From continuing operations for the purpose of calculating diluted earnings per share	1,222,688	3,959,459
From discontinued operations	(418,653)	(380,268)
Diluted earnings per share (HK\$)		
From continuing operations	0.67	2.19
From discontinued operations	(0.23)	(0.21)

## 9. ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

Included in accounts receivable, prepayments and deposits are trade receivables. The Group has various credit policies for different business operations depending on the requirements of the markets and businesses. The ageing analysis of accounts receivables based on the date of the invoice and net of provision for impairment is as follows:

	2023 HK\$'000	2022 HK\$'000
Below 1 month	5,242,078	5,922,246
Between 1 month and 3 months	2,455,724	3,219,285
Over 3 months	870,399	1,056,663
Total accounts receivables, net	8,568,201	10,198,194
Prepayments, deposits and other receivables	3,352,502	3,208,715
	11,920,703	13,406,909

## 10. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

The ageing analysis of accounts payables based on the date of the invoice is as follows:

	2023 HK\$'000	2022 HK\$'000
Below 1 month	2,864,692	2,763,461
Between 1 month and 3 months	810,182	904,035
Over 3 months	635,698	864,304
Total accounts payables	4,310,572	4,531,800
Deposits received, accrued charges and other payables	4,098,969	6,163,271
	8,409,541	10,695,071

## 11. BANK LOANS

	2023 HK\$'000	2022 HK\$'000
Non-current		
– unsecured	5,230,744	6,485,426
– secured	4,712	101,021
	5,235,456	6,586,447
Current		
– unsecured	3,195,994	2,111,300
– secured	66,681	115,102
	3,262,675	2,226,402
Total bank loans	8,498,131	8,812,849

As at 31 December 2023, the Group's bank loans were repayable as follows:

	2023 HK\$'000	2022 HK\$'000
Within 1 year	3,262,675	2,226,402
Between 1 and 2 years	1,971,477	2,770,797
Between 3 and 5 years	3,181,425	3,731,710
Repayable within 5 years	8,415,577	8,728,909
Over 5 years	82,554	83,940
	8,498,131	8,812,849

## 12. COMMITMENTS

At 31 December 2023, the Group had capital commitments in respect of property, plant and equipment and acquisition of subsidiaries not provided for in these consolidated financial statements as follows:

	2023 HK\$'000	2022 HK\$'000
Contracted but not provided for	384,661	2,053,791

Note:

On 9 June 2022, Kerry Freight Services (China) Limited (as the "Buyer"), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "KA Agreement") with Summer Way International Limited (as the "Seller"). Subject to the terms and conditions of KA Agreement, the Seller has conditionally agreed to sell and the Buyer has conditionally agreed to acquire the remaining 39% interest in K-Apex Logistics (HK) Co., Limited ("K-Apex HK"), an indirect 61% owned subsidiary of the Company. The acquisition of 18% additional interest in K-Apex HK was completed on 10 June 2022. Closing of the remaining 21% interest ("Remaining Shares") is subject to a condition under the KA Agreement (the "Condition"), that has not been satisfied by 10 June 2022, having been fulfilled and/or waived before the consideration in respect of the Remaining Shares is payable. Before the Condition is fulfilled and/or waived, both the Buyer and the Seller have the right (but not the obligation) to opt not to proceed with closing of the Remaining Shares by giving written notice to other party. In July 2023, the acquisition of the remaining 21% interest was completed.

### 13. PLEDGE OF ASSETS

At 31 December 2023, including bank loans associated with assets classified as held for distribution the Group's total bank loans of HK\$8,575,000,000 (2022: HK\$8,812,849,000) included an aggregate amount of HK\$71,393,000 (2022: HK\$216,123,000) which is secured. The Group's total bank overdrafts of HK\$62,535,000 are unsecured (2022: HK\$20,187,000 out of total bank overdrafts of HK\$83,801,000 was secured). The securities provided for the secured banking facilities available to the Group are as follows:

- (i) legal charges over certain investment properties, leasehold land and land use rights, freehold land and buildings, warehouse and logistics centres and port facilities with an aggregate net book value of HK\$871,326,000 (2022: HK\$786,875,000);
- (ii) assignments of insurance proceeds of certain properties; and
- (iii) certain balances of restricted and pledged deposits.

### 14. DISCONTINUED OPERATIONS

Analysis of the results relating to the Discontinued Operations is presented below.

	2023 HK\$'000	2022 HK\$'000
Revenue	3,298,670	4,319,898
Direct operating expenses	(3,932,207)	(4,742,618)
Other income and net gains	7,514	7,956
Administration expenses	(372,188)	(429,311)
Finance expenses	(19,134)	(22,402)
Share of results of associates	(254)	–
Loss before taxation	(1,017,599)	(866,477)
Taxation	162,697	168,939
Loss after taxation	(854,902)	(697,538)
Gain on disposal of KEX operations	18,230	–
Loss for the year from discontinued operations	(836,672)	(697,538)
Exchange differences on translation of discontinued operations	34,946	(55,938)
Other comprehensive income from discontinued operations	4,372	2,971

### 15. EVENTS AFTER THE REPORTING PERIOD

On 29 December 2023, the Company has declared a special interim dividend, to be effected by way of a distribution in specie of 907,200,000 shares of KETH (representing approximately 52.1% of all issued shares of KETH) indirectly held by the Company to qualifying shareholders, subject to obtaining a waiver from the Securities and Exchange Commission, Thailand (the "Thai SEC") in respect of its tender offer obligations arising out of the distribution. On 5 February 2024, the Company has obtained a waiver from the Thai SEC in respect of its tender offer obligations arising out of the distribution, and that the condition to the distribution has been satisfied and the distribution has become unconditional. Upon completion of the distribution, the Company would no longer hold any shares of KETH and KETH would cease to be an indirect subsidiary of the Company.

## RESULTS OVERVIEW

The Group recorded a decrease in revenue\* of 42% to HK\$47,408 million in 2023 (2022: HK\$82,330 million). Core operating profit\* dropped by 61% to HK\$2,207 million (2022: HK\$5,645 million). Core net profit\* dropped by 69% year-on-year to HK\$1,214 million (2022: HK\$3,952 million). Profit attributable to the Shareholders was HK\$791 million (2022: HK\$3,579 million), which represents a year-on-year drop of 78%.

	2023 HK\$ million	2022 HK\$ million	
Segment profit*			
IL	1,295	1,385	-7%
IFF	1,394	4,721	-70%
	2,689	6,106	
Unallocated administrative expenses and others	(482)	(461)	
Core operating profit*	2,207	5,645	-61%
Core net profit*	1,214	3,952	-69%
Changes in fair value of investment properties, net of deferred tax	9	7	
Profit attributable to the Shareholders and holders of perpetual convertible securities, excluding results generated from discontinued operations	1,223	3,959	-69%
Profit attributable to holders of perpetual convertible securities	(13)	–	
Results generated from discontinued operations	(419)	(380)	
Profit attributable to the Shareholders	791	3,579	-78%

\* For continuing operations only

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### MARKET OVERVIEW

In spite of the optimism brought about by the end of the pandemic, 2023 was undoubtedly a challenging year globally, plagued by elevated interest rates, mounting geopolitical tensions and sluggish global trade.

Nevertheless, the global economy was in a better shape than it was in the previous year. Energy and food prices have come down from their peaks and inflation eased. Yet, global economic recovery remained slow as persistently high interest rates and fuel costs curbed consumer spending and product demand.

For the global logistics industry, while growth stalled due to overstocking, weak demand and excess freight capacity, both freight rates and volume saw a slight rebound as the market continued to normalise gradually.

Despite a tough market, new opportunities emerged amid changing consumer demands and the reshuffle of global supply chains. KLN Group was able to turn challenges into opportunities and provided customers with viable and cost-effective alternatives to keep their cargoes moving and delivered. KLN Group's overall performance in 2023 was in line with expectations and on par with global peers.

#### SEGMENTAL REPORTING

During the period, the Group took out the E-commerce and Express business from its segmental reporting following the transfer of companies engaging in express delivery services in the Asia Pacific and Europe to S.F. Holding in 2023 Q3 and the subsequent announcement in December 2023 to deconsolidate Kerry Express Thailand through dividend distribution.

The purpose of the restructuring was to reinforce KLN Group's strategy of focusing on its core business of integrated logistics and international freight forwarding, with an aim to enhancing its overall performance and prospects.

#### INTEGRATED LOGISTICS

The IL division overall reported a 7% decrease in segment profit, dragged down by the drop in the Hong Kong business as a result of the shrunken demand for pandemic-related services and a slower recovery of the retail market than anticipated. Nevertheless, despite the performance of the Hong Kong business, the IL division in other markets recorded growth.

In the Mainland of China, despite a delay in market recovery, the IL business recorded a 17% increase following the successful execution of a series of cost management measures including a headcount realignment and warehouse usage optimisation to streamline operations across the country, while leveraging the applications of robotics and artificial intelligence to improve productivity and reduce costs.

The IL business in other parts of Asia recorded an 11% increase mainly supported by the stable performance of Kerry Siam Seaport in Thailand.

## INTERNATIONAL FREIGHT FORWARDING

The IFF division reported a 70% decline in segment profit in 2023 due to excess inventories, subdued purchasing power and stagnant export growth, in particular in Asia. The drop in air and ocean freight rates since 2022 Q3 from the all-time highs in 2021 as the global logistics market normalised has caused further contraction in profit margin in 2023, compared to that of 2022. In 2023 Q3, contrary to expectations, the typical peak season failed to materialise, as consumer demand and shipping volumes were uncharacteristically low amid high uncertainty in the market.

Nonetheless, riding on stabilised freight rates and a pick-up in consumer demand, KLN Group delivered sustainable results on the Asia-US trade routes and remained the leading player in the world's busiest trade lane in 2023, a position held since 2022.

In 2023, the Group continued to leverage the strengthened resources with S.F. Holding to capitalise on the cross-selling and collaborations in various verticals and businesses. A joint venture was formed in November 2023 between the Group and S.F. Holding to manage the international cargo terminal of the Ezhou Airport, an international cargo and passenger airport located in Central China. With the enhanced air freight capacities, the Group has been able to provide an alternative for customers shipping in and out of the Mainland of China with reliable and efficient services.

In 2024 Q1, the Group acquired a majority stake in France's Business By Air SAS, an upstream supply chain specialist in air freight services for diverse industrial clients in verticals including automotive, aerospace and pharmaceutical, as well as an established player in the African market. BBA has been acting as KLN Group's agent in France since 2016. The acquisition is expected to strengthen KLN Group's position in the EMEA region as France is one of the world's top exporting countries, create synergies between the Group's ocean freight capabilities and BBA's air freight expertise, and extend the Group's service into the niche verticals of fine arts and perishables.

Various mega industrial projects completed and records broken by project logistics teams in the Mainland of China, Central Asia and Europe in 2023 set a promising tone for the project logistics segment, which delivered satisfactory results. The segment is expected to become one of the development drivers of the IFF division soon.

## SUSTAINABILITY

KLN Group envisions a future where sustainable logistics services become the industry norm. To this end, the Group consistently integrates principles of environmental and societal stewardship within its strategy and operations.

This year, the Group has taken great strides in progressing towards its ambition of achieving net zero emissions globally by 2050 and reporting on its climate-related financial disclosures. This includes committing to investigating medium-term target setting, completing the first phase of its climate risk assessment, and taking efforts to enhance the measurement of its value chain (i.e., Scope 3) emissions.

The Group remains dedicated to investing a wide range of employee care initiatives, from the professional growth to the wellbeing of its employees, their family and community, through the recently launched WE KARE Caring platform.

## OUTLOOK

The full-scale post-COVID global economic recovery has not yet taken place. The rebound of the Mainland of China market in 2023 was not as strong as expected. Global growth is likely to remain weak in 2024, yet interest rates are forecast to moderate starting from Q2, which will create conditions more favourable to consumer spending and revive demand for consumer goods, giving a boost to the global logistics industry.

The volatility of the global freight landscape exacerbated by the Red Sea crisis is bringing new variables to the Group's IFF business. Nevertheless, KLN Group is determined to provide customers with alternative solutions in the near-term and is optimistic that its IL business in Asia is likely to benefit from the shifts in the supply chain in the mid-term.

While the Group is determined to capitalise on any market upturn, it will stay proactive in managing its operating costs given the uncertainties in the macroeconomic environment. To maintain the Group's asset-lighter strategy while taking into account its robust financial health, it will also remain prudent and patient when presented with opportunities to unlock the value of its assets to fuel ongoing growth and expansion, giving consideration when the offers are at a reasonable level.

As demonstrated by KLN Group's outstanding performance during the COVID years, its agility, resilience and innovation in providing solutions powered by its global network, solid presence in Asia and the most diversified service offerings will again enable the Group to come out on top. Looking ahead, the Group will continue to create synergies with S.F. Holding through extensive collaborations, actively identify new opportunities to grow its business sustainably and deliver greater value for its shareholders.

## FINANCIAL REVIEW

The Group has centralised financing policies which apply to all business units within the network. The policies are reviewed on a periodical basis along with the change in market situation and financial position of the Group.

Most of the Group's assets and liabilities are denominated in different functional currencies of the overseas subsidiaries' respective countries. The Group generally does not enter into foreign exchange hedges in respect of its long-term equity investments in overseas subsidiaries, associates and a joint venture. For the foreign currency exposure arising from business activities, certain subsidiaries used forward contracts to hedge their foreign exchange exposure from trading transactions during the year, the amount of which was insignificant to the Group. The Group will continue to closely monitor its foreign exchange position and if necessary, hedge its foreign exchange exposure by entering into appropriate hedging instruments. As at 31 December 2023, total foreign currency borrowings amounted to the equivalent of HK\$2,051 million (including HK\$1,142 million denominated in Renminbi and HK\$383 million denominated in USD), which represented approximately 24% of the Group's total bank loans of HK\$8,498 million.

Out of the Group's total bank loans as at 31 December 2023, HK\$3,263 million (representing approximately 38%) was repayable within one year, HK\$1,971 million (representing approximately 23%) in the second year, HK\$3,181 million (representing approximately 38%) in the third to fifth years and HK\$83 million (representing approximately 1%) over five years. The Group maintains most of its bank loans on an unsecured basis, with unsecured debt accounting for approximately 99% of total bank loans. In relation to the secured bank loans of HK\$71 million as at 31 December 2023, the securities provided include legal charges over certain non-current assets with aggregate net book value of HK\$871 million, assignments of insurance proceeds of certain properties, and certain balances of restricted and pledged deposits. A majority of the bank loans were borrowed at floating interest rates and were not held for hedging purposes.

As at 31 December 2023, the gearing ratio for the Group was 49.1% (31 December 2022: 48.3%). The ratio was calculated as total bank loans and overdrafts (including bank loans associated with assets classified as held for distribution), divided by equity attributable to the Shareholders.

As at 31 December 2023, the Group had total undrawn bank loan and overdraft facilities of HK\$9,751 million which may be used to fund material capital expenditure. The Group will also continue to secure financing as and when the need arises.

As at 31 December 2023, the Group had no material contingent liabilities.

## STAFF AND REMUNERATION POLICIES

As at 31 December 2023, the Group had approximately 33,100 employees. The remuneration to employees includes salaries maintained at competitive levels while bonuses are granted on a discretionary basis. The Group provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees. Other employee benefits include provident fund, insurance, medical, sponsorship for educational or training programmes and share award scheme.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### COMPLIANCE WITH THE CG CODE

The Company has applied the principles and code provisions as set out in Part 2 of the CG Code and its corporate governance practices are based on such principles and code provisions. The Directors consider that for the year ended 31 December 2023, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors (including Mr CHENG Chi Wai, an Executive Director, and Ms OOI Bee Ti, a Non-executive Director, whose appointment became effective on 22 May 2023 and 31 October 2023 respectively) and the Directors have confirmed that they have complied with the Model Code (i) during the year ended 31 December 2023; or (ii) during the period from their respective appointment dates and up to 31 December 2023, as the case may be.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

## SHARE OPTIONS

The Company adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme on 25 November 2013. The aforesaid schemes are designed to motivate executives and key employees and other persons who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions.

As at 31 December 2023, no option granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme was outstanding.

## PERPETUAL CONVERTIBLE SECURITIES

On 29 March 2023, the Company, Natixis and SF Holding HK entered into a subscription and placing agency agreement pursuant to which: (i) the Company agreed to issue the Convertible Securities, being perpetual convertible securities in the aggregate principal amount of HK\$780,000,000 with distribution rate of 3.30% per annum payable semi-annually to SF Holding HK (as subscriber); (ii) Natixis conditionally agreed to use all reasonable efforts to procure SF Holding HK to subscribe for the Convertible Securities; and (iii) SF Holding HK conditionally agreed to subscribe and pay for the Convertible Securities at 100% of the principal amount subject to, and in accordance with, the terms of the subscription and placing agency agreement. There is no fixed redemption date on the Convertible Securities and the redemption is at the option of the Company. Completion of the subscription and placing agency agreement took place on 18 May 2023. For the year ended 31 December 2023, after considering the transaction cost, the net proceeds was approximately HK\$774,101,000. They are classified as equity instruments, and recorded in equity in the consolidated financial statements of the Group.

## AUDIT AND COMPLIANCE COMMITTEE

The Company has established ACC with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph A.2 as well as paragraph D.3 of Part 2 of the CG Code. ACC consists of two Independent Non-executive Directors, being Ms WONG Yu Pok Marina and Mr LAI Sau Cheong Simon and one Non-executive Director, being Mr HO Chit. The chairman of ACC is Ms WONG Yu Pok Marina, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

ACC has considered and reviewed the annual results and the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management and the independent auditor. ACC considers that the annual financial results for the year ended 31 December 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2023

On 29 December 2023, the Company has announced that the Board has resolved to declare a special interim dividend, to be effected by way of a distribution in specie of 907,200,000 KEX Shares (representing approximately 52.1% of all issued KEX Shares) indirectly held by the Company to qualifying Shareholders whose names appear on the Registers of Members on the record date for determining Shareholders' entitlement to the Distribution, in proportion to their then respective shareholdings in the Company, subject to the Company obtaining a waiver from the Thai SEC in respect of its tender offer obligations arising out of the Distribution. On 5 February 2024, the Board announced that the Company has obtained a waiver from the Thai SEC in respect of its tender offer obligations arising out of the Distribution, and that the condition to the Distribution has been satisfied and the Distribution has become unconditional. Upon completion of the Distribution, the Company would no longer hold any KEX Shares and Kerry Express Thailand would cease to be an indirect subsidiary of the Company.

Save as disclosed, there were no important events affecting the Group which have occurred since 31 December 2023.

## ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2023 is scheduled to be held on Wednesday, 22 May 2024 at 2:30 p.m. A notice convening the annual general meeting will be issued and disseminated to the Shareholders in due course.

## CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from Friday, 17 May 2024 to Wednesday, 22 May 2024 in order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 22 May 2024. All share transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Thursday, 16 May 2024.

The Registers of Members will also be closed on Tuesday, 28 May 2024 in order to determine the entitlement of the Shareholders to the final dividend. All share transfers accompanied by the relevant share certificates and transfer forms must be lodged with Tricor Investor Services Limited, at the above address before 4:30 p.m. on Monday, 27 May 2024. The final dividend is payable on or around Thursday, 6 June 2024 to the Shareholders whose names appear on the Registers of Members on Tuesday, 28 May 2024, subject to the consideration and approval of the Shareholders at the forthcoming annual general meeting of the Company.

## PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.kln.com](http://www.kln.com)).

The annual report for the year containing all the information required by Appendix D2 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

## DEFINITIONS

“ACC”	the audit and compliance committee of the Company
“Asia”	Asia continent, for the purpose of this announcement only, excludes Greater China and Middle East
“BBA”	Business By Air SAS, incorporated in France, an indirect non-wholly owned subsidiary of the Company
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Company” or “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
“Controlling Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Convertible Securities”	the 3.30% perpetual convertible securities in the aggregate principal amount of HK\$780,000,000 issued by the Company
“Director(s)”	director(s) of the Company
“Distribution”	the distribution of a special interim dividend in specie of 0.5019 of a KEX Share for every one Share held by qualifying Shareholders whose names appear on the Registers of Members on the record date for determining Shareholders’ entitlement to the distribution
“EMEA”	Europe, Middle East and Africa
“Greater China”	for the purpose of this announcement only, the Mainland of China, Hong Kong, Macau and Taiwan
“Group” or “KLN Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFF”	international freight forwarding
“IL”	integrated logistics
“Kerry Express Thailand” or “KEX”	Kerry Express (Thailand) Public Company Limited, a public company with limited liability registered in Thailand and listed on The Stock Exchange of Thailand (stock symbol: KEX), is an indirect subsidiary of the Company
“KEX Share(s)”	share(s) of par value of THB0.50 each in Kerry Express Thailand
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Macau”	Macao Special Administrative Region of the PRC
“Mainland of China”	the PRC and, for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Oceania”	for the purpose of this announcement only, Australia and New Zealand
“Ordinary Share(s)” or “Share(s)”	share(s) of nominal value of HK\$0.50 each of 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
“Post-IPO Share Option Scheme”	post-IPO share option scheme of the Company
“PRC”	the People’s Republic of China
“Pre-IPO Share Option Scheme”	pre-IPO share option scheme of the Company
“Q1”, “Q2” or “Q3”	first quarter, second quarter or third quarter
“Registers of Members”	registers of members of the Company
“S.F. 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), is a subsidiary of Shenzhen Mingde
“SF Holding HK”	SF Holding Limited (now known as SF Holding (HK) Limited), an indirect wholly-owned subsidiary of S.F. Holding

“Shareholders”	the holders of the Shares
“Shenzhen Mingde”	Shenzhen Mingde Holding Development Co., Ltd., one of the Controlling Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning ascribed to it under the Listing Rules
“Thai SEC”	the Securities and Exchange Commission, Thailand
“THB”	Thai Baht, the lawful currency of Thailand
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“USD”	United States dollars, the lawful currency of the United States
“%”	per cent

By Order of the Board  
**WANG Wei**  
*Chairman*

Hong Kong, 26 March 2024

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

*Chairman, Non-executive Director:*  
*Mr WANG Wei*

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

*Executive Directors:*  
*Mr CHEUNG Ping Chuen Vicky and Mr CHENG Chi Wai*

*Non-executive Directors:*  
*Mr HO Chit, Ms OOI Bee Ti 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*