



# BUILDING ON TRUST

A N N U A L   R E P O R T   2 0 2 4

0636.HK

KLN Logistics Group Limited

# QUICK FACTS

59

countries & territories

18,000+

employees worldwide

57M ft<sup>2</sup>

land & facilities

2,200+

self-owned operating vehicles

*Note: Figures as at 31 December 2024*

THE ONE · IN ASIA

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# CORPORATE INFORMATION & KEY DATES

## BOARD OF DIRECTORS

Mr WANG Wei  
(Chairman, Non-executive Director)  
Mr KUOK Khoon Hua  
(Vice Chairman, Non-executive Director)

Executive Directors  
Mr CHEUNG Ping Chuen Vicky  
(Chief Executive Officer)  
Mr CHENG Chi Wai  
Mr HO Chit

Non-executive Directors  
Ms CHEN Keren  
Ms OOI Bee Ti

Independent Non-executive Directors  
Dr CHEUNG Wai Man  
Mr LAI Sau Cheong Simon  
Mr TAN Chuen Yan Paul  
Ms WONG Yu Pok Marina

## AUDIT AND COMPLIANCE COMMITTEE

Ms WONG Yu Pok Marina (Chairman)  
Mr LAI Sau Cheong Simon  
Ms OOI Bee Ti

## REMUNERATION COMMITTEE

Mr LAI Sau Cheong Simon (Chairman)  
Mr WANG Wei  
Mr CHEUNG Ping Chuen Vicky  
Mr TAN Chuen Yan Paul  
Ms WONG Yu Pok Marina

## NOMINATION COMMITTEE

Mr TAN Chuen Yan Paul (Chairman)  
Mr WANG Wei  
Mr KUOK Khoon Hua  
Dr CHEUNG Wai Man  
Mr LAI Sau Cheong Simon

## FINANCE COMMITTEE

Mr CHEUNG Ping Chuen Vicky (Chairman)  
Mr CHENG Chi Wai  
Mr HO Chit

## RISK MANAGEMENT COMMITTEE<sup>#</sup>

Mr CHEUNG Ping Chuen Vicky (Chairman)  
Mr CHENG Chi Wai

## SUSTAINABILITY COMMITTEE<sup>#</sup>

Mr CHENG Chi Wai (Chairman)

## COMPANY SECRETARY

Ms LEE Pui Nee

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants and  
Registered PIE Auditor

## LEGAL ADVISER

Norton Rose Fulbright Hong Kong

## REGISTERED OFFICE

Victoria Place, 5th Floor, 31 Victoria Street  
Hamilton HM 10, Bermuda

## CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16/F, Kerry Cargo Centre, 55 Wing Kei Road  
Kwai Chung, New Territories, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Ocorian Management (Bermuda) Limited  
Victoria Place, 5th Floor, 31 Victoria Street  
Hamilton HM 10, Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Hong Kong

## INVESTOR RELATIONS

T 852 2410 3600  
F 852 2480 5958  
E IR@kln.com

## WEBSITE

www.kln.com

## KEY DATES

Annual General Meeting  
26 May 2025

Closure of Registers of Members  
21 to 26 May 2025 and 30 May 2025

Proposed Payment of Final Dividend  
On or around 10 June 2025

<sup>#</sup> plus committee member(s) who is/are non-member(s) of the Board

# FINANCIAL HIGHLIGHTS

HK\$M

## REVENUE\*

**58,274**  **23%**


## SEGMENT PROFIT\*

**IL**  
**1,251**  **3%**

## IFF

**1,950**  **39%**

## CORE OPERATING PROFIT\*

**2,725**  **23%**

## CORE NET PROFIT\*

**1,357**  **12%**

## PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS

**1,542**  **95%**

## FINAL DIVIDEND

HK CENTS PER SHARE

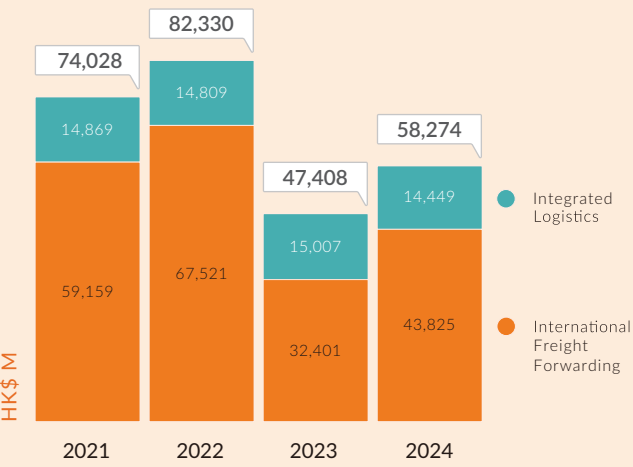
**15**

## GEARING

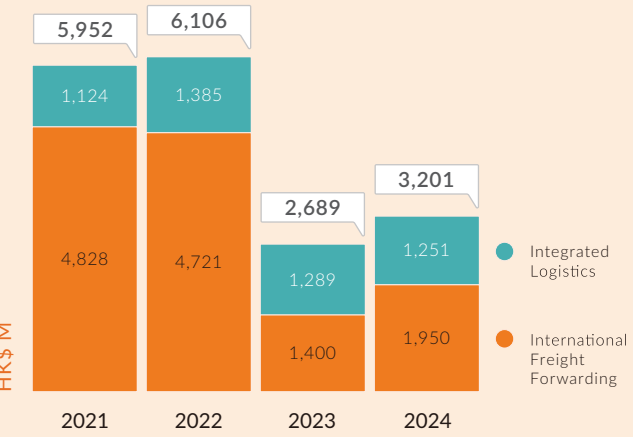
**53.6% / 14.4%**  
GROSS NET

\* For continuing operations only

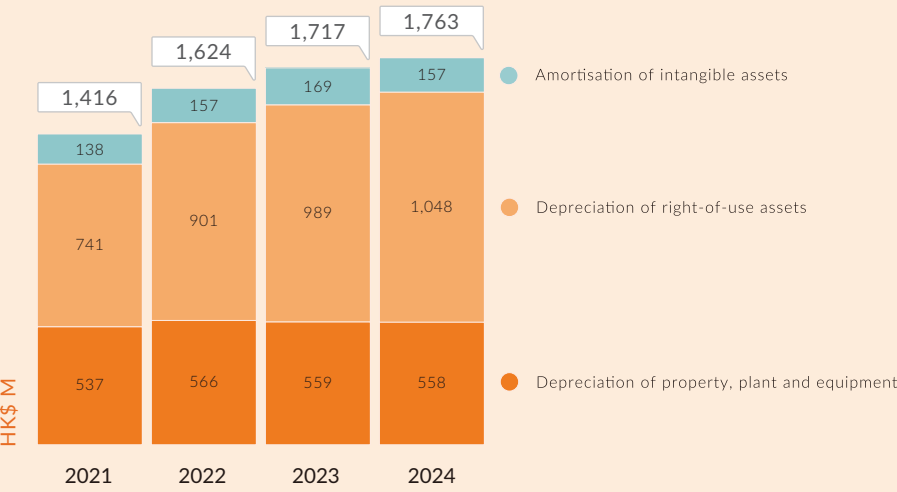
REVENUE BY SEGMENT\*



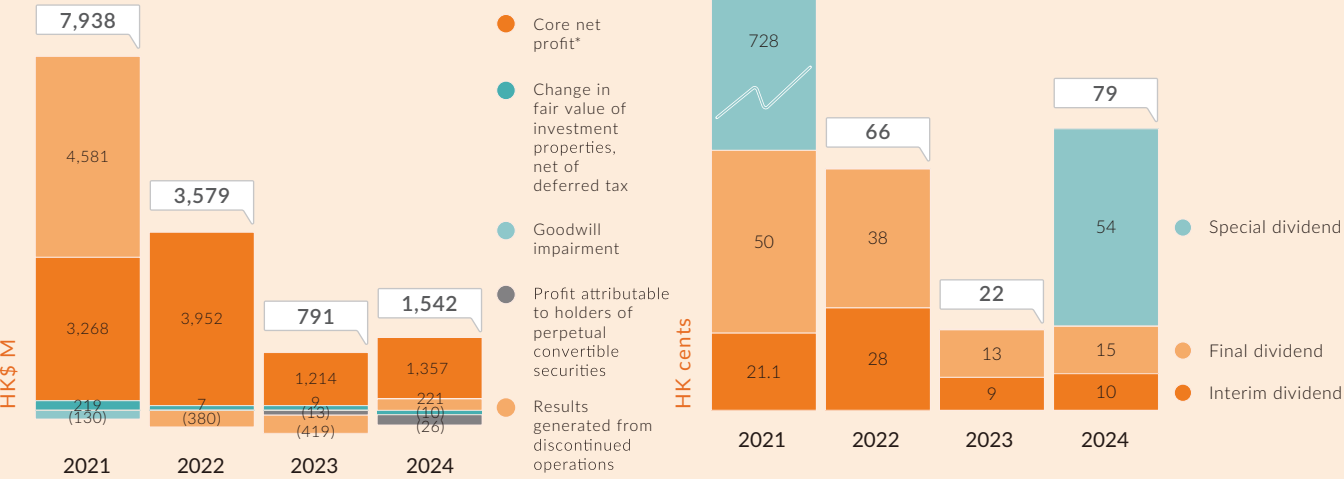
SEGMENT PROFIT\*



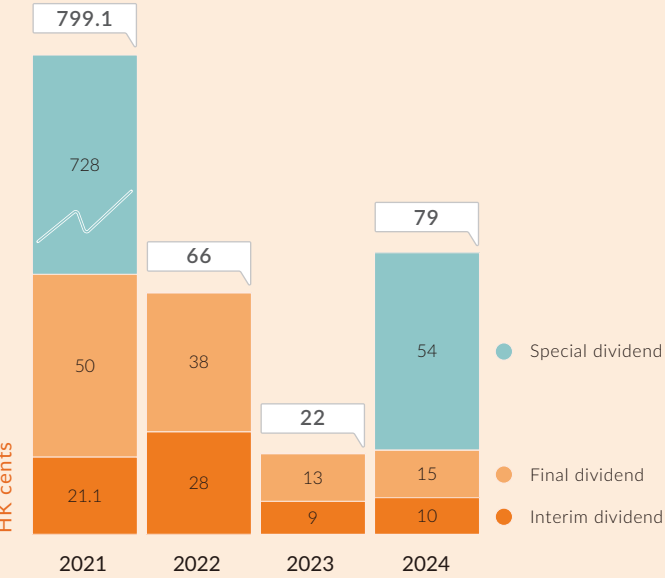
DEPRECIATION AND AMORTISATION\*



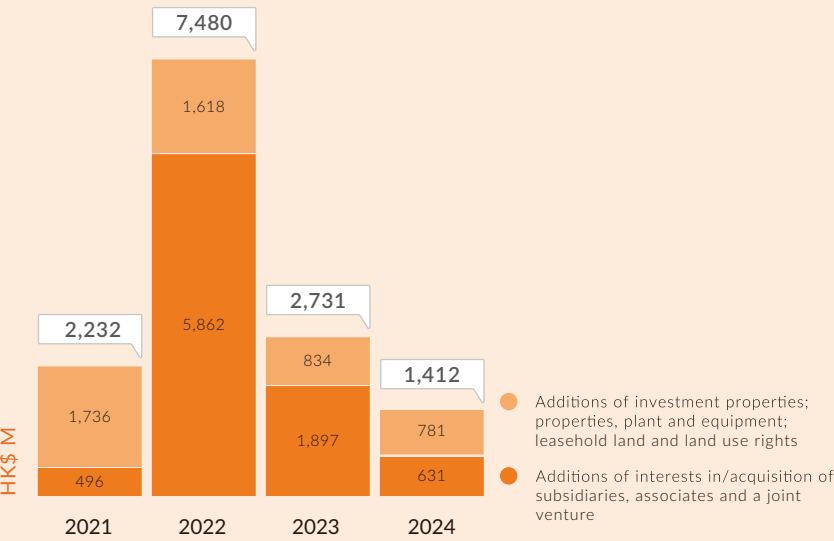
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS



DIVIDEND PER SHARE



CAPEX



\* For continuing operations only

\* For continuing operations only

# 2020 - 2024 FINANCIAL SUMMARY

Income statement	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Continuing operations					
Revenue	58,274,404	47,407,559	82,329,565	74,027,614	44,562,044
Operating profit	2,814,135	2,288,025	6,145,994	5,667,112	1,833,385
Finance costs	(625,153)	(576,720)	(370,566)	(224,554)	(218,533)
Share of results of associates and a joint venture	83,293	195,371	166,894	157,958	118,843
Profit before taxation	2,272,275	1,906,676	5,942,322	5,600,516	1,733,695
Taxation	(658,682)	(464,119)	(1,424,766)	(1,292,054)	(512,627)
Profit after taxation	1,613,593	1,442,557	4,517,556	4,308,462	1,221,068
Non-controlling interests	(267,563)	(219,869)	(558,097)	(951,222)	(225,991)
Holders of perpetual convertible securities	(25,740)	(12,870)	-	-	-
Profit attributable to the Company's shareholders from continuing operations	1,320,290	1,209,818	3,959,459	3,357,240	995,077
Profit/(loss) attributable to the Company's shareholders from discontinued operations	221,234	(418,653)	(380,268)	4,581,413	1,900,680
Profit attributable to the Company's shareholders	1,541,524	791,165	3,579,191	7,938,653	2,895,757
Represented by:					
Core net profit	1,252,036	777,191	3,572,175	3,691,807	1,828,442
Change in fair value of investment properties, net of deferred tax	(10,721)	8,614	7,016	2,188,950	1,067,315
Net gain on distribution and cessation of business	325,949	18,230	-	2,187,896	-
Impairment	-	-	-	(130,000)	-
Profit attributable to the Company's shareholders and holders of perpetual convertible securities	1,567,264	804,035	3,579,191	7,938,653	2,895,757
Holders of perpetual convertible securities	(25,740)	(12,870)	-	-	-
Profit attributable to the Company's shareholders	1,541,524	791,165	3,579,191	7,938,653	2,895,757
Assets and liabilities	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Non-current assets	20,417,237	20,699,473	21,432,599	21,147,602	35,168,627
Net current assets	6,765,552	6,766,642	8,756,346	9,174,074	6,822,788
Total assets less current liabilities	27,182,789	27,466,115	30,188,945	30,321,676	41,991,415
Long-term liabilities and non-controlling interests	(10,427,035)	(9,879,735)	(11,759,851)	(9,277,789)	(14,508,516)

# LOGISTICS FACILITIES

		Usage type	Approximate GFA owned		
			Total (Sq ft)	Attributable (Sq ft)	(%)
1	Kerry Siam Seaport 113/1 Moo 1, Sukhumvit Road (Highway No. 3), Tungsukhla Subdistrict, Sriracha District, Chonburi Province, Thailand	Warehouse & Port facilities	6,366,192 (site area)	5,406,170 (site area)	84.92
2	KMTL Myit Nge Dryport Plot B1, Myit Nge Dryport (Mandalay), Land Mark No. (1), (4), C1+4- C12, Myint Nge, Amarapura Township, Mandalay, Myanmar	Dry Port	1,858,895 (site area)	1,245,162 (site area)	66.98
3	KMTL Ywarthagyi Dryport Lot No. B, Yangon – Mandalay Railway Road Ywarthagyi, East Dagon Township, Yangon, Myanmar	Dry Port	1,742,412 (site area)	1,167,137 (site area)	66.98
4	Kerry Shanghai Fengxian Logistics Centre No. 3088 Hangtang Road, Fengxian District, Shanghai, the PRC	Logistics centre	1,196,734	1,196,734	100.00
5	Kerry Guangzhou Logistics Centre No. 20 Ping Dong Nan Road, Huadou District, Guangzhou, Guangdong Province, the PRC	Logistics centre	1,026,861	1,026,861	100.00
6	Kerry Chongqing Logistics Centre No. 69 Baohuan Road, Huixing Street, Yubei District, Chongqing, the PRC	Logistics centre	932,854	932,854	100.00

		Usage type	Approximate GFA owned		
			Total (Sq ft)	Attributable (Sq ft)	(%)
7	Kerry Indev Mumbai Inland Container Depot Somathane Village, Kone-Savla Rasayani Road, Panvel Taluka, Raigad District, Navi Mumbai, India	Warehouse & Inland Container Depot	928,890 (site area)	464,445 (site area)	50.00
8	Kerry Worldbridge Logistics Centre Kerry Worldbridge Special Economic Zone And Customs Bonded Warehouse under Certificates of Immovable Property Occupation Nos. PP29368 and PP29369, National Road 2, Preak Rotaing & Damnak Sangke, Commune of Preak Kampis, District of Dangkor, Phnom Penh, Cambodia	Logistics centre	864,853	518,912	60.00
9	Kerry Indev Irungattukottai Inland Container Depot Plot nos. B-7(Part), B-8, A-11(Part), SIPCOT Industrial Park, Irungattukottai, Kancheepuram District, Tamil Nadu, India	Warehouse & Inland Container Depot	850,733 (site area)	425,366 (site area)	50.00
10	Kerry Qingdao Jiaozhou Logistics Centre South of Weihe Road and West of Jiaotong University Avenue, Jiaozhou Economic and Technological Development Zone, Qingdao, Shandong Province, the PRC	Logistics centre	797,010	797,010	100.00
11	Kerry Song Than Logistics Centre No. 20 Thong Nhat Boulevard, Song Than Industrial Zone 2, Di An District, Binh Duong Province, Vietnam	Logistics centre	789,012	789,012	100.00
12	Kerry Indev Mundra Inland Container Depot Survey nos. 169/36, Dhrub Village, Mundra Taluka, Pragpar Mundra Port Highway, Adani Ports and Special Economic Zone Limited, Gujarat, India	Warehouse & Inland Container Depot	653,396 (site area)	326,698 (site area)	50.00
13	Kerry Bangna Logistics Centre 33/2 Moo 7, Leab Klong Song Nam Suvarnabhumi Road, Bangpla Subdistrict, Bangplee District Samutprakan Province, Thailand	Logistics centre	653,192	653,192	100.00

		Usage type	Approximate GFA owned		
			Total (Sq ft)	Attributable (Sq ft)	(%)
14	Kerry Zhuhai Logistics Centre NO. 440 Xing Wan Liu Road Xiang Zhou District, Zhuhai, Guangdong Province, the PRC	Logistics centre	637,295	637,295	100.00
15	Kerry Changsha Logistics Centre No. 1189 Zhong Qing Road, Kaifu District, Changsha, Hunan Province, the PRC	Logistics centre	637,070	637,070	100.00
16	Kerry Wuhan Logistics Centre No. 7 Shang Mao Avenue, Zou Ma Ling Street, Dongxihu District, Wuhan, Hubei Province, the PRC	Logistics centre	630,521	630,521	100.00
17	Kerry Chengdu Longquan Logistics Centre No. 68 South 5th Road, Economic & Technological Development Zone (Longquanyi District), Chengdu, Sichuan Province, the PRC	Logistics centre	608,097	608,097	100.00
18	Kerry Kunshan Logistics Centre No. 118 Yuxi Middle Road, Qiandeng Town, Kunshan, Jiangsu Province, the PRC	Logistics centre	567,083	567,083	100.00
19	Kerry Hainan Logistics Centre Lot No. A-20-1, Haikou Integrated Free Trade Zone, Haikou, Hainan Province, the PRC	Logistics centre	548,531	548,531	100.00
20	Kerry Wuxi Logistics Centre No. 2 Xinxiang Road, Wuxi, Jiangsu Province, the PRC	Logistics centre	533,206	533,206	100.00
21	Shenzhen Kerry Yantian Logistics Centre Lot No. 26, South Area of Yantian Port Free Trade Zone, Yantian District, Shenzhen, the PRC	Logistics centre	464,740	255,607	55.00



			Approximate GFA owned			
			Usage type	Total (Sq ft)	Attributable (Sq ft)	(%)
22	Kerry Xiamen Logistics Centre No. 18 Haijing South Road, Export Processing Zone, Haicang District, Xiamen, Fujian Province, the PRC	Logistics centre	449,172	449,172	100.00	
23	Kerry Rayong Logistics Centre 525 Moo3, WHA Eastern Seaboard Industrial Estate 1, Mappu-Bankhai (Highway No. 3574) Road, Ta Sit Subdistrict, Pluak Daeng District, Rayong Province, Thailand	Logistics centre	374,118	374,118	100.00	
24	Kerry Logistics Centre - Tampines 19 Greenwich Drive, Singapore	Logistics centre	371,466	371,466	100.00	
25	Kerry Zhengzhou Logistics Centre No. 137 Yitong Street, Zhengzhou Economic & Technological Development Zone, Zhengzhou, Henan Province, the PRC	Logistics centre	358,979	358,979	100.00	

Kerry Zhuhai Logistics Centre, Zhuhai, the Mainland of China





# CHAIRMAN'S STATEMENT

## BUILDING ON TRUST

2024 was a year that spotlighted the trust our customers have in KLN. At a time when the global economy was starting to stabilise, geopolitical volatility and disruptions to the global supply chain remained pervasive. Yet, KLN was able to rise to the challenges and offered innovative and flexible alternative solutions to our customers, not only gaining but also strengthening the trust our customers have in us. I am glad to report that KLN recorded double-digit growth in both revenue and core net profit during the year.

Our capabilities and ambitions are reflected in our corporate goal – to be “The One • In Asia”. Anchored in Asia, we deliver exceptional logistics solutions that connect markets and empower global trade. To our customers, we are not just a preferred vendor but also a trusted partner, a key component in their success. Armed with our proven track record, we are embarking on a new global rebranding campaign to create an attainable and ambitious vision for our future. The rebranding will be a strategic evolution beyond just a name change. It is a momentous occasion for us to inspire a world without boundaries by leading global logistics from Asia.

As a single brand, concise and impactful, KLN will unify our global presence, enhance brand recognition and unlock new opportunities for growth and collaboration. Building on our strong foundation, the KLN logo now fully embodies a seal of trust that reflects our core values and commitment to excellence around the world.

An inalienable part of KLN's brand value is the unique advantage our collaboration with S.F. Holding presents, one that would serve us well to fully leverage. The collaboration offers exceptional cross-selling opportunities to achieve

revenue synergies for both our IL and IFF divisions, in Asia and beyond. In 2024, we were able to successfully harness these opportunities and reap positive results.

While we navigate uncertainties, we must continue to embrace our role as responsible corporate citizens. KLN is dedicated to providing humanitarian aid and disaster relief logistics support to communities in need worldwide. This is as much a responsibility as an opportunity to differentiate ourselves and add value to our brand. I am particularly proud that our efforts in providing sustainable business solutions are recognised and praised by key customers who share this responsible philosophy.

I would like to express my heartfelt gratitude to our team for their talent and hard work, which strengthen our core identity as a strategic partner to our customers. I am also profoundly grateful to our valued customers and shareholders for their enduring support and trust.

For all the macroeconomic, geopolitical and policy uncertainties, the year ahead is likely to bring fresh challenges to the global logistics industry. As we continue to seize new business opportunities amid the supply chain reshuffle, I am confident that our unique market position, diverse services and customer-centric approach will help us weather any storm and emerge stronger.



WANG WEI  
Chairman



“Our capabilities and ambitions are reflected in our corporate goal – to be “The One • In Asia”. Anchored in Asia, we deliver exceptional logistics solutions that connect markets and empower global trade.”



# RESULTS OVERVIEW

The Group recorded a growth in revenue\* of 23% to HK\$58,274 million in 2024 (2023: HK\$47,408 million). Core operating profit\* increased by 23% to HK\$2,725 million (2023: HK\$2,207 million). Core net profit\* increased by 12% year-on-year to

HK\$1,357 million (2023: HK\$1,214 million). Profit attributable to the Shareholders was HK\$1,542 million (2023: HK\$791 million), which represents a year-on-year growth of 95%.

	2024 HK\$ million	2023 HK\$ million	
Segment profit*			
IL	1,251	1,289	-3%
IFF	1,950	1,400	+39%
	3,201	2,689	
Unallocated administrative expenses and others	(476)	(482)	
Core operating profit*	2,725	2,207	+23%
Core net profit*	1,357	1,214	+12%
Changes in fair value of investment properties, net of deferred tax	(10)	9	
Profit attributable to the Shareholders and holders of perpetual convertible securities, excluding results generated from discontinued operations	1,347	1,223	+10%
Profit attributable to holders of perpetual convertible securities	(26)	(13)	
Results generated from discontinued operations	221	(419)	
Profit attributable to the Shareholders	1,542	791	+95%

\* For continuing operations only

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### MARKET OVERVIEW

In 2024, the global economy underwent a slow recovery, inflation continued to ease and the trade in goods rebounded. Yet, challenges abounded in the macroeconomic environment as rising geopolitical tensions, trade protectionism and deglobalisation disrupted global trade and accelerated the supply chain reshuffle. The Red Sea situation also posed great challenges to the global logistics market, causing shipping companies to reroute and driving up the freight rates in 2024 Q2.

KLN responded to the evolving market with agility, leveraging the Group's network resources and offering flexible and cost-effective solutions to its customers. The Group's resilience was fully demonstrated by its 2024 results. KLN recorded a 23% year-on-year growth in revenue and a 23% increase in core operating profit for the year, outperforming its international peers. Despite the underperformance of certain associated companies, the Group's core net profit still recorded a healthy year-on-year growth of 12%.

In March 2024, the Group completed the distribution of its entire 907,200,000 shares of KEX Express Thailand in the form of special dividend to Shareholders and KEX Express Thailand ceased to be a subsidiary of the Group (the "Distribution"). The financial impact of the Distribution and other strategic actions to align with KLN Group's strategy of focusing on its core integrated logistics and international freight forwarding businesses was disclosed separately in the financial statements.

### INTEGRATED LOGISTICS

The Group's IL business reported a 3% drop in segment profit due to the impact of the changes in the external environment and in the domestic consumption patterns on key markets, Hong Kong and the Mainland of China. Undeterred by a difficult operating environment in the two markets, KLN successfully narrowed the decline in segment profit by capitalising on the growth in other Asian markets and implementing a series of cost optimisation measures to reduce operational expenses, including streamlining processes and human resources utilisation.

The Hong Kong IL business recorded a 12% drop in segment profit as a result of the domestic economic downturn and changes in the consumption patterns of visitors and local citizens. Personal spending continued to decline, leading to contractions in the F&B, retail, and the service sectors. Moreover, in an effort to reduce costs, some customers relocated all or part of their supply chains to the Mainland of China such as Qianhai in Shenzhen, or countries in Southeast Asia and South Asia, which also affected the performance of the Hong Kong business.



In the Mainland of China, domestic demand was weak and consumption patterns changed, which significantly reduced consumer spending. Coupled with heightened industry competition, profitability consequently contracted, with the IL business recording an 11% drop in segment profit. Furthermore, the business performance in the Mainland of China was also affected by multinational corporations ramping up the implementation of the “China Plus One” strategy by diversifying their business to other countries or directing investments towards other developing economies.

The IL business in the rest of Asia registered a 25% increase benefitting from the growth in India, Singapore and Vietnam and driven by the stable performance of Kerry Siam Seaport in Thailand. Building on its extensive network and diversified business portfolio in Southeast Asia, KLN capitalised on the opportunities arising from the international expansion policies of Chinese corporations in 2024. In addition, as the global supply chains reshuffled due to geopolitical factors, various industries have gradually relocated all or part of their supply chains from the Mainland of China to Southeast Asia or South Asia, allowing the Group to capture new business opportunities.

#### INTERNATIONAL FREIGHT FORWARDING

The Group’s IFF business recorded a 39% growth in 2024, supported by the growth in key markets including the Mainland of China, the US, Hong Kong and the rest of Asia.

Not only did the Red Sea situation bring challenges in 2024, but it also triggered a spike in ocean freight rates which began in May 2024. In addition, the ocean freight market experienced a supply shortage in 2024 Q3, which KLN fully capitalised on by providing customers with the rare offering of block space. Although the overall volume of the NVOCC market rose in 2024, the Group did not indiscriminately pursue market share. Instead, it focused on serving key customers and successfully improved its segment profit, while maintaining its top position globally as the leading NVOCC in the Asia-US trade lane.

In the Mainland of China, the air freight business under the IFF division recorded stable volume growth in the traditional slack season, owing to the surges in cross-border e-commerce. Ocean freight rate began to soar in May 2024 across all export countries, with sustained high freight rates on trade lanes including Southeast Asia, Europe and the US.

In 2024, KLN’s industrial project logistics division strengthened its service capabilities by bringing on board new engineering competencies, integrating new products and services, as well as further expanding its footprint in the Asia Pacific. Riding on the expanded resources, the division acted as an EPC (Engineering, Procurement and Construction) contractor and captured new businesses by providing end-to-end solutions from project management, engineering to procurement and installation in both upstream and downstream projects for the energy, power, renewables and construction sectors, and contributed revenue of over HK\$1.7 billion to the Group. The segment is expected to become another growth driver for the Group in the coming years.



The joint venture between the Group and S.F. Holding commenced operations in November 2023 to provide ground handling services at the international cargo terminal of the Ezhou Airport in Central China. In 2024, the joint venture recorded a revenue contribution of more than HK\$200 million in its first year, significantly exceeding expectations.

SUSTAINABILITY

KLN Group integrates sustainability principles into its everyday operations, aiming to maximise stakeholder value and paving the way for a greener, more secure logistics ecosystem for its customers and business partners.

In 2024, the Group advanced its decarbonisation efforts by adopting renewable energy, electric long-haul trucks, and exploring sustainable fuels. To advance its green initiatives and support equitable employment, the Group secured a five-year HK\$1 billion sustainability-linked loan in driving sustainability growth. Meanwhile, the Group continues to nurture its employees through the WE KARE Caring Platform, which is dedicated to supporting the well-being of its employees, upskilling them through tailored training and a range of sustainability topics. The Group celebrates diversity and inclusion, enabling its employees to contribute meaningfully to society.

The Group commenced preparations to comply with the HKEX New Climate Requirements, aligned with ISSB S2 to enhance its disclosure. As a part of this, a double materiality assessment was conducted to understand the financial impact of sustainability issues, informing KLN’s business resilience and action plans.

OUTLOOK

The advent of 2025 brought with it volatility in the international trade policy environment and the persistent escalation of protectionism, adding uncertainties to the market. KLN expects supply chain anomalies to persist in 2025. The formation of new alliances by major shipping companies may lead to short-term chaos or uncertainty, resulting in the continued fluctuations of freight rates. Even if the Red Sea Crisis resolves, tensions in the Middle East remain elevated, hence a return to shipping through the Red Sea may prove protracted. Along with the unpredictability of the new tariffs, challenges will arise, but also opportunities.

Looking ahead, despite facing numerous difficulties and challenges in the two key markets of Hong Kong and the Mainland of China, the Group’s IL division will continue to deepen the value chain of existing customers to drive revenue growth. At the same time, it will accelerate the integration of its operations between Hong Kong and the Mainland of China to address the rising demand from existing customers and the market for Hong Kong-China hybrid logistics solutions. The Group will also closely monitor market trends and actively explore business opportunities in other sectors, such as infrastructure and environmental protection, in search of new growth drivers.

The volatile policy environment will induce more corporations to shift their investment focus towards the Southeast Asian or South Asian regions. The development potential within these regions is expected to become a key driver of the global economy, as well as a growth area for KLN’s IL business. The Group will continue to maximise its profitability in fast-growing countries such as Thailand, Vietnam and Indonesia, while actively developing the new markets it has entered, including Sri Lanka, Dubai and Mexico, to capitalise on the growth momentum. KLN’s strong performance in Southeast Asia in 2024 has fully validated the Group’s ability to capture the development potential of the region.

For its IFF business, the Group will carefully track the evolving dynamics in the global freight market. Capitalising on KLN’s unique route offerings and leveraging its solid market coverage in Asia, diverse service portfolio and global network resources, the Group will swiftly respond to the ever-changing trade environment and capture new opportunities brought by the supply chain reshuffle to provide flexible and cost-effective multimodal freight services to customers, thereby generating profits for the Group. As interest rate eases and the global economy stabilises, infrastructure investment is expected to rebound, unlocking development potential of the Group’s industrial project logistics business.



KLN Group began the delivery of 37 sets of wind turbines, which include components such as 84-meter blades, from the Mainland of China, through Kazakhstan, to Azerbaijan via road and ocean freight in June 2024. The project is expected to complete in May 2025.

In early 2025, the US imposed an additional 20% tariff on all Chinese imports and announced the suspension of the “de minimis” exception for low-value goods. It is likely that Chinese cross-border e-commerce sellers reliant on the US market will speed up the adjustments to their supply chain strategies by relocating to other regions, and localising production and distribution. The

“  
Coupled with its  
unique competitive  
advantages and the  
ability to capitalise on  
new opportunities  
brought about by the  
changes in the market,  
KLN will further drive  
the overall growth  
of its business, and  
have its future growth  
potential reflected in  
the Company’s market  
valuation.”

move is expected to fuel a rise in intra-Asia trade and demand for overseas warehousing services. KLN will actively leverage its existing diversified market presence, including its extensive overseas warehouse network and ocean and air freight services across Southeast Asia, South Asia, the US and Europe, to capitalise on new opportunities springing from the supply chain reshuffle under the new policies, which will further drive growth in both the IL and IFF businesses.

KLN recorded an increase in revenue in 2024, but its administrative expenses to revenue ratio remained at a relatively low level, significantly outperforming its international peers. At the same time, the Group’s earnings before interest and taxes (EBIT) margin was in line with international market, while the compound annual growth rate (CAGR) of its core operating profit over the past five years has surpassed that of its peers, fully demonstrating the Group’s effective cost control and profitability. Coupled with its unique competitive advantages and the ability to capitalise on new opportunities brought about by the changes in the market, KLN will further drive the overall growth of its business, and have its future growth potential reflected in the Company’s market valuation.

## 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 2024, total foreign currency borrowings amounted to the equivalent of HK\$1,902 million (including HK\$1,138 million denominated in Renminbi and HK\$317 million denominated in SGD), which represented approximately 22% of the Group’s total bank loans of HK\$8,821 million.

Out of the Group’s total bank loans as at 31 December 2024, HK\$2,917 million (representing approximately 33%) was repayable within one year, HK\$1,908 million (representing approximately 22%) in the second year, HK\$3,904 million (representing approximately 44%) in the third to fifth years and HK\$92 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 98% of total bank loans. In relation to the secured bank loans of HK\$137 million as at 31 December 2024, the securities provided include legal charges over certain non-current assets with aggregate net book value of HK\$780 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 2024, the gearing ratio for the Group was 53.6% (31 December 2023: 49.1%). 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 and holders perpetual convertible securities.

As at 31 December 2024, the Group had total undrawn bank loan and overdraft facilities of HK\$9,980 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 2024, the Group had no material contingent liabilities.



# STAFF AND REMUNERATION POLICIES

As at 31 December 2024, the Group had approximately 18,700 employees. The number of employees of the Group reduced from approximately 33,100 as at 31 December 2023, mainly because KEX Express Thailand ceased to be a subsidiary of the Company following the completion of the Distribution. 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.

# AWARDS AND CITATIONS

## CORPORATE ACCOLADES



LISTED COMPANY AWARDS OF EXCELLENCE 2024  
  
HONG KONG ECONOMIC JOURNAL



• EXCELLENCE IN GLOBAL LOGISTICS  
• EXCELLENCE IN SUSTAINABLE LOGISTICS ENTERPRISE  
  
HONG KONG ECONOMIC TIMES EXCELLENCE AWARDS 2024



CROSS-BORDER CORPORATE – LEADERSHIP AWARD  
  
STANDARD CHARTERED CORPORATE ACHIEVEMENT AWARDS 2024



ESG LEADING ENTERPRISE 2024 (CATEGORY I: MARKET CAPITALISATION OVER HK\$12 BILLION)  
  
BLOOMBERG BUSINESSWEEK/ CHINESE EDITION



• ESG BENCHMARK AWARDS – SILVER AWARD  
• OUTSTANDING SUSTAINABILITY AND DIVIDEND GROWTH AWARD  
  
ESG ACHIEVEMENT AWARDS 2023/2024



• PLATINUM AWARD  
• BEST SUSTAINABILITY TEAM  
• BEST INITIATIVE IN ENVIRONMENTAL RESPONSIBILITY  
  
THE ASSET ESG CORPORATE AWARDS 2024

INDUSTRY RECOGNITION



- BEST 3PL PROVIDER
- BEST LOGISTICS SERVICE PROVIDER – AIR FREIGHT

2024 ASIAN FREIGHT, LOGISTICS AND SUPPLY CHAIN AWARDS



ASIAN 3PL OF THE YEAR  
SUPPLY CHAIN ASIA AWARDS 2024



ASIA-PACIFIC LOGISTICS COMPANY OF THE YEAR  
2024 FROST & SULLIVAN ASIA-PACIFIC BEST PRACTICES AWARDS



2024 CHINA'S TOP 50 LOGISTICS ENTERPRISES  
CHINA FEDERATION OF LOGISTICS & PURCHASING



SUPPLY CHAIN SERVICE INNOVATION ENTERPRISE  
CHINA FEDERATION OF LOGISTICS & PURCHASING



2023-2024 CHEMICAL LOGISTICS TOP ENTERPRISE  
CHINA FEDERATION OF LOGISTICS & PURCHASING

COMMENDATIONS FROM CUSTOMERS AND PARTNERS



INNOVATION GAME CHANGER AWARD 2023  
DELL TECHNOLOGIES



2024 BEST PARTNER AWARD: DECARBONIZATION  
L'ORÉAL HONG KONG



DISTRIBUTOR EXCELLENCE AWARDS 2023  
SHOCKWAVE MEDICAL



BEST SUPPLY CHAIN PARTNER 2024  
MIELE



BEST PARTNERSHIP AWARD 2023  
PRADA FASHION COMMERCE



AWARD OF APPRECIATION FOR 5 YEARS SERVICE  
MURATA

KLN Group has a total of 163 wins, from corporate accolades, industry recognition to commendations from customers and partners

LOCATION	AWARD	ORGANISER
CORPORATE ACCOLADES		
Hong Kong	Listed Company Awards of Excellence 2024 (Main Board Category)	Hong Kong Economic Journal
	Corporate Brand Awards of Excellence 2024: Global Logistics Company of Excellence	Hong Kong Economic Journal
	Hong Kong Economic Times Excellence Awards 2024 <ul style="list-style-type: none"><li>Excellence in Global Logistics</li><li>Excellence in Sustainable Logistics</li></ul>	Hong Kong Economic Times
	Standard Chartered Corporate Achievement Awards 2024: Cross-border Corporate – Leadership Award	Standard Chartered Bank and Hong Kong Economic Journal
	ESG Leading Enterprise 2024 (Category I: Market Capitalisation over HK\$12 billion)	Bloomberg Businessweek/Chinese Edition
	ESG Achievement Awards 2023/2024 <ul style="list-style-type: none"><li>ESG Benchmark Awards – Silver Award</li><li>Outstanding Sustainability Dividend Award</li></ul>	Institute of ESG & Benchmark
	The Asset ESG Corporate Awards 2024 <ul style="list-style-type: none"><li>Platinum Award</li><li>Best Sustainability Team</li><li>Best Initiative in Environmental Responsibility</li></ul>	The Asset Magazine
	Hong Kong Green and Sustainability Contribution Awards 2024: Pioneering Award for ESG Disclosure Contribution	Hong Kong Quality Assurance Agency
	Hong Kong Green and Sustainable Finance Awards 2024 <ul style="list-style-type: none"><li>Outstanding Award for Green and Sustainable Loan Issuer (Logistics Services Industry) – Visionary Sustainability-linked Loan Performance Metrics</li><li>Leadership Award for Green and Sustainable Finance Development – Ellis Cheng</li><li>Strategist Award for Green and Sustainable Finance Development – Ivy Wong</li></ul>	Hong Kong Quality Assurance Agency
	2024 All-Asia (Ex-Japan) Executive Team: Most Honored Company	Institutional Investor
	2024 All-Asia (Ex-Japan) Executive Team Annual Ranking 1st Place (Transportation Sector): Best Company Board	Institutional Investor
	2024 All-Asia (Ex-Japan) Executive Team (Overall Small & Midcap) – 1st Place (Transportation Sector) <ul style="list-style-type: none"><li>Best CEO – Vic Cheung</li><li>Best CFO – Ellis Cheng</li><li>Best ESG Program</li><li>Best IR Program</li><li>Best IR Team</li><li>Best IR Professional – Iris Tsang</li></ul>	Institutional Investor

LOCATION	AWARD	ORGANISER
CORPORATE ACCOLADES		
Hong Kong	IR Magazine Awards – Greater China 2024 Best in Sector: Industrials & Materials	IR Magazine
	Hong Kong Sustainability Awards 2024: Merit Award (Large Organisation Category)	The Hong Kong Management Association
	FinanceAsia Achievement Awards 2024 (Dealmaker Poll Category): Best CFO (Hong Kong SAR) – Ellis Cheng	FinanceAsia Magazine
	Constituents of Hang Seng Corporate Sustainability Benchmark Index 2024/2025	Hang Seng Indexes Company Limited
	10 Years Plus Caring Company	The Hong Kong Council of Social Service
	HR Excellence Awards 2024/2025 <ul style="list-style-type: none"><li>Merit Award – Grand Award of Employee Wellness</li><li>Merit Award – Employee Happiness Award</li><li>Merit Award – Management Trainee Programme Award</li><li>Merit Award – Community Caring Award</li><li>Merit Award – Gen Z Attraction Award</li><li>Good Practice Award – Best Workplace Award</li></ul>	Hong Kong Institute of Human Resource Management
	Good Employer Charter 2024	Hong Kong Labour Department
	Good MPF Employer Award 2023/2024 – e-Contribution Award	Mandatory Provident Fund Schemes Authority
	Human Resources Distinction Awards 2024 <ul style="list-style-type: none"><li>Gold Award – Excellence in Employee Care &amp; Wellbeing</li><li>Gold Award – Excellence in Graduate &amp; Management Trainee Programme</li><li>Silver Award – Excellence in Career Development</li><li>Silver Award – Excellence in Rewards &amp; Recognition</li><li>Bronze Award – Excellence in Workplace Culture</li></ul>	Human Resources Online
	Social Enterprise Supporter Excellence Award 2024	Fullness Social Enterprises Society
	CTgoodjobs Best HR Awards 2024 <ul style="list-style-type: none"><li>Grand Award – Best Gen Z Attraction Award</li><li>Grand Award – Best Reward &amp; Recognition Strategy Award</li><li>Gold Award – Best Corporate Wellbeing Programme Award</li></ul>	CTgoodjobs
	Asian Legal Business Hong Kong Law Awards 2024: Transportation and Logistics – In-House Team of the Year	Asian Legal Business and Thomson Reuters
	IHC Counsels of the Year Awards 2024 – Belinda Ng	In-House Community Magazine
	Quality Food Scheme Plus 2024: Diamond Enterprise Winner	GS1 Hong Kong
	Quality Food Scheme ESG 2024: Innovation Enterprise Winner	GS1 Hong Kong

LOCATION	AWARD	ORGANISER
CORPORATE ACCOLADES		
US	ASTRID Awards 2024: Annual Report 2022 Bronze Winner: Annual Reports – Covers – Graphics & Text	MerComm, Inc.
	ASTRID Awards 2024: Sustainability Report 2022 Bronze Winner: Annual Reports – Online – Sustainability & ESG Reporting	MerComm, Inc.
	International ARC Awards 2024: Annual Report 2023 Silver Winner – Traditional Annual Report: Logistics Services/Enterprises	MerComm, Inc.
	International ARC Awards 2024 Sustainability Report 2023 <ul style="list-style-type: none"><li>Silver Winner – PDF Version of Annual Report: Sustainability Report – Hong Kong</li><li>Silver Winner – Design/Graphics: Sustainability Report – Hong Kong</li><li>Bronze Winner – Cover/Home Page: Sustainability Report – Hong Kong</li></ul>	MerComm, Inc.
	Mercury Awards 2024/2025: Annual Report 2023 Honors Award: Annual Reports – Overall Presentation: Logistics Services	MerComm, Inc.
	Galaxy Awards 2024: Annual Report 2023 Honors – Design: Covers – Annual Reports – Artistic/Illustrations	MerComm, Inc.
	iNOVA Awards 2024: 'Sustainability in Motion' Video Bronze Winner – Video: ESG Video Report	MerComm, Inc.
	The International Annual Report Design Awards 2024 Annual Report 2023 (Transportation & Logistics) <ul style="list-style-type: none"><li>Gold Winner: Cover Design</li><li>Silver Winner: Integrated Presentation</li><li>Silver Winner: Interior Design</li><li>Silver Winner: Photography</li><li>Bronze Winner: Infographic</li></ul>	IADA International Limited
	The International Annual Report Design Awards 2024 Sustainability Report 2023 (PDF Version/Transportation & Logistics) <ul style="list-style-type: none"><li>Gold Winner: Infographic</li><li>Silver Winner: Integrated Presentation</li><li>Silver Winner: Interior Design</li><li>Silver Winner: Cover Design</li><li>Silver Winner: Photography</li></ul>	IADA International Limited
United Kingdom		

LOCATION	AWARD	ORGANISER
CORPORATE ACCOLADES		
The Mainland	The 13th China Finance Summit: Sustainable Development Model Enterprise 2024	China Finance Summit Committee
	The 8th Boao Enterprise Forum: ESG Excellence Award 2024	Committee of Boao Enterprise Forum
	The 14th Philanthropy Festival and ESG Summit: ESG Model Enterprise 2024	SYOBSERVE
	China International Consumer Products Expo 2024: Ivy Award – 4th Year of Collaboration	China Ministry of Commerce and People's Government of Hainan Province
	Green Channel Enterprise in Nanshan District 2024-2026	Shenzhen Nanshan People's Government Office
Vietnam	Top 20 Good Quality Services 2024 – Logistics Services	Vietnam Consumer Protection Center – Institute of Economics and Culture
Thailand	Outstanding Halal Enterprise Award 2024 – Honor	Islamic Council of Rayong Province
INDUSTRY RECOGNITION		
Singapore	2024 Asian Freight, Logistics and Supply Chain Awards <ul style="list-style-type: none"><li>Best 3PL Provider</li><li>Best Logistics Service Provider – Air Freight</li></ul>	Asia Cargo News Magazine
	Supply Chain Asia Awards 2024: Asian 3PL of the Year	Supply Chain Asia Magazine
	2024 Frost & Sullivan Asia-Pacific Best Practices Awards: Asia-Pacific Logistics Company of the Year	Frost & Sullivan
US	Armstrong & Associates' Rankings (published in 2024) <ul style="list-style-type: none"><li>Top 50 Global 3PLs – Ranked No 21 (ranked by 2023 logistics gross revenue/turnover)</li><li>Top 25 Global Freight Forwarders – Ranked No 10 (ranked by 2023 logistics gross revenue &amp; freight forwarding volumes)</li></ul>	Armstrong & Associates, Inc.
	Transport Topics' Top 50 Logistics Rankings (published in 2024) <ul style="list-style-type: none"><li>Top 50 Ocean Freight Forwarders – Ranked No 9 (ranked by 2023 freight forwarding volume)</li><li>Top 50 Air Freight Forwarders – Ranked No 11 (ranked by 2023 freight forwarding volume)</li></ul>	Transport Topics & Armstrong & Associates, Inc.



LOCATION	AWARD	ORGANISER
INDUSTRY RECOGNITION		
The Mainland	2023 China International Freight Forwarding Logistics Rankings <ul style="list-style-type: none"><li>Air Freight Gross Revenue – Ranked No 4</li><li>Ocean Freight Gross Revenue – Ranked No 12</li><li>Road Freight Gross Revenue – Ranked No 10</li><li>Logistics Gross Revenue – Ranked No 7</li><li>Warehousing Gross Revenue – Ranked No 7</li></ul>	China International Freight Forwarders Association
	2024 Top 50 China Logistics Enterprises	China Federation of Logistics & Purchasing
	China Chemical Logistics Industry 2024: Supply Chain Service Innovation Enterprise	China Federation of Logistics & Purchasing
	2023-2024 Chemical Logistics Top Enterprise – Integrated Service Enterprise	China Federation of Logistics & Purchasing
	2023 Top 60 China Cold Chain Warehousing Enterprises	China Association of Warehousing and Distribution
	2023 Top 100 China General Warehousing Enterprises	China Association of Warehousing and Distribution
	China Customs Industry Research 2024 – Role Model Case of Excellent Practice in Trade Service Innovation	China Customs Brokers Association
	Excellent Expert Office 2023	China Customs Brokers Association
	Excellent Customs Declaration Unit in Shanghai 2023	Shanghai Customs Brokers Association
	Chem-Chain Awards: 2024 Chemical Logistics Service Leader	Global Chemical Supply Chain (China) Summit
	Leading Enterprise for the Safety Management of Chemicals Transportation 2024	China Communications and Transportation of Association
	Top 100 Logistics Industry Awards: 2024 Top 10 Competitive Enterprises in the Logistics Industry	China Logistics Times Magazine & Committee of China International Logistics Week
	Top 30 Logistics and Supply Chain (China) Solutions 2024	China Logistics Times Magazine & Committee of Global Trade and International Logistics Summit Forum
	30 Years of Meritorious Enterprise Award	Tianjin International Freight Forwarders & Logistics Supply Chain Association
	LOG Innovative Supply Chain Logistics – Best Service Award 2024	LOG Club
	LOG Low-carbon Supply Chain Logistics – The Most Influential Brand Owner 2024	LOG Club

LOCATION	AWARD	ORGANISER
COMMENDATIONS FROM CUSTOMERS AND PARTNERS		
Hong Kong	2024 Best Partner Award: Decarbonization	L'Oréal Hong Kong
	Distributor Excellence Awards 2023	Shockwave Medical
	Best Supply Chain Partner 2024	Miele
	15 Years of Outstanding Partnership	Miele
	Award of Appreciation for 5 Years Service	Murata
	Appreciation Award for 10 Consecutive Years of Logistics Service	Canon Electronic Business Machines
	10 Years of Outstanding Partnership	Madison
	Best Long Term Services Partner 2024	China Paint
	DuPont Valued Partnership Award 2024	DuPont
	Best Supporting Partner Award	Pandamart
	Award of Appreciation for Continuous Support 2024	Lion
	Best New Partner Award 2024	PRUNUS Medical
	High Performance Award 2024	B. Braun Medical
The Mainland	Golden Distributor of the Year 2024	Caresono Technology
	Best Logistics Partner of the Year 2023	Senko International Logistics
	Innovation Game Changer Award 2023	DELL Technologies
	Supply Chain Security Star	DELL Technologies
	Best Warehousing Partner 2024	DELL Technologies
	Best Partnership Award 2023	Prada Fashion Commerce
	Best Partnership Award 2024	ZTE Corporation
	Excellent Service Award 2024	BOE Technology
	Best Service Award 2023 – Gold Award	IEIT Systems
	Southern Jiangsu Partnership Gold Award 2024	SF Express
	Best Service Provider Award 2024	Deckers Footwear
	Best Carrier Service Provider 2023	Dow Chemical
	Excellent Supplier Award 2024	China Nuclear Control System Engineering
	Best Partner in South China Award 2024	Yili Group
	Excellent Service & Contribution in Zhejiang-Shanghai Region Award 2024	Yili Group
	Best Service Award 2024	Unilever
	Best Partnership Award 2024	Sinian Foods
	Best Logistics Service Award 2024	Design Holding
	Special Strategic Partner Contribution Award 2021-2023	Sherwin-Williams
	Sherwin-Williams AUTO Best Partner Award 2024	Sherwin-Williams
	Douyin E-commerce Global Purchase Quality Achievement Award 2024	Shanghai Star Leap Supply Chain Management
	Excellent Logistics Carrier in 2024	Evirth

LOCATION	AWARD	ORGANISER
COMMENDATIONS FROM CUSTOMERS AND PARTNERS		
The Mainland	Outstanding Transportation Supplier 2024	Givaudan
	Professional Service Award 2024	Wizard of Oz Biotechnology
	Excellent Supplier Award 2023	Festo
	Excellent Logistics Partner 2024	Fangda Carbon
	Excellent Partnership 2023	Allnex (China)
	Outstanding Suppliers in the Aksu Region for the Second Quarter of 2024	AkzoNobel North Asia
	Outstanding Suppliers in the Aksu Region for the Third Quarter of 2024	AkzoNobel North Asia
	Excellent Cooperation Award 2024	Syngenta (China)
	5 Million Dollar Sales Award 2023	China Airlines
	Mega Tonners Award 2023 – Station Shanghai	MASkargo
	Outstanding Agent of 2024 – Beijing	Asiana Airlines
	Best Collaborative Contribution Award – Exemplary Sales Performance 2019–2024	Air Incheon
	Outstanding Sales Achievement 2023 – Gold Award	Polar Air Cargo
	Best Service Support Award 2024	Polar Air Cargo
	Excellence Service Award 2024	Kalitta Air
	Trusted Partner Award 2024	Atlas Air
	Best Service Award 2024	Zhongshi (Hubei) International Logistics
	Best Service Award 2024	SF Airlines
Singapore	Top Agents Award 2023/2024	Singapore Airlines Cargo
	Million Dollar Sales Award 2023	China Airlines
	Top Cargo Agent 2024	Korean Air
Indonesia	Best Digital Customer 2024	Mediterranean Shipping Company
Philippines	2024 Excellent Partner Award	ZTE Philippines
US	Most Valued Transportation Partner 2023	Spencer Gifts
Italy	Best Performing Digital Customer 2024	Turkish Cargo

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2024.

## CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability.

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 2024, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

The Company recognises the importance of transparency in governance and accountability to Shareholders. The Board believes that Shareholders can maximise their benefits from good corporate governance. Therefore, the Company regularly reviews its corporate governance practices to ensure alignment with generally acceptable practices and standards.

## CORPORATE PHILOSOPHY

As Asia's leading logistics service provider, the philosophy of the Company is a commitment to success. We are committed to success in both the region and the larger global market. The Company understands the uniqueness of the Asian market and the complexity of global supply

chains. The Company's expertise extends beyond the mechanics of logistics into diverse business and cultural considerations that effect seamless movement of cargo. The Company is committed to creating real value for our stakeholders through innovative solutions, sustainable results and long-term growth.

## VISION

To inspire a world without boundaries by leading global logistics from Asia.

## MISSION

Anchored in Asia, we deliver exceptional logistics solutions that connect markets and empower global trade. Through unmatched global connectivity, we enable our customers to thrive and reach new heights of success.

## CORE VALUES – VOICE

### VALUE CREATION

We strive to generate meaningful benefits for all our stakeholders by delivering innovative solutions and fostering enduring value. Our goal is to enhance experiences and outcomes by continually pushing the boundaries of what's possible.

### OPENNESS

We believe in true openness and transparency throughout our company. We actively encourage open communication and dialogue at every level of the organisation, fostering an agile environment that swiftly adapts to change and seizes opportunities.



## INTEGRITY

Our business is built on integrity. We follow clear ethical guidelines and strictly enforce them throughout the Company.

## COMMITMENT

We are dedicated to the success of our clients. Our unwavering commitment extends to every project and assignment, ensuring exceptional service and outstanding performance. We are equally devoted to fostering our employees' career development and fulfilling our shareholders' expectations.

## EXCELLENCE

We are committed to excellence by continuously improving and innovating while integrating sustainable practices to ensure a better future for our business and the world.

### A THE BOARD

#### 1 RESPONSIBILITIES OF THE BOARD

The Board is responsible for the leadership and control of the Company and is responsible for promoting the long-term sustainable success of the Company by directing and supervising its affairs as well as aligning the Company's culture with its purpose, value and strategy. The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. All relevant terms of reference (except for the Finance Committee, the Risk Management Committee and the Sustainability Committee) are published on the websites of the Stock Exchange and the Company.

All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its Shareholders at all times. The biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against the Directors. For more details, please refer to the section headed "Directors' Permitted Indemnity Provision" in the Report of Directors on page 94 of this annual report.

#### 2 DELEGATION OF MANAGEMENT FUNCTION

The Board is responsible for making all major decisions of the Company including: the approval and monitoring of all major policies of the Group, overall strategies and budgets, internal control and risk management systems, notifiable and connected transactions, nomination of directors, Company Secretary and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.



The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

3 BOARD COMPOSITION

The Board comprises the following Directors:

Mr WANG Wei  
(Chairman, Non-executive Director)  
Mr KUOK Khoon Hua  
(Vice Chairman, Non-executive Director)

Executive Directors

Mr CHEUNG Ping Chuen Vicky  
(Chief Executive Officer)  
(re-designation as Chief Executive Officer effective from 1 April 2024)  
Mr CHENG Chi Wai  
Mr HO Chit  
(re-designation as Executive Director effective from 1 September 2024)

Non-executive Directors

Ms CHEN Keren  
Ms OOI Bee Ti

Independent Non-executive Directors

Dr CHEUNG Wai Man  
Mr LAI Sau Cheong Simon  
Mr TAN Chuen Yan Paul  
Ms WONG Yu Pok Marina

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The Independent Non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

To the best knowledge of the Company, there are no financial, business, family, or other material/relevant relationships among members of the Board.

4 APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of directors are laid down in the Bye-laws. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of the Independent Non-executive Directors.

Each of the Directors (including the Non-executive Director and Independent Non-executive Directors) has signed an appointment letter with the Company for an initial term commencing from his/her respective date of appointment until the next general meeting of the Company, at which he/she will be eligible for re-election. Upon being re-elected, the appointment of the director shall continue for a period of three years and until the conclusion of the third annual general meeting of the Company or such earlier date pursuant to the Bye-laws. The appointments are subject to the provisions of retirement and rotation of directors in accordance with the Bye-laws.

In accordance with the Bye-laws, all Directors are subject to retirement by rotation no later than the third annual general meeting after he/she was last elected or re-elected.

5 INDUCTION AND CONTINUING DEVELOPMENT FOR DIRECTORS

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills, and are required to provide to the Company their training records on an annual basis.

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors are continually provided with information related to the developments in the legal and regulatory regime, the business and market environments and the Company's business and governance policies to facilitate the execution of their responsibilities. Continuing briefing and professional development for Directors were arranged by the Company and its legal adviser.

During the year, the following continuous professional development were arranged for all Directors:

- the Directors were provided with reading materials about cybersecurity and anti-corruption

According to records provided by the Directors, a summary of participation in training by the Directors for the year ended 31 December 2024 is as follows:

Name of Director	Training participated
Mr WANG Wei	✓
Mr KUOK Khoon Hua	✓
Mr CHEUNG Ping Chuen Vicky	✓
Mr CHENG Chi Wai	✓
Mr HO Chit	✓
Ms CHEN Keren	✓
Ms OOI Bee Ti	✓
Dr CHEUNG Wai Man	✓
Mr LAI Sau Cheong Simon	✓
Mr TAN Chuen Yan Paul	✓
Ms WONG Yu Pok Marina	✓

6 BOARD MEETINGS AND GENERAL MEETINGS  
NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Code Provision C.5.1 prescribes that at least four regular board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.



The Board met six times during the year ended 31 December 2024 for discussing and approving the overall strategies and policies of the Company, reviewing and approving the audited annual results for the year ended 31 December 2023, reviewing and approving the sustainability report 2023, discussing and reviewing the completion of distribution in specie of KEX Shares, reviewing and approving the renewal of continuing connected transactions under (1) the 2024 CGSA Framework Agreement; (2) the 2024 KLN Logistics Services Framework Agreement; (3) the 2024 SF Logistics Services Framework Agreement; (4) the 2024 KHL Framework Services Agreement; and (5) the 2024 Warehouses Management Agreements, reviewing and approving the unaudited interim results for the six months ended 30 June 2024, discussing and approving the re-designation of Executive Director and appointment of chief strategy officer of the Company, discussing and approving the proposed repurchase of the Convertible Securities, approving the corporate governance matters and discussing the reports and suggestions from all Board committees. The attendance records of each Director at the Board meetings are set out below:

Name of Director	Meetings attended/ eligible to attend
Mr WANG Wei	6/6
Mr KUOK Khoon Hua	5/6
Mr CHEUNG Ping Chuen Vicky	6/6
Mr CHENG Chi Wai	6/6
Mr HO Chit	6/6
Ms CHEN Keren	6/6
Ms OOI Bee Ti	6/6
Dr CHEUNG Wai Man	6/6
Mr LAI Sau Cheong Simon	6/6
Mr TAN Chuen Yan Paul	5/6
Ms WONG Yu Pok Marina	6/6

Other than the above full Board meetings, the Chairman of the Board also held an annual meeting with the Independent Non-executive Directors without the presence of any of the other Executive Directors and Non-executive Directors.

The Company held one annual general meeting on 22 May 2024 and one special general meeting on 12 September 2024 in relation to the renewal of continuing connected transactions under (1) the 2024 KLN Logistics Services Framework Agreement; (2) the 2024 SF Logistics Services Framework Agreement; and (3) the 2024 KHL Framework Services Agreement during the year ended 31 December 2024. All proposed Shareholders' resolutions put to the above general meetings were resolved by poll vote and were duly passed. The vote tally of each such resolution was set out in the Company's announcements released on the day of the respective general meetings. The attendance of the members of the Board at the said general meetings is as follows:

Name of Director	Meetings attended/ eligible to attend
Mr WANG Wei	2/2
Mr KUOK Khoon Hua	2/2
Mr CHEUNG Ping Chuen Vicky	1/2
Mr CHENG Chi Wai	2/2
Mr HO Chit	2/2
Ms CHEN Keren	2/2
Ms OOI Bee Ti	2/2
Dr CHEUNG Wai Man	1/2
Mr LAI Sau Cheong Simon	2/2
Mr TAN Chuen Yan Paul	2/2
Ms WONG Yu Pok Marina	2/2

**PRACTICES AND CONDUCT OF MEETINGS**

Annual meeting schedules and draft agenda of each meeting are made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notices are generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management (including the general manager) attend all regular global management board meetings, chaired by the Chief Executive Officer and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings except for the Remuneration Committee, Risk Management Committee and Sustainability Committee meetings. Minutes of the Remuneration Committee meetings are taken by the secretary of the Remuneration Committee appointed by the chairman of the Remuneration Committee. Minutes of the Risk Management Committee and Sustainability Committee meetings are taken by the secretary of the Risk Management Committee and Sustainability Committee appointed in accordance with its terms of reference. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

The Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their respective close associates (as defined in the Listing Rules) or (in relation to any transaction which is a connected transaction under Chapter 14A of the Listing Rules) associates (as defined in the Listing Rules) have a material interest, subject to exceptions stated therein.

7 INDEPENDENT NON-EXECUTIVE DIRECTORS

To ensure independent views and input are provided to the Board, several mechanisms are in place, the implementation and effectiveness of which are annually reviewed.

During the year, the Board at all times met the requirements of the Listing Rules relating to the appointment of Independent Non-executive Directors representing at least one-third of the Board and at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Chairman holds meeting with INEDs without the presence of other Directors or senior management at least once annually to facilitate expression of independent views.

Prior to their respective appointment, each of the Independent Non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received annual confirmation of independence with regard to the factors set out in Rule 3.13 of the Listing Rules from each of the Independent Non-executive Directors in respect of their independence. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence requirements.

The Independent Non-executive Directors take an active role in Board meetings, contribute to the development of strategies and policies and make sound judgment in various aspects. Material decisions of the Company shall be dealt with by a physical Board meeting, complemented with detailed presentation, if

necessary, rather than a written resolution so as to enhance the Directors' understanding on the matters to be decided, to promote discussion and exchange of independent views. They will take lead when potential conflicts of interest arise. If a Director has a material conflict of interest in relation to a transaction or proposal to be considered by the Board, that Director is required to declare such interest and abstain from voting. When necessary, an independent board committee of KLN comprising all INEDs will be formed to advise the independent shareholders on a connected transaction or any other transaction to be approved by the independent shareholders at a special general meeting. They are also members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company.

B CHAIRMAN AND CHIEF EXECUTIVE

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Chairman of the Board is Mr WANG Wei, who provides leadership for the Board and is responsible for chairing the meetings, managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. He is also responsible for setting the strategic vision, direction and goals of the Group and participates in the Group's strategic and key operational decision-making processes. The Chairman of the Board is the primary responsible person for ensuring that good corporate governance practices and procedures are established, and that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole.

The Chief Executive Officer is Mr CHEUNG Ping Chuen Vicky, who performs the functions of the chief executive and is responsible for overseeing the operations and investment as well as exploring new business opportunities for the Group.

To facilitate discussion of all key and appropriate issues by the Board in a timely manner, the Chief Executive Officer co-ordinates with the senior management to provide adequate, complete and reliable information to all Directors for consideration and review.

C BOARD COMMITTEES

The Board has established six committees, namely, the Remuneration Committee, Audit and Compliance Committee, Nomination Committee, Finance Committee, Risk Management Committee and Sustainability Committee, for overseeing particular aspects of the Company's affairs. All of these six committees of the Company are established with defined written terms of reference.

The majority of the members of each of the Remuneration Committee, Audit and Compliance Committee and Nomination Committee are Independent Non-executive Directors. The members of the Finance Committee are Executive Directors. The members of the Risk Management Committee are two Executive Directors plus a non-member of the Board, while members of the Sustainability Committee is one Executive Director plus non-members of the Board.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

1 REMUNERATION COMMITTEE

The Board has established a remuneration committee with written terms of reference in compliance with paragraph E.1 of Part 2 of the CG Code.

The written terms of reference of the Remuneration Committee were revised on 30 March 2022 to tidy-up the existing terms of reference. The revised terms of reference were set out in the Company's announcement released on 30 March 2022 and were made available on the websites of the Stock Exchange and the Company.

The Remuneration Committee consists of three Independent Non-executive Directors, being Mr LAI Sau Cheong Simon, Mr TAN Chuen Yan Paul and Ms WONG Yu Pok Marina, one Non-executive Director, being Mr WANG Wei, and one Executive Director, being Mr CHEUNG Ping Chuen Vicky. The chairman of the Remuneration Committee is Mr LAI Sau Cheong Simon.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; and (iii) determining the terms of the remuneration package of the Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies.

The Remuneration Committee held six meetings during the year ended 31 December 2024 to review the remuneration packages of the Executive Directors and senior management of the Company, to make recommendations to the Board on determining key performance indicators (“KPIs”) (both financial and sustainable development goals) in connection with the annual remuneration packages of the Executive Directors and the senior management, to approve short term incentive and long term incentive (i.e. share awards) with reference to KPIs, to review retirement guidelines for senior management and to complete annual review of the terms of reference.

The attendance records of the Remuneration Committee are set out below:

Name of Director	Board capacity (during the period of membership)	Meetings attended/ eligible to attend
Mr LAI Sau Cheong Simon (Chairman)	INED	5/6
Mr WANG Wei	Chairman, NED	6/6
Mr CHEUNG Ping Chuen Vicky	Chief Executive Officer, ED	6/6
Mr TAN Chuen Yan Paul	INED	6/6
Ms WONG Yu Pok Marina	INED	6/6

The Remuneration Committee has the delegated responsibility to determine the remuneration packages of the individual Executive Directors and the senior management.

The primary purpose of the remuneration framework for Executive Directors and senior management of the Company is to establish a fair and competitive salary structure that attracts and retains talent, motivates performance, and aligns with both business objectives and stakeholder expectations, while adhering to best practices.

The remuneration structure consists of several key elements: base salary, short-term incentives (STI), long-term incentives (LTI), retirement arrangements, and other employment benefits in the forms of cash, discretionary bonus, share awards or otherwise. These components are evaluated using both quantitative metrics (70–80%) and qualitative metrics (20–30%).

Quantitative metrics focus on measurable outcomes, with 60–70% attributed to individual expertise and 30–40% tied to the group’s financial performance. On the other hand, qualitative metrics emphasize the social and governance aspects of sustainability. These include retaining high-caliber talent, implementing succession plans, and offering retirement arrangements, all of which contribute to fostering a stable workforce, an engaged organizational culture, and a forward-thinking environment.

For the year ended 31 December 2024, the Non-executive Directors (other than the Chairman and the Vice Chairman), the Independent Non-executive Directors and the members of the Board committees (other than the Chairman, the Vice Chairman and the Executive Director(s)), were entitled to the following annual fees:

Annual fee	Amount (HK\$)	Basis of pro-rating for the year
As NED*/INED	300,000	Period of directorship
	5,000	Attendance rate at Board meetings
As Remuneration Committee member*/chairman	50,000/80,000	Period of membership
	5,000	Attendance rate at meetings
As Audit and Compliance Committee member/chairman	120,000/200,000	Period of membership
	5,000	Attendance rate at meetings
As Nomination Committee member*/chairman	50,000/80,000	Period of membership
	5,000	Attendance rate at meetings
As Finance Committee member <sup>#</sup>	N/A	Period of membership
	N/A	Attendance rate at meetings
As Risk Management Committee member <sup>#</sup>	N/A	Period of membership
	N/A	Attendance rate at meetings
As Sustainability Committee member <sup>#</sup>	N/A	Period of membership
	N/A	Attendance rate at meetings

\* Neither the Chairman nor the Vice Chairman is entitled to receive any annual fee or attendance fee as a Non-executive Director or, as a member of the Remuneration Committee and Nomination Committee.

<sup>#</sup> All members of the Finance Committee are Executive Directors, and all members of each of the Risk Management Committee and Sustainability Committee are Executive Director(s) plus non-member(s) of the Board, and no annual fee or attendance fee is applicable.

Details of the remuneration paid to each of the Directors for the year ended 31 December 2024 are set out in note 12 to the Financial Statements.

The remuneration paid to each of the senior management members of the Group (as named in the section of “Senior Management”) by band for the year ended 31 December 2024 is set out in note 12 to the Financial Statements.

2 AUDIT AND COMPLIANCE COMMITTEE

The Board has established an audit and compliance committee 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.

The Audit and Compliance Committee 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 Ms OOI Bee Ti. The chairman of the Audit and Compliance Committee 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. Mr HO Chit stepped down as a member of the Audit and Compliance Committee effective on 1 September 2024. Ms OOI Bee Ti has been appointed as a member of the Audit and Compliance Committee effective on 1 September 2024.

The primary duties of the Audit and Compliance Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditor and the Group, particularly the independence and objectivity and effectiveness of the external auditor; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and

risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial information of the Company and ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; and (vi) developing, reviewing and monitoring the code of conduct applicable to the Company's employees and Directors.

As at the date of this annual report, the Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management. The Audit and Compliance Committee considers that the financial results for the year ended 31 December 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit and Compliance Committee held five meetings during the year ended 31 December 2024 to review and consider the engagement process of the non-assurance services provider, to review the audited annual results and financial report for the year ended 31 December 2023, the financial reporting and the compliance procedures, the corporate governance policy and practice, the internal audit plan and reports, the financial performance updates, the unaudited interim results and financial report for the six months ended 30 June 2024, the non-exempt continuing connected transactions for the year ended 31 December 2024, the policies and practices regarding compliance with laws and regulations, the financial, operational and compliance monitoring, the risk management control, the work of the internal and external auditor, as well as the service fees due to the external auditor and to complete annual review of the terms of reference.

The attendance records of the Audit and Compliance Committee are set out below:

Name of Director	Board Capacity (during the period of membership)	Meetings attended/ eligible to attend
Ms WONG Yu Pok Marina (Chairman)	INED	5/5
Mr LAI Sau Cheong Simon	INED	5/5
Ms OOI Bee Ti (appointed on 1 September 2024)	NED	2/2
Mr HO Chit (stepped down on 1 September 2024)	NED	3/3

The Company's results for the year ended 31 December 2024 have been reviewed by the Audit and Compliance Committee on 20 March 2025.

The Audit and Compliance Committee reported that it had duly performed its duties relating to the corporate governance functions and it was not aware of any terms of corporate governance being violated during the year ended 31 December 2024.

3 NOMINATION COMMITTEE

The Board has established a nomination committee with written terms of reference in compliance with paragraph B.3 of Part 2 of the CG Code. The Nomination Committee consists of three Independent Non-executive Directors, being Mr TAN Chuen Yan Paul, Dr CHEUNG Wai Man and Mr LAI Sau Cheong Simon, and two Non-executive Directors, being Mr WANG Wei and Mr KUOK Khoon Hua. The chairman of the Nomination Committee is Mr TAN Chuen Yan Paul.

The primary duties of the Nomination Committee include, but are not limited to (i) identifying, selecting and recommending to the Board appropriate candidates to serve as Directors and general manager of the Company, and identify candidates for succession planning; (ii) overseeing the process for evaluating the performance of the Board; (iii) developing, recommending to the Board and monitoring nomination guidelines for the Company; and (iv) assessing the independence of Independent Non-executive Directors.

The Nomination Committee held one meetings and passed two resolutions in writing by all committee members in lieu of holding a meeting during the year ended 31 December 2024 to review the structure, size, composition and diversity of the Board, to assess the independence of the Independent Non-executive Directors and recommend the changes in composition of the Board and various committee members.



The attendance records of the Nomination Committee are set out below:

Name of Director	Board Capacity (during the period of membership)	Meetings attended/ eligible to attend
Mr TAN Chuen Yan Paul (Chairman)	INED	1/1
Mr WANG Wei	Chairman, NED	1/1
Mr KUOK Khoon Hua	Vice Chairman, NED	1/1
Dr CHEUNG Wai Man	INED	1/1
Mr LAI Sau Cheong Simon	INED	1/1

NOMINATION POLICY

The Nomination Policy as amended on 29 November 2022 provides that the Nomination Committee shall recommend to the Board for the nomination, re-appointment of new Directors in accordance with the following procedures and process: (a) the Nomination Committee shall review and assess factors in line with the diversity of the Board, including but not limited to professional experience, skills, knowledge, management experience, ethnicity and length of service, and shall consider the candidate’s availability to devote sufficient time to the Board, independence of each Independent Non-executive Director based on the requirements of the Listing Rules (as amended from time to time) and each Board member shall exemplify integrity, promote a culture of lawful, ethical and responsible values so as to demonstrate the character and competence appropriate for their role as a Director; (b) the Nomination Committee shall nominate suitable candidates to the Board and make recommendations to Shareholders for election or re-election as Non-executive Directors at general meetings or appoint as Non-executive Directors to fill casual vacancies based on the then-current and anticipated

future leadership needs of the Company, with a view to achieving a sustainable and balanced development of the Company; and (c) the Nomination Committee shall review and monitor the implementation of the Nomination Policy of the Company, as appropriate from time to time, and will report annually in the annual reports of the Company. The Board shall make the final decision on all matters relating to the recommendation of candidates to stand for election at any general meeting.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance, and the importance of being able to attract, retain and motivate employees from the widest possible pool of available talent. The Board Diversity Policy, which is published on the Company’s website, aims to set out the Company’s approach to achieve diversity on the Board.

Prior to the listing of the Company on 19 December 2013 and up to the year ended 31 December 2024, the composition and diversity of the Board were considered by taking into account the Board Diversity Policy including, amongst other things, the necessary balance of skills and experience appropriate for the requirements of the business development of the Company and for effective leadership. All the Executive Directors possess extensive and diversified experience in management and broad industrial experience such as the logistics industry and other companies. The four Non-executive Directors and the four Independent Non-executive Directors possess professional knowledge in logistics, supply chain management, information technology, corporate finance, accountancy, commercial law and legal, respectively with broad and extensive experience in business advisory and management, respectively.

The Nomination Committee has set measurable objectives to implement the Board Diversity Policy. Where vacancies on the Board arise, the Nomination Committee will carry out the selection process in accordance with the Board Diversity Policy of the Company and by making reference to a range of diversity perspectives, including but not limited to the gender, age, skills, professional experience, knowledge, management experience, ethnicity and length of service of the proposed candidates, cultural and educational background, the Company’s needs and other relevant statutory requirements and regulations. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 31 December 2024, the Nomination Committee has reviewed the diversity of the Board and considered that the Company has achieved the measurable objectives of the Board Diversity Policy in terms of gender, age, educational background, professional and management experience, skills, knowledge and length of services. The Company currently has three female Directors, and the Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

The Company aims to create an inclusive workplace environment for its employees, no matter the age group, gender, race, ethnic origin or religious beliefs with which it identifies. As at 31 December 2024, as set out in the Company’s sustainability report 2024, among the 18,748 employees (including senior management) of the Group, the percentages of male employees and female employees are approximately 60% and 40%, respectively. The Board considers that the Group’s workforce (including senior management) are diverse in terms of gender. For further details on the diversity, including gender diversity across the workforce, please refer to the Company’s sustainability report 2024.

The Nomination Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

4 FINANCE COMMITTEE

The Board has established a finance committee in compliance with paragraphs A.2 and C.4 of Part 2 of the CG Code with written terms of reference since March 2014. The Finance Committee consists of three Executive Directors, being Mr CHEUNG Ping Chuen Vicky, Mr CHENG Chi Wai and Mr HO Chit. The chairman of the Finance Committee is Mr CHEUNG Ping Chuen Vicky.

The primary duties of the Finance Committee include, but are not limited to: (i) review and approve all significant acquisitions, investments, disposal of assets, contracts and variations, and new project commitments, (ii) review and approve all major treasury policies and products on financing, derivatives and financial risk management; and (iii) review and approve the banking facilities and the granting of guarantees and indemnities; whereby the financial impact of each of the incidents/activities stated above falls under certain threshold as specified in the terms of reference.

The Finance Committee passed resolutions in writing by all committee members during the year ended 31 December 2024 in lieu of holding a meeting to review and approve banking facilities, corporate guarantees, change of bank mandate, opening of bank account and to complete annual review of the terms of reference.

5 RISK MANAGEMENT COMMITTEE

The Board has established a risk management committee with written terms of reference in compliance with paragraph D.2 of Part 2 of the CG Code since November 2015. The Risk Management Committee consists of two Executive Directors, being Mr CHEUNG Ping Chuen Vicky and Mr CHENG Chi Wai, plus a non-member of the Board. The chairman of the Risk Management Committee is Mr CHEUNG Ping Chuen Vicky.

The primary duties of the Risk Management Committee include, but are not limited to: (i) evaluate the Company’s risk management system; (ii) review and advise the Board on the implementation and effectiveness of the Company’s risk management system and policies; (iii) discuss the risk management system with the management to ensure that the management has performed its duties in establishing and maintaining an effective risk management system, including adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s risk management function; (iv) consider major findings and investigation on risk management matters as delegated by the Board; and (v) conduct an annual review of the Company’s risk management system.

The Risk Management Committee oversees and monitors the risk management system of the Company on an ongoing basis and reviews with our management continuously throughout the year, the scope, adequacy and effectiveness of the Company’s corporate accounting and financial controls, risk management systems, and any related significant findings regarding risks or exposures and considers recommendations for improvement of such controls. The review covers all material controls, including financial, operational and compliance controls. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. For details of the review, please refer to the section headed “G Risk Management and Internal Controls” on page 51 of this annual report.

In conducting its annual review, the Risk Management Committee considers in particular factors including (a) the changes, since the last annual review, in the nature and extent of significant risks, and the Company’s ability to respond to changes in its business and the external environment; (b) the scope and quality of management’s ongoing monitoring of risks and of the internal control systems, and where applicable, the work of our internal audit function and other assurance providers; (c) the extent and frequency of communication of monitoring results to the Board which enables it to assess control of the Company and the effectiveness of risk management; (d) significant control failings or weaknesses that have been identified during the period; and (e) other factors which affect the effectiveness of the Company’s risk management system.

The Risk Management Committee held two meetings during the year ended 31 December 2024 to review and update risk register, improvement plan and to complete annual review of the terms of reference.

The attendance records of the Risk Management Committee are set out below:

Name of Director	Board capacity (during the period of membership)	Meetings attended/ eligible to attend
Mr CHEUNG Ping Chuen Vicky (Chairman)	Chief Executive Officer, ED	2/2
Mr CHENG Chi Wai	ED	2/2
A non-member of the Board	N/A	2/2

6 SUSTAINABILITY COMMITTEE

The Board has established a sustainability committee with written terms of reference since November 2022. The Sustainability Committee consists of one Executive Director, being Mr CHENG Chi Wai, plus non-members of the Board. The chairman of the Sustainability Committee is Mr CHENG Chi Wai.

The primary duties of the Sustainability Committee include, but are not limited to: (i) making recommendations to the Board on ESG matters, strategies and polices and their respective implementation plans; (ii) arranging directors’ training to ensure the Board’s understanding of the importance of ESG issues; (iii) assisting the Board in identifying, assessing and evaluating environmental, social, climate-related risks and opportunities which are material to the Company, and making recommendations to the Board on mitigating these risks; (iv) communicating with different committees and/or departments regularly to ensure they are aware of the latest ESG issues; (v) approving and reviewing targets and key initiatives regularly and maintaining effective management systems for environmental and financial data; and (vi) monitoring and reviewing the Company’s sustainability report to ensure compliance with the ESG Reporting Code under the Listing Rules.

The Sustainability Committee held two meetings during the year ended 31 December 2024 to discuss ESG disclosure and preparation for the sustainability report 2024, new ESG Code and the related climate disclosure requirements effective from 1 January 2025, updates on environmental data and Science Based Targets initiative (SBTi), plans regarding scope 3 data collection, review on environmental and social initiatives projects and to complete annual review of the terms of reference.

The attendance records of the Sustainability Committee are set out below:

Name of Director	Board capacity (during the period of membership)	Meetings attended/ eligible to attend
Mr CHENG Chi Wai (Chairman)	ED	2/2
Non-members of the Board	N/A	2/2

D MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2024.

The Company’s employees, who are likely to be in possession of inside information of the Company, are also subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company.

E DIRECTORS’ RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the Financial Statements and for ensuring the Financial Statements are published in a timely manner.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The senior management has provided such explanation and information to the Board monthly to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor’s Report on pages 100-105 of this annual report.

F EXTERNAL AUDITOR AND AUDITOR’S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities for the Financial Statements is set out under the section headed “Independent Auditor’s Report” in this annual report.

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor’s report and auditor’s independence.

During the year ended 31 December 2024, the remuneration paid to the external auditor (including its other member firms) of the Company in respect of audit services and non-audit services is set out below:

Category of Services	2024 HK\$
Audit services	30,740,000
Non-audit services	
– Taxation services	6,498,000
– Other miscellaneous services	625,000
Total	37,863,000

The Auditor, PricewaterhouseCoopers, Hong Kong, will retire and offer itself for re-appointment at the forthcoming AGM.

G RISK MANAGEMENT AND INTERNAL CONTROLS

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board considers the risk management and internal control systems of the Group are effective and adequate.

The Board is responsible for maintaining an adequate risk management and internal control system to safeguard Shareholders’ investments and Company’s assets, and reviewing the effectiveness of such on an annual basis through the Audit and Compliance Committee and Risk Management Committee. The risk profile of the Company is collectively discussed and defined by the senior management of the Company. The risk profile identifies major risks and defines acceptable levels for each risk type. Risks that exceed the approved risk appetite shall be adjusted by transferring, sharing or eliminating them, or by implementing other risk mitigation measures, with the aim of reducing the quantum and frequency of loss.

During the year ended 31 December 2024, the Board has conducted a review on the effectiveness of the risk management and internal control systems of the Group and is of the view that such systems are effective. The review has covered the financial, operational and compliance aspects of the Group.

No material weaknesses were noted for the effectiveness of the Company’s risk management and internal control systems.

To promote a business culture with honesty, ethics and integrity, KLN has also adopted a Global Anti-Bribery Policy setting out the responsibilities of all business units and employees of the Group to comply with the applicable anti-corruption laws, rules and regulations. For details, please refer to the Company’s sustainability report 2024.



The Risk Management Committee is of the view that risk management and internal control shall be in line with the Company's operation scale, business scope, competition and risk level, and shall be adjusted in a timely manner according to the changes in circumstances.

A summary of major work conducted by the Company during the reporting period in relation to risk management and internal control is as follows:

- Management is responsible for setting the appropriate tone from the top. The members of the Risk Management Committee met with senior management and regional heads from time to time to identify major risks and uncertainties pertaining to the Group's business through the process of risk identification and assessment. Once major risks were identified, the Risk Management Committee endeavoured to evaluate and compare the level of risks identified against predetermined acceptable levels of risk;
- The Company also adopts a bottom-up approach which involves the identification of risks in major operating activities by regional heads. For risk management and monitoring, regional heads communicated with the heads of business units, departments and divisions from time to time to monitor risks identified and come up with measures and response plans to manage and mitigate risks identified in day-to-day business operations. The Risk Management Committee also followed-up periodically the implementation of such measures and response plans;

- The management evaluated the design and operating effectiveness of the internal control regarding financial reporting for 2024 and did not discover any material weaknesses as a result of the evaluation;
- The management reviewed the systems, policies and procedures on disclosure of inside information including annual review of the policy on inside information disclosure. Further, with a view to identifying, handling and disseminating inside information in compliance with the SFO, procedures including pre-clearance on dealing in Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, identification of project by code name and dissemination of information to stated purpose and on a need-to-know basis have been implemented by the Company to guard against possible mishandling of inside information within the Group;
- A whistleblowing policy and system had been reviewed for employees and those who deal with the Company to raise concerns, in confidence, about possible improprieties in any matter relating to the Company and the Audit and Compliance Committee has reviewed such policy and system and ensured that proper arrangement are in place for fair and independent investigation of the matters;

- The Company maintained a mechanism for rectifying internal control defects under which the relevant department heads have clear responsibilities of rectifying internal control defects in their respective departments ranging from legal, regulatory to operation; and
- During the reporting period, the Company's internal audit department provided independent assurance as to the adequacy and effectiveness of the Company's risk management and internal control systems. The financial condition, operational control and compliance control of the Company were examined by the internal audit department according to the audit plan approved by the Audit and Compliance Committee and the Board. Different audit areas were assigned according to risk priority. The internal audit department assisted the Board to monitor the effectiveness of the risk management and internal control systems. After completion of an internal audit, analysis, appraisals, recommendations related to the activities inspected were formulated. The internal audit department reported to the Audit and Compliance Committee and the Board about internal audit findings, internal audit recommendation and the management responses. For each year, the number of selected entities contribute to approximately 30% of the Group's revenue, and all material entities of the Group will be audited at least once in every three years on a rotation basis. In addition, the internal audit function maintained a regular dialogue with the Company's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

## H COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company has established the Shareholders Communication Policy since the listing of the Company on 19 December 2013 and amended and approved by the Board of Directors on 29 November 2022. The Board continually reviews it on a regular basis to ensure its effectiveness. The Shareholders Communication Policy, which is published on the Company's website, sets out the Company's objective of ensuring equal, timely, effective, transparent, accurate and open communications with Shareholders. The Company's multiple channels of communication with Shareholders include general meetings, the Company's website, dedicated investor relations contact details, as well as the hotline of the Company's Hong Kong branch share registrar and transfer office for taking enquiries and for receiving information request, and various reports and announcements published from time to time.

The general meetings of the Company are expected to provide a forum for communication between the Board and the Shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee, Audit and Compliance Committee, Nomination Committee, Finance Committee, Risk Management Committee and Sustainability Committee and, in their absence, other members of the respective committees are available to answer questions at Shareholders' meetings. During the year ended 31 December 2024, the Company held one annual general meeting on 22 May 2024 and one special general meeting on 12 September 2024.

To promote effective communication, the Company maintains a website at [www.kln.com](http://www.kln.com), where information and updates on the Company's business developments and operations, financial and stock information, financial calendar highlighting important dates for Shareholders, analyst coverage, newsletters, corporate governance practices and policies and other information are available for public access. The Company also publishes its reports and announcements, notices and other corporate communications on its website and the website of the Stock Exchange.

During the year ended 31 December 2024, the Company has conducted a review on the implementation and effectiveness of the Shareholders Communication Policy. By proactively engaging with shareholders and stakeholders through announcements, website information, meetings and open channels of enquiry, the Company ensures its views are disclosed clearly and helps its shareholders and stakeholders fully understand its operation, development and corporate actions. Investors' feedbacks and analysts' views are shared with the Board members regularly to maintain a healthy two-way communication. These strategies ensures that the Company's investor relations program meets its shareholders' needs and aligns with the Board's corporate strategy. Following the Company's review on its shareholders and stakeholders engagement and communication activities, the Company was satisfied with the implementation and the effectiveness of the Shareholders Communication Policy.

**I SHAREHOLDERS' RIGHTS**

To safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual directors.

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, namely, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Shareholders who wish to put enquiries to the Board can send their enquiries to the Company Secretary who will ensure these enquiries are properly directed to the Board. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Corporate communications of the Company will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

Pursuant to Rule 2.07A of the Listing Rules and the Bye-laws, the Company will disseminate the future corporate communications of the Company to its Shareholders electronically and only send the future corporate communications of the Company in printed form to the Shareholders upon request.

Shareholders holding not less than one-tenth of the paid-up capital of the Company may deposit a requisition to convene a special general meeting and state the purpose therefor at the Company's registered office in Bermuda at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. Shareholders who wish to put forward proposals for the Company's consideration at the general meetings can send their proposals to the Company Secretary.

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules. Shareholders who are unable to attend the general meeting can appoint proxies to attend and vote at the general meeting. The Chairman of the general meeting will provide explanation of the detailed procedures for conducting a poll and then answer questions (if any) from the Shareholders regarding voting by way of poll. In addition, the poll results will be posted on the websites of the Company and of the Stock Exchange after the Shareholders' meeting.

**J DIVIDEND POLICY**

Pursuant to the dividend policy duly approved by the Board on 11 December 2018, subject to the Bye-laws, the Companies Act 1981 of Bermuda and other applicable laws and regulations, the Company currently targets to distribute to its Shareholders approximately 30% of its core net profit for each financial year end. Any proposed distribution of dividends is subject to the discretion of the Board and the approval of the Shareholders. Special dividend will also be considered when circumstances permit. Recommendations for distribution of dividends will be made after taking into account the results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that the Board may deem relevant.

K COMPANY SECRETARY

Ms LEE Pui Nee, the Company Secretary, is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. She reports to the Chairman and Executive Directors. All Directors have access to the advice and services of the Company Secretary to ensure the Board procedures, and all applicable law, rules and regulations, are followed.

During the year ended 31 December 2024, the Company Secretary has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

L CONSTITUTIONAL DOCUMENTS

The Amended and Restated Memorandum of Continuance and Amended and Restated Bye-laws of the Company has been adopted by special resolutions passed on 28 March 2025.

In light of the proposed change of company name, and to provide the Company with flexibility to hold treasury shares, in view of the amendments to the Listing Rules the Board proposed to make certain amendments to align the Memorandum of Continuance and the Bye-laws of the Company with such changes. On 28 March 2025, the Shareholders approved the adoption by the Company of the Amended and Restated Memorandum of Continuance and Amended and Restated Bye-laws. Please refer to the circular of the Company dated 5 March 2025 for details.

Save as disclosed above, during the year of 2024 and as at the date of this annual report, the Company has not made any significant amendments to its Memorandum of Continuance and Bye-Laws of the Company. The Company's latest Amended and Restated Memorandum of Continuance and Amended and Restated Bye-laws is available on the websites of the Stock Exchange and the Company.

# DIRECTORS AND SENIOR MANAGEMENT

## CHAIRMAN, NON-EXECUTIVE DIRECTOR

WANG Wei

Aged 54, has been the Chairman and a Non-executive Director of the Company since October 2021.

Mr Wang has more than 32 years of experience in the logistics industry. Having founded S.F. Holding in 1993, Mr Wang is S.F. Holding's controlling shareholder and has been its director, chairman of the board of directors and general manager since December 2016 and has been re-designated as its executive director with effect from August 2023. He is primarily responsible for overall strategic planning and business direction and management of S.F. Holding. Mr Wang has been the executive director of Shenzhen Mingde since August 2004. Shenzhen Mingde and S.F. Holding are each a Controlling Shareholder of the Company.

Mr Wang was the chairman of the board of directors and non-executive director of SF REIT Manager from February 2021 to August 2023.

## VICE CHAIRMAN, NON-EXECUTIVE DIRECTOR

KUOK Khoon Hua

Aged 46, has been the Vice Chairman and a Non-executive Director of the Company since October 2021.

Mr Kuok was an Executive Director of the Company from November 2013 to October 2021 and the Chairman of the Company from May 2019 to October 2021. He has been the chairman of KPL since May 2022 and the chief executive officer of KPL since June 2019. Mr Kuok is the chairman of KHL and a director of KGL and Kuok (Singapore) Limited. KGL and KHL are each a controlling shareholder of the Company, and KPL is a substantial shareholder of the Company. Mr Kuok has also acted as non-executive and non-independent director of Wilmar International Limited (a company listed on the Singapore Stock Exchange, stock code F34) since July 2016, an independent director of Sea Limited (whose American depositary shares are listed on the New York Stock Exchange, stock code SE) since October 2017 and an independent non-executive director of DBS Bank (Hong Kong) Limited since October 2024.

Mr Kuok obtained a bachelor's degree in economics from Harvard University in the United States in 2003.

# EXECUTIVE DIRECTORS

## CHEUNG Ping Chuen Vicky

Aged 65, has been an Executive Director of the Company since April 2020 and the Chief Executive Officer of the Company since April 2024.

Mr Cheung was the Managing Director of the Company from July 2022 to September 2023 and the Group Managing Director of the Company from October 2023 to March 2024.

Mr Cheung is a director of Apex Maritime Co., Inc. and its affiliates (collectively, “Apex Group”), which have become wholly-owned subsidiaries of the Company and been trading as Kerry Apex since 2020 and will be further rebranded to K-Apex in 2025. Mr Cheung founded Apex Group, a group of freight forwarding companies, in 1990 and has been its director since then. Apex Group has been recognised as one of the top three volume providers for the Transpacific Trade. Mr Cheung is also a director of various subsidiaries of the Company.

Mr Cheung obtained a bachelor's degree in science (business administration and accounting) from San Francisco State University in the United States in 1985.

## CHENG Chi Wai

Aged 60, has been an Executive Director of the Company since May 2023 and the Chief Financial Officer of the Company since August 2009.

Mr Cheng is also a director of various subsidiaries of the Company. He is a Fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, as well as a chartered accountant and a chartered secretary. He has over 36 years of experience in auditing, financial control and corporate finance and previously worked in an international accounting firm and held key finance positions in companies whose shares are listed on the Main Board of the Stock Exchange.

Mr Cheng is a senior officer of the Hong Kong Auxiliary Medical Service (“AMS”), a senior fellow advisor of the AMS Officers’ Club, a council member and the treasurer of the Hong Kong Committee for UNICEF, an adjunct professor and a member of the Advisory Committee of School of Decision Sciences of The Hang Seng University of Hong Kong.

Mr Cheng obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in November 1996 and an executive master's degree in business administration from The Chinese University of Hong Kong in December 2008.

## HO Chit

Aged 50, has been an Executive Director and the Chief Strategy Officer of the Company since September 2024.

Mr Ho was a Non-executive Director of the Company from October 2021 to August 2024. Mr Ho has more than 27 years of experience in auditing, financial control, corporate finance and business management. He joined S.F. Holding in September 2021 as deputy general manager and chief financial officer. Mr Ho has served as director of S.F. Holding since November 2021 and has been re-designated as its executive director with effect from August 2023. Prior to joining S.F. Holding, Mr Ho served as chief executive officer of Fox Financial Technology Group Limited from March 2014 to May 2021 and held a number of senior financial positions in several NASDAQ listed companies from 2005 to 2014. S.F. Holding is a Controlling Shareholder of the Company.

Mr Ho has been a non-executive director of SF REIT Manager since April 2022 and its chairman of the board of directors since August 2023. Mr Ho served as independent director of China Great Wall Securities Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code 002939.SZ) from August 2015 to May 2022.

Mr Ho obtained a bachelor's degree in business administration (accounting and finance) from the University of Hong Kong in Hong Kong in December 1997 and an executive master of business administration degree from Tsinghua University in the PRC in July 2013. Mr Ho is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.



NON-EXECUTIVE  
DIRECTORS

CHEN Keren

Aged 59, has been a Non-executive Director of the Company since October 2021.

Ms Chen has over 30 years of experience in legal and corporate services. She worked at an international law firm Sinclair Roche & Temperley's London office from September 1988 to February 1994, and its Hong Kong office from March 1994. She remained as a partner of the firm until February 1998. Ms Chen has been with the Kerry Group since March 1998. She is now the group co-general counsel, company secretary and director of corporate services of KGL. KGL is one of the Controlling Shareholders of the Company.

Ms Chen obtained a bachelor's degree in law from the London School of Economics and Political Science in the United Kingdom in July 1987. She is a qualified solicitor in Hong Kong and England and Wales.

Ooi Bee Ti

Aged 52, has been a Non-executive Director of the Company since October 2023.

Ms Ooi has extensive experience in corporate finance, treasury management and financial services. She joined S.F. Holding in September 2010 as treasury director. Ms Ooi is currently the head of treasury center of S.F. Holding. She is the chairman of S.F. Hengtong Pay Co., Ltd., the chairman of SF Holdings Group Finance Company Limited, the executive director of S.F. Insurance Agency (Shenzhen) Co., Ltd. (these three companies are holders of license issued by the National Administration of Financial Regulation), and the executive director of S.F. Digits (Shenzhen) Technology Service Co., Ltd., all are subsidiaries of S.F. Holding. Other than the above, Ms Ooi is also a director of various subsidiaries of S.F. Holding. S.F. Holding is a Controlling Shareholder of the Company.

INDEPENDENT  
NON-EXECUTIVE  
DIRECTORS

CHEUNG Wai Man

Aged 66, has been an Independent Non-executive Director of the Company since October 2021.

Dr Cheung is currently associate dean, Graduate Studies of Business School, The Chinese University of Hong Kong ("CUHK") in Hong Kong. Dr Cheung has been director of the Asian Institute of Supply Chains & Logistics as well as the Center of Cyber Logistics at CUHK since 2006. He has also served as executive director of the Asia-Pacific Institute of Business at CUHK since 2016. Dr Cheung joined the department of decision sciences and managerial economics at CUHK as assistant professor in 1992, and has since become a full professor at the same department.

Dr Cheung obtained a bachelor's degree in science (civil engineering) from the National Taiwan University in Taiwan in June 1982, a master of business administration degree from the Rensselaer Polytechnic Institute in the United States in December 1986 and completed his doctor of philosophy degree in decision sciences and engineering systems at the same institute in December 1991.

Prior to joining S.F. Holding, Ms Ooi worked for Huawei Technologies Co., Ltd. as the director of regional treasury management at the head office and the head of treasury at the Asia Pacific regional office from 2006 to 2010, and also worked for several large European and American multinational companies in the areas of corporate finance and treasury management from 1996 to 2006.

Ms Ooi has been a non-executive director of SF REIT Manager since June 2022. She has been appointed as a non-executive director of KEX Express Thailand since May 2024.

Ms Ooi obtained a bachelor of arts degree in accounting and finance from Thames Valley University (now known as University of West London) in the United Kingdom in July 1995.

LAI Sau Cheong Simon

Aged 64, has been an Independent Non-executive Director of the Company since October 2021.

Mr Lai has over 30 years of experience in corporate finance and commercial law fields. He joined Deacons in 1985 and was head of its corporate finance practice before retiring from partnership in 2008. Mr Lai re-joined Deacons as a consultant in January 2012 and in November 2016, he joined the Chow Tai Fook group. Mr Lai has since acted as chief legal officer of Chow Tai Fook Enterprises Limited and group general counsel and joint company secretary of Chow Tai Fook Jewellery Group Limited (a company listed on the Stock Exchange, stock code 1929).

Mr Lai obtained a bachelor's degree in law from the University of Hong Kong ("HKU") in November 1982 and a postgraduate certificate in law from HKU in July 1983. He is a qualified solicitor in Hong Kong, England and Wales, New South Wales, Australia and Australian Capital Territory, Australia, and is a qualified barrister in Australian Capital Territory, Australia.

Mr Lai currently serves on a number of committees of The Law Society of Hong Kong including as chairman of its company law committee, prior to which he acted as director and council member between 2016 and 2019. He is currently a member of the Solicitors Disciplinary Tribunal Panel. Mr Lai had also served on a number of public appointments in Hong Kong.

TAN Chuen Yan Paul

Aged 66, has been an Independent Non-executive Director of the Company since October 2021.

Mr Tan has over 40 years of experience in the legal industry, having practised as a solicitor in both Hong Kong and Sydney, New South Wales, Australia. He joined Baker McKenzie in July 1982 and was managing partner of its Hong Kong, the Mainland of China, Vietnam and Korea offices from 1997 to 1999, and 2013 to 2015. He had also served as chairman of the Firm Global Nominating Committee and head of Hong Kong Commercial and Securities Practice. Mr Tan retired as a partner of Baker McKenzie in December 2019. Mr Tan has since become a vice chairman and company secretary of the Hong Chi Association, a government subvented charity dedicated to the welfare and training of mentally challenged children in Hong Kong. He serves as an independent non-executive director of Hung Hing Printing Group Limited (a company listed on the Stock Exchange, stock code 450) since May 2023, HSBC Provident Fund Trustee (Hong Kong) Limited, which is regulated by the Mandatory Provident Fund Schemes Authority, since August 2023 and Hua Lien International (Holding) Company Limited (a company listed on the Stock Exchange, stock code 969) since September 2024.

Mr Tan was vice president of the Law Society of Hong Kong from 2000 to 2003, having been a council member since 1995. He was the convenor of Solicitors Disciplinary Tribunal. Mr Tan has also served on a number of public appointments in Hong Kong, including as chairman of the Mandatory Provident Fund Schemes Appeal Board, Occupational Retirement Schemes Appeal Board and the Appeal Tribunal Panel (Buildings). He also served as the independent trustee of the Hong Kong University of Science and Technology Staff Superannuation Scheme and the Hong Kong University of Science and Technology Ancillary Staff Superannuation Scheme.

Mr Tan received from the University of Sydney in Australia a bachelor's degree in economics in April 1980, a bachelor's degree and a master's degree in law in February 1982 and June 1985, respectively. He is a solicitor in Hong Kong.

WONG Yu Pok Marina JP

Aged 76, has been an Independent Non-executive Director of the Company since November 2013.

Ms Wong had worked with PricewaterhouseCoopers (“PwC”) for over 30 years, specialising in PRC tax and business advisory services, and has extensive experience in advising both Hong Kong and foreign investors on the structuring of their businesses and investments in the Mainland of China. Ms Wong retired as a partner from PwC in July 2004, and joined Tricor Services Limited as a director from September 2004 to February 2006.

Ms Wong serves as an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited (a company listed on the Stock Exchange, stock code 50) since May 2008, Luk Fook Holdings (International) Limited (a company listed on the Stock Exchange, stock code 590) since August 2013 and SJM Holdings Limited (a company listed on the Stock Exchange, stock code 880) since June 2019.

Ms Wong was an independent non-executive director of KPL from May 2008 to May 2024. KPL is a Substantial Shareholder of the Company.

Ms Wong is a Fellow Member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Ms Wong obtained a higher diploma in Accountancy from Hong Kong Technical College (now known as Hong Kong Polytechnic University) in 1968 after completing a three-year full-time course in accountancy from 1965 to 1968.

SENIOR MANAGEMENT

BULGER Kevin Gerard

Aged 59, joined Apex Maritime Co., Inc. in March 2006, which has been rebranded to Kerry Apex since 2020 and will be further rebranded to K-Apex in 2025. He is currently the Managing Director of Kerry Apex US and is responsible for overseeing the Group’s North and South American sales and operations.

Mr Bulger has over 37 years of experience in the international transportation sector. He started as a management trainee at Sea-Land Services, Inc. (“Sea-Land”) in New Jersey in the United States and subsequently held various sales and management positions at Sea-Land in California. Following the purchase of Sea-Land by A.P. Moller – Maersk A/S in 1999, Mr Bulger joined Maersk Line and was stationed in Asia for 6 years. During his time in Asia, he was the general manager of Maersk Hong Kong Limited and subsequently the line manager of its Southeast Asia feeder company headquartered in Singapore. While living in Singapore, he was also an active member of the American Chamber of Commerce.

Since joining the Group, Mr Bulger has been instrumental in supporting the development of Kerry Apex’s NVOCC into a top performer in the Transpacific Trade, and has assisted in the expansion of Kerry Apex’s trucking, integrated logistics and dedicated airfreight charter services in the Americas. In 2015, he was invited to join Port of Oakland’s efficiency task force. He has also been a long-standing member of the Pacific Transportation Association located in San Francisco over 15 years.

Mr Bulger obtained a bachelor’s degree in science from Rutgers University in the United States in 1987 and completed the Young Managers Programme of INSEAD in France in 2005.

CHEUNG Hiu Lung Alan

Aged 45, joined the Group in August 2001, and is currently the Group Director of Corporate Planning & Development of KLN cum Managing Director of KEAS. He is responsible for daily operations and implementation of corporate strategies, the management of KEAS and overseeing the Mainland logistics operation of the Group.

He started as a management trainee of the Company, and managed overall integrated logistics business in Hong Kong and Macau, ranging from business development, warehousing operation, distribution, food and pharmaceutical trading, and domestics express before transferring to the Mainland in 2018.

Mr Cheung obtained a bachelor of engineering in logistics management from the Hong Kong University of Science and Technology in 2001 and a master of corporate finance from the Hong Kong Polytechnic University in 2013.

ERNI Edwardo

Aged 63, served as an Executive Director of the Company between November 2013 and December 2018, and now acts exclusively as Managing Director – China & North Asia. His regional responsibility has included CIS, Japan, and South Korea, since 2015. Mr Erni joined the Company in January 1994, and was tasked with establishing and developing in the Mainland of China since 1999, accruing over 25 years of experience in China’s fast-growing logistics industry. Mr Erni first became a Director of the Company in 2011. He manages 9 business units in the Mainland of China and 3 regional business groups in North Asia (CIS, South Korea, Japan).

To entrench his position in the industry, Mr Erni serves as vice-chairman of several industry associations, including: the China Federation of Logistics & Purchasing, the Integrated Transport Federation of China Communications and Transportation Association, China Association of Warehouses and Storage, and Beijing Logistics and Supply Chain Management Association. As the Managing Director of a well-known enterprise in the Mainland, Mr Erni has taken on the role of vice-chairman of Beijing Headquarters Enterprise Association since June 2018.

To continually advance his professional development, Mr Erni completed several advanced management and professional study programmes focusing on strategy and leadership, including: a joint Tsinghua and University of North Carolina E-commerce & Informatization on the Logistic Industry Programme in 2015; a Harvard Business School programme in association with the School of Management at Fudan University in 2013; and management courses held by Tianjin University in 2011, Peking University in 2009, and Tsinghua University in 2008. Mr Erni obtained a Master of Business degree in Logistics Management from the Royal Melbourne Institute of Technology, Australia in 2005.

LAU Kin Pui Samuel

Aged 58, joined the Group in April 2000. Mr Lau is currently the Managing Director – Integrated Logistics Asia with the responsibility of leading the integrated logistics’ functional business development and operations of the Group in Asia region, covering North Asia, South and Southeast Asia countries including Hong Kong, the Mainland of China, Singapore, Malaysia, Thailand, Vietnam and India etc. total 12 countries, synergizing the integrated logistics’ strategic business cooperations of the Group in Asia region.

He has over 25 years of experience in the logistics industry. Mr Lau is a member of the Advisory Board of the Hong Kong Export Credit Insurance Corporation and the Hong Kong Trade Development Council Belt and Road & Greater Bay Area Committee The Regional Comprehensive Economic Partnership Task Force on Trade and Investment. He served as a member of the Aviation Development and Three-runway System Advisory Committee under the Transport and Housing Bureau of the Hong Kong Government and the Statistics Advisory Board of the Census and Statistics Department of the Hong Kong Government.

Mr Lau obtained a bachelor of arts degree in business studies from City Polytechnic of Hong Kong (now known as City University of Hong Kong) in 1991.



SAXENA Deepak

Aged 50, joined KLN in January 2017, held various roles in the Company, starting as an Executive Director – Global Ocean managing global ocean, business process management, supply chain management and global agency of the Group from January 2017 to December 2023. Mr Saxena has been the Managing Director – South Asia, Global Ocean & Agency since January 2024 and serves as part of global management board of KLN. Mr Saxena is responsible for managing and implementation of strategic corporate objectives of the Group for the South Asia region for their core businesses in various business unit and their operations across India, Sri Lanka, Bangladesh and Pakistan. He also manages global ocean product management, core carrier and vendors relationships, and leads the ecosystem of global agents across various countries, leading and supporting the growth and development of the business relationships between KLN and global agencies.

Mr Saxena has over 25 years of broad experience in the global logistics industry, with an ability to integrate, align and motivate results and held various senior management positions in the logistics arena, with extensive expertise in holding key leadership roles in the freight industry within top-ranked freight companies in India, Shanghai, the USA, and Hong Kong such as Freight Systems, BAX Global, Hellmann Worldwide Logistics, Agility Logistics and Seko Logistics, before joining KLN in January 2017.

Mr Saxena obtained a bachelor of arts degree in English from University of Delhi in India in March 1999 and completed sales and marketing management programme from NIS (National Institute of Sales) in India in February 1998.

STOEKENBROEK Martin

Aged 55, joined the Group in April 2019 as Managing Director – Europe, Middle East and Africa to lead the international freight forwarding business of the Group in the EMEA region and oversee strategic development, focusing particularly on strengthening the Group’s foothold and business portfolio.

Mr Stoekenbroek has over 30 years of extensive experience in freight forwarding and logistics industry specialising in EMEA and global markets, bringing to his role a wealth of supply chain knowledge, insights and expertise.

WANG Chao Michael

Aged 45, joined KLN in September 2023 as the Chief Technology Officer and was redesignated as the Chief Information Officer of the Company since April 2024. He is dedicated to spearheading the Group’s global IT strategy, driving digital and AI innovation to enhance customer experiences and streamline business operations, while unlocking the value of quality data and safeguarding data security.

Mr Wang has over 20 years of experience working at the intersection of information technology and the logistics industry. His career began as a trainee at IBM, where he rose to the position of senior managing consultant at Global Business Services before joining McKinsey & Company in 2014. At McKinsey & Company, he advised global clients on digital strategy, transformation, and operations, honing his expertise in leveraging technology for business success. His experience deepened as Chief Architect at ZTO Express (Cayman) Inc. (whose American depositary shares are listed on the New York Stock Exchange, stock code ZTO; and also listed on the Stock Exchange), stock code 2057) from 2016 to 2018, followed by several chief technology officer’s roles across key business units at S.F. Holding from 2018 to 2023, including SF Freight, SF Cold Chain, SF International, and the domestic express network in the Mainland of China.

Mr Wang was a Master Certified IT Architect and a member of The Open Group. He obtained dual bachelor’s degrees in engineering and management from Zhejiang University in June 2003 and a Global Executive MBA from China Europe International Business School in December 2023.

WONG Siew Loong

Aged 55, joined the Group since November 2024 as Chief Commercial Officer & Managing Director – South East Asia to oversee the development and implementation of KLN’s corporate commercial strategies and objectives, as well as the overall management of the South East Asia region.

Mr Wong is an accomplished senior executive with over 25 years of leadership experience in the global logistics and transportation industry. He has a proven track record in driving operational excellence, leading transformative mergers and acquisitions initiatives, and managing large-scale teams. He has demonstrated exceptional ability in navigating complex business environments and delivering substantial financial growth.

Mr Wong is a candidate of the doctor of philosophy in business (general management) at the Singapore Management University, further enhancing his expertise in strategic management and leadership. He obtained an Executive MBA from China Europe International Business School in August 2016, master’s degree of social sciences (applied economics) from The National University of Singapore in March 1998, bachelor’s degree of social sciences with honours from The National University of Singapore in July 1995 and bachelor’s degree of arts from The National University of Singapore in July 1994.

REPORT OF DIRECTORS

The Directors are pleased to present this annual report together with the Financial Statements.

PRINCIPAL ACTIVITIES

The Group operates as a leading logistics service provider in Asia principally engaged in IL and IFF businesses. The principal activities of the Company are as follows:

- (i) IL services, including storage, inventory and other value-added services, trucking and distribution, returns management and various ancillary services, primarily in Asia; and
- (ii) IFF services intra-Asia, between Asia and Europe and between Asia and the Americas to transport cargo using air freight, ocean freight and cross-border road freight forwarding services.

Details of the principal activities of the principal subsidiaries are set out in note 42 to the Financial Statements. There were no significant changes in the nature of the Group’s principal activities during the year ended 31 December 2024.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the section headed “Statement of Accounts” of this annual report.

BUSINESS REVIEW

OVERVIEW AND PERFORMANCE OF THE YEAR  
In 2024, the global economy underwent a slow recovery, inflation continued to ease and the trade in goods rebounded. Yet, challenges abounded in the macroeconomic environment as rising geopolitical tensions, trade protectionism and deglobalisation disrupted global trade and accelerated the supply chain reshuffle. The Red Sea situation also posed great challenges to the global logistics market, causing shipping companies to reroute and driving up the freight rates in 2024 Q2.

KLN responded to the evolving market with agility, leveraging the Group’s network resources and offering flexible and cost-effective solutions to its customers. The Group’s resilience was fully demonstrated by its 2024 results. KLN recorded a 23% year-on-year growth in revenue and a 23% increase in core operating profit for the year, outperforming its international peers. Despite the underperformance of certain associated companies, the Group’s core net profit still recorded a healthy year-on-year growth of 12%.

In March 2024, the Group completed the distribution of its entire 907,200,000 shares of KEX Express Thailand in the form of special dividend to Shareholders and KEX Express Thailand ceased to be a subsidiary of the Group (the “Distribution”). The financial impact of the Distribution and other strategic actions to align with KLN Group’s strategy of focusing on its core integrated logistics and international freight forwarding businesses was disclosed separately in the financial statements.

The Company is of the view that core net profit is a key financial indicator of our operating performance and provides useful information regarding our ability to generate profit and cash from our principal business operations and related investments. We monitor core net profit, which is not a standard measure under HKFRS, to provide additional information about our operating performance. Core net profit represents our profit attributable to the Shareholders before the after-tax effect of change in fair value of investment properties. We have chosen to subtract the after-tax effect of change in fair value of investment properties in our calculation of core net profit because our management does not take into account changes in fair value of investment properties when evaluating our operating performance, making planning decisions or allocating resources. The Company does not engage in selling investment properties during our normal course of business and, accordingly, management considers that changes in fair value of investment properties are unlikely to be realisable and therefore are less meaningful to our business operations.

Discussion on the Company's performance of the year is set out in the section headed "Results Overview" of this annual report.

**ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Company strives to develop high standards on pollution prevention, preservation of natural resources and adherence to environmental laws and regulations. We require all our employees and contractors to adhere to this policy. We believe our high environmental standards can put us in better position to compete with other logistics service providers in light of the rising environmental initiatives of multinational corporations.

Our efforts in environmental protection have been well recognised. The Company has obtained the international certification of ISO 14001, an internationally agreed standard.

We care about our environment and work to make our operations greener through managing emissions, optimising the use of resources and protecting the natural environment and ecosystems that we rely on.

The Board has overall responsibility for our sustainability strategy and reporting. In line with the CG Code, the Board is responsible for evaluating and determining our sustainability related risks, and ensuring that appropriate and effective sustainability risk management and internal control systems are in place. A confirmation regarding the effectiveness of these systems has been provided to the Board during the year ended 31 December 2024.

Further details are set out in the sections headed "Corporate Governance Report – Risk Management and Internal Controls" of this annual report and "Our Environment" of the Company's sustainability report 2024.

Discussion on our compliance with relevant environmental laws and regulations is set out in the section headed "Compliance with Relevant Laws and Regulations" in this Report of Directors.

**COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

*REGULATORY COMPLIANCE*

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code.

IL and IFF businesses are not heavily regulated in any of the countries and territories in which we operate. Unlike our suppliers (such as airlines and shipping lines) or customers (such as manufacturers and retailers in various industries), we do not own or operate any aircrafts, nor are we principally engaged in vessel operations or the manufacture or sale of any industrial or consumer products. Our principal businesses are therefore not governed by any material legal or regulatory requirements which apply to the air transportation or shipping industries or any of our customers' industries.

During the year, there were no findings notified to us by any regulatory authority in the jurisdictions in which we operate of any material non-compliance with any law or regulation to which the businesses are subject.

*LICENSING REQUIREMENTS*

The Group is required to comply with the regulatory requirements to obtain and maintain certain licences and permits in the jurisdictions in which we operate. Many of these licences and permits are subject to regular review, replacement or renewal.

Each of our local management teams performs its own function to ensure that we maintain the necessary licences and permits to operate our businesses in each jurisdiction. The Group has been able to renew our major licences and permits without significant difficulties during the year.

*ENVIRONMENTAL PROTECTION*

We have not been subject to any fines or legal action involving any material non-compliance with any relevant environmental regulations, nor are we aware of any threatened or pending action by any relevant environmental regulatory authority.

**KEY RELATIONSHIPS WITH STAKEHOLDERS**

*EMPLOYEES*

People are the backbone of our operations and the key to our success as the leader in providing exceptional services. We are committed to creating opportunities for our employees to develop their full potential by considering all aspects of their lives. We firmly believe in the power and possibility of the next generation and strives to nurture these talents through our comprehensive MT Programme.

YEA, established in 2001, has been supporting our strategic growth by grooming high-caliber talent. YEA is comprised of four high flyers programmes, which are tailored for candidates at various stages of their career development.

We are committed to creating real value for employees through rewarding careers, workplace quality and work-life balance. To echo our core values VOICE, we provide regular on-the-job trainings, reward schemes and job secondment/relocation opportunities for all employees to propel work excellence within the global scope. We believe these measures could further enhance employee involvement and engagement as part of a team.

*CUSTOMERS*

We currently serve more than 40 of the Top 100 Brands (ranked by Interbrand, a well-recognised global brand consultancy) across a wide spectrum of industries. By leveraging our experience in serving the supply chains in various industries, we have developed significant industry expertise and applied innovative processes across industries to better serve our customers. We have been successful in offering industry-specific solutions, including the fashion and lifestyle, electronics and technology, F&B, fast-moving consumer goods, industrial and material sciences, automotive, and pharmaceutical and healthcare industries.

Our one-stop services range from vendor-managed inventory, cold chain management, nationwide warehousing and distribution to return management. Committed to high quality services, our business, around the world have achieved various certifications such as ISO 9001 quality management system standard, the facility security requirements of the Transported Asset Protection Association and ISO 22000 food safety management and HACCP certifications for our F&B business unit.

Within most of these industries, we manage outsourced supply chains that are sophisticated, regional in scale and critical to our customers' core business. This creates opportunities for us to become an integral part of our customers' operations. In addition, we have established long-standing relationships with many of our key customers, which are due in part to our ability to continually meet or exceed their requirements for quality and reliability of service. We believe our supply chain solutions have offered our customers compelling value propositions, making us their preferred logistics service provider.

**SUPPLIERS**

Our main suppliers include airlines and shipping lines from which we procure air or ocean cargo space in connection with our freight forwarding business. We do not enter into any long-term supply contracts or any firm commitment to purchase air or ocean cargo space for freight forwarding purposes.

Our suppliers also include landlords of leased logistics facilities that we manage in connection with our IL business, as well as suppliers of goods in connection with our trading business. We manage a large portfolio of leased logistics facilities located primarily in Asia.

**INDUSTRY AWARDS AND ACCREDITATIONS**

We have received a number of industry awards and accreditations in recognition of our leading position and achievements in the logistics services industry in Asia. Details are set out in the section headed "Awards and Citations" of this annual report.

**CORPORATE SOCIAL RESPONSIBILITY**

Details of corporate social responsibility are set out in the Company's sustainability report 2024.

**KEY RISKS AND UNCERTAINTIES**

The Board has continuously monitored the areas that are likely to pose more significant risks to the Company based on the results of the risk assessment interviews previously conducted by external auditor. The Company has implemented various measures to mitigate these risks or uncertainties. Further reviews are set out in the section headed "Corporate Governance Report – Risk Management and Internal Controls".

**UNCERTAINTIES IN THE GLOBAL BUSINESS ENVIRONMENT**

Uncertainties over political and economic situations worldwide expose the Group to the risk of non-sustainable growth. The bearish market view triggered downward adjustments in sales and production targets resulting in a decline in cargo volume.

The Group has been mitigating this risk by diversifying its business portfolio, markets and customer pools in order to minimize the adverse impact on its business with quick response to market changes.

**INTEGRATION OBSTACLES**

The Group expands its network and global coverage mainly through mergers and acquisitions. Differences in operation models, culture and availability of resources may hinder the integration of the new member into the Group if not properly monitored.

To mitigate this, a robust due diligence process has been in place to ensure the target companies are the right acquires. Integration checklists in all aspects including human resources, finance, information technology, legal and compliance etc. have been set up. Our internal audit will conduct independent check on the governance and performance of the acquired business.

**SUCCESSION PLANNING AND POTENTIAL LOSS OF TALENTS**

The Group currently places heavy reliance on certain key managerial members. There has been succession planning prepared for certain divisions of the Company.

The Group has mitigated this by using the MT Programme developed under YEA since 2001 to nurture staff with high potential to be future management, taking market reference to benchmark salary level of management to the Company's competitors, re-organising the management structure with more long-term incentives to management, and implementing succession plan for areas in need, particularly for key management.

A stable talent pipeline enables us to create the robust upward mobility within our team, we are committed to constructing the talent echelon to prepare for all contingencies. We identify and develop high-potential employees, offering regular on-the-job training and external training courses and sponsorships to groom the talents to fit in the business strategies and critical objectives. YEA mentoring programme is also part of the strategies we grow the high-flyers to future executive roles. Annual performance review provides a consistent framework for our talents to evaluate the competencies and performance gaps to prepare for the next career advancement. While the internal talent supply is in priority, we also source external leaders to fill up the talent gaps in the succession planning.

**CONCERNS OVER KEY INFORMATION SYSTEMS (BOTH OPERATIONAL AND FINANCIAL)**

Due to the nature of the business, the Group cannot afford any information technology disruption. Therefore, efficient maintenance and recovery of information technology systems are very important to the Group. The ability to develop systems within a reasonable timeframe to support business needs is also critical.

To mitigate this, periodic disaster recovery plan and drill tests are performed. The Group will also outsource or relocate part of the development or maintenance of the systems to third parties in a cost-effective manner. System integration and automate data flows are performed to reduce human interference in order to reduce the risks of human error and time of data processing. Stringent cybersecurity measures were in-place to ensure that confidentiality, integrity and availability of data stored in on-premises and cloud. During the year, we had applied machine learning and artificial intelligence to combat cybersecurity attacks, saving a considerable amount of time and costs.

In 2024, the Group has further elevated its cybersecurity measures to address the increasingly sophisticated nature of cyber threats. We have adopted a multi-layered approach tailored to regional requirements, combining advanced technological solutions with enhanced training and access controls.

This year, we prioritized strengthening our cybersecurity measures to safeguard our digital environment and protect sensitive information. A key focus was on enhancing secure remote access by implementing robust authentication protocols and requiring all employees to use secure connection methods, now reinforced with multi-factor authentication (MFA). MFA has also been extended to critical business platforms, including productivity tools and enterprise systems, to further secure access. We collaborated with trusted external partners to enhance our threat detection and response capabilities, ensuring proactive monitoring and rapid mitigation of potential risks. Additionally, we adopted advanced solutions to continuously assess and manage our global digital footprint, enabling us to identify and address potential vulnerabilities effectively. Access controls have been rigorously reviewed and tightened, with permissions granted strictly on a need-to-know basis. Our network infrastructure is further protected by advanced security measures, including firewalls and intrusion detection systems, to prevent unauthorized access and monitor for potential threats.



These comprehensive measures reflect our commitment to maintaining the highest security standards, minimising our vulnerability to cyberattacks, and ensuring the integrity of our data.

**CREDIT RISK IN RELATION TO COUNTERPARTIES**

Adverse performance of the Group’s customers due to decline in the demand of their products will increase the Group’s counterparties risk with these customers. Long credit period of customers may lead to unsatisfactory cash flow of the Group.

The Group has mitigated this by tightening accounts receivable and setting up credit monitoring controls, for example, to produce a periodic credit report consisting of top 50 to 100 customers for management review. Tighten protective measures are implemented, for example, by the holding of customers’ stocks stored in the Group’s facilities before payments are settled, and requesting for deposit before provision of services.

**OTHER FINANCIAL RISKS**

Further discussion on financial risks are set out in the section headed “Management Discussion and Analysis – Financial Review” and note 3 to the Financial Statements of this annual report.

**OUTLOOK**

Discussion on outlook is set out in the section headed “Management Discussion and Analysis – Business Review” of this annual report.

**EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2024**

**CHANGE OF COMPANY NAME**

The Board proposed to change the English name of the Company from “Kerry Logistics Network Limited” to “KLN Logistics Group Limited” and cease the use of the Chinese name of the Company “嘉里物流聯網有限公司” (the “Change of Company Name”). The Change of Company Name is subject to the following conditions: (i) the passing of a special resolution by the Shareholders at a special general meeting of the Company (the “SGM”) to approve the Change of Company Name; and (ii) the Registrar of Companies in Bermuda to approve the Change of Company Name.

The Board further proposed to alter the existing memorandum of continuance of the Company (the “Memorandum”) and amend the existing Bye-laws to (i) reflect the Change of Company Name and (ii) provide the Company with flexibility to hold treasury shares (the “Proposed Amendments”). The Proposed Amendments and proposed adoption of the amended and restated memorandum of continuance (the “New Memorandum”) and the amended and restated bye-laws (the “Amended and Restated Bye-laws”) of the Company are subject to the passing of special resolutions by the Shareholders at the SGM.

Please refer to the announcement of the Company dated 3 March 2025 and the circular of the Company dated 5 March 2025 for further details.

The SGM was held on 28 March 2025, and the special resolutions were duly passed by the Shareholders to approve the Change of Company Name and the Proposed Amendments and the proposed adoption of the New Memorandum and the Amended and Restated Bye-laws.

The English name of the Company “Kerry Logistics Network Limited” by resolution and with the approval of the Registrar of Companies in Bermuda has changed its name and was registered as “KLN Logistics Group Limited” on 28 March 2025 and the Chinese name of the Company “嘉里物流聯網有限公司” ceased when the Company changed its name from “Kerry Logistics Network Limited” to “KLN Logistics Group Limited”.

**REVISION OF ANNUAL CAPS UNDER CONTINUING CONNECTED TRANSACTION AGREEMENTS**

Reference is made to the announcement of the Company dated 31 July 2024 and the circular of the Company dated 27 August 2024 in relation to, amongst other things, the continuing connected transactions under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement (the “CCT Agreements”), as appropriate.

Based on the Group’s historical transaction amounts in the second half of 2024, the unaudited management accounts of the Company and operational data for the two months ended 28 February 2025, it has come to the attention of the Board that the actual transaction amounts contemplated under CCT Agreements may exceed the existing annual caps under the respective CCT Agreements (the “Existing Annual Caps”). In light of the above, and the expected growth in demand from the Group and SFTS Group (as applicable) of the relevant services, the Board anticipates that the Existing Annual Caps for the financial years ending 31 December 2025, 2026 and 2027 will not be sufficient to meet the expected transaction amounts under the CCT Agreements. Accordingly, the Board proposed to revise the Existing Annual Caps in compliance with the requirements under Chapter 14A of the Listing Rules. Save for the revision of the Existing Annual Caps, all the terms of

the CCT Agreements, including the pricing policies and principal payment terms, and the internal control measures, remain unchanged. Please refer to the announcement of the Company dated 28 March 2025 in relation to the revision of annual caps under the CCT Agreements for further details.

Save as disclosed above, there were no important events affecting the Group which have occurred since 31 December 2024.

**FINAL DIVIDEND**

The Board resolved to propose to the Shareholders in the forthcoming AGM for the distribution of a final dividend of 15 HK cents per share for the year ended 31 December 2024 payable to the Shareholders whose names are listed in the Registers of Members on Friday, 30 May 2025. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the forthcoming AGM.

**SHARE CAPITAL**

Details of the share capital of the Company during the year ended 31 December 2024 are set out in note 26 to the Financial Statements.

**RESERVES**

Details of the movements in reserves of the Group during the year ended 31 December 2024 are set out in note 27 to the Financial Statements.

**DISTRIBUTABLE RESERVES**

As at 31 December 2024, the Company has distributable reserves of HK\$5,022 million in total available for distribution, of which HK\$271 million has been proposed as final dividend for the year, which is calculated in accordance with generally accepted accounting principles.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out in the section headed “2020-2024 Financial Summary” of this annual report.

DONATIONS

The Group made a donation of HK\$2.9 million to charity projects or organisations for the year.

RETIREMENT BENEFITS

Please refer to note 31 to the Financial Statements for details of the retirement benefits of the Group for the year ended 31 December 2024.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 16 to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group during the year ended 31 December 2024 are set out in notes 28 and 29 to the Financial Statements.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

SUFFICIENCY OF PUBLIC FLOAT

On 7 June 2021, the Company obtained from the Stock Exchange a conditional waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules to permit a lower minimum public float of 15.0%. Please refer to the joint announcement published by the Company and Flourish Harmony on 7 June 2021 for details.

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the amount of public float as is applicable to it under the Listing Rules as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws of Bermuda.

DIRECTORS

The Directors during the year and up to the date of this annual report are:

Mr WANG Wei  
(Chairman, Non-executive Director)  
Mr KUOK Khoon Hua  
(Vice Chairman, Non-executive Director)

Executive Directors  
Mr CHEUNG Ping Chuen Vicky  
(Chief Executive Officer)  
(re-designation as Chief Executive Officer effective from 1 April 2024)  
Mr CHENG Chi Wai  
Mr HO Chit  
(re-designation as Executive Director effective from 1 September 2024)

Non-executive Directors  
Ms CHEN Keren  
Ms OOI Bee Ti

Independent Non-executive Directors  
Dr CHEUNG Wai Man  
Mr LAI Sau Cheong Simon  
Mr TAN Chuen Yan Paul  
Ms WONG Yu Pok Marina

DIRECTORS’ AND SENIOR MANAGEMENT’S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed “Directors and Senior Management” of this annual report.

CHANGES IN INFORMATION OF DIRECTORS

Set out below are the changes in the Directors’ information since the publication of the Interim Report 2024 of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr KUOK Khoon Hua – Appointed as an independent non-executive director of DBS Bank (Hong Kong) Limited since October 2024.

Mr TAN Chuen Yan Paul – Appointed as an independent non-executive Director of Hua Lien International (Holding) Company Limited (a company listed on the Stock Exchange, stock code: 969) since September 2024.

Save as disclosed above, there is no other information which is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

DIRECTORS’ LETTER OF APPOINTMENT

Each of the Directors has signed an appointment letter with the Company for an initial term commencing from his/her respective date of appointment until the next general meeting of the Company, at which he/she will be eligible for re-election. Upon being re-elected, the appointment of the Director shall continue for a period of three years and until the conclusion of the third annual general meeting of the Company or such earlier date pursuant to the Bye-laws. The appointments of the Directors are subject to the provisions of retirement and rotation of Directors in accordance with the Bye-laws.

According to Article 99 of the Bye-laws, the number of Directors retiring at each annual general meeting shall not be less than such number as is nearest to but not exceeding one-third of the Directors for the time being (not including those Directors who were appointed to fill casual vacancies or as additions to the Board further to Article 102), and any retiring Director shall be eligible for re-election at the same annual general meeting. Ms CHEN Keren, Dr CHEUNG Wai Man, Mr LAI Sau Cheong Simon and Mr TAN Chuen Yan Paul will be retiring and be subject to re-election in the forthcoming AGM.

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract that is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors, namely Dr CHEUNG Wai Man, Mr LAI Sau Cheong Simon, Mr TAN Chuen Yan Paul and Ms WONG Yu Pok Marina, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. The Company considers that the Independent Non-executive Directors have been independent from the date of their appointment to 31 December 2024 and remain so as at the date of this annual report.

Ms Wong has served as an Independent Non-executive Director for over nine years. During her term of office, Ms Wong consistently offered objective advice, independent opinions and invaluable guidance to the Board and the Company's senior management. Ms Wong is not involved in the daily management of the Company's affairs, nor is there any circumstance which might interfere with the exercise of her independent judgment. Ms Wong's tenure with the Company has allowed her to gain a deep understanding of the Group's business and operations and accumulate extensive industry experience, whose continuous service is believed to bring stability to the Board and be beneficial to the Company. In light of the foregoing and taking into account that the Company has received (and the Board has reviewed and assessed) confirmation from Ms Wong that she satisfies all the independence criteria set out in Rule 3.13 of the Listing Rules, the Board considers that Ms Wong's independence and her ability to continue to bring in fresh perspectives are not affected by her length of service.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of the associated corporations of the Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS  
(I) THE COMPANY

Directors	Ordinary Shares in the Company					
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	Approximate percentage of issued share capital <sup>(1)</sup>
WANG Wei <sup>(2)</sup>	-	-	972,698,478	-	972,698,478	53.82%
KUOK Khoon Hua <sup>(3)</sup>	600,428	-	-	1,132,479	1,732,907	0.10%
CHEUNG Ping Chuen Vicky <sup>(4)</sup>	3,983,178	-	-	-	3,983,178	0.22%
CHENG Chi Wai <sup>(5)</sup>	1,167,303	-	-	-	1,167,303	0.06%
WONG Yu Pok Marina <sup>(6)</sup>	20,796	-	-	-	20,796	< 0.01%

Notes:

- (1) Based on 1,807,429,342 Ordinary Shares in issue as at 31 December 2024.
- (2) Mr Wang is interested in 972,698,478 Ordinary Shares held through his controlled corporations, which includes the 41,489,361 Convertible Securities Mr Wang is deemed to be interested in pursuant to the disclosure requirements under the SFO.
- (3) Mr Kuok is interested in (i) 600,428 Ordinary Shares as beneficial owner; and (ii) 1,132,479 Ordinary Shares held through discretionary trusts of which Mr Kuok is a discretionary beneficiary.
- (4) Mr Cheung is interested in (i) 3,898,806 Ordinary Shares as beneficial owner; and (ii) award granted under the Share Award Scheme conferring the conditional right upon vesting in the form of 84,372 Ordinary Shares.
- (5) Mr Cheng is interested in (i) 1,082,797 Ordinary Shares as beneficial owner; and (ii) award granted under the Share Award Scheme conferring the conditional right upon vesting in the form of 84,506 Ordinary Shares.
- (6) Ms Wong is interested in 20,796 Ordinary Shares as beneficial owner.

(II) ASSOCIATED CORPORATIONS

Shenzhen Mingde Holding Development Co., Ltd.

Director	Registered capital of Shenzhen Mingde					Approximate percentage of registered capital <sup>(1)</sup>
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
WANG Wei <sup>(2)</sup>	RMB113,286,600	-	-	-	RMB113,286,600	99.90%

Notes:

- (1) Based on a total registered capital of Shenzhen Mingde of RMB113,400,000 as at 31 December 2024.
- (2) Mr Wang is interested in registered capital of Shenzhen Mingde in the amount of RMB113,286,600 as beneficial owner.

S.F. Holding Co., Ltd.

Directors	Type of shares	Ordinary shares in S.F. Holding					Approximate percentage of issued share capital (A Shares) <sup>(1)</sup>
		Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
HO Chit <sup>(2)</sup>	A Shares	488,000	-	-	-	488,000	0.01%
OOI Bee Ti <sup>(3)</sup>	A Shares	275,400	-	-	-	275,400	0.01%

Notes:

- (1) Based on 4,816,186,983 ordinary shares (A Shares) in S.F. Holding in issue as at 31 December 2024.
- (2) Mr Ho is interested in (i) 122,000 ordinary shares (A Shares) in S.F. Holding as beneficial owner; and (ii) options granted under the 2022 stock option incentive plan of S.F. Holding to subscribe for 366,000 ordinary shares (A Shares) in S.F. Holding.
- (3) Ms Ooi is interested in (i) 71,400 ordinary shares (A Shares) in S.F. Holding as beneficial owner; and (ii) options granted under the 2022 stock option incentive plan of S.F. Holding to subscribe for 204,000 ordinary shares (A Shares) in S.F. Holding.

Save as disclosed above, as at 31 December 2024, the Company is not aware of any other Director or the chief executive of the Company who has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the following are the persons, other than the Directors or the chief executive of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of Ordinary Shares	Approximate percentage of shareholding in the total issued share capital <sup>(1)</sup>
WANG Wei	Interest of controlled corporations	972,698,478 <sup>(7)</sup>	53.82%
Shenzhen Mingde Holding Development Co., Ltd. <sup>(2)</sup>	Interest of controlled corporations	972,698,478 <sup>(7)</sup>	53.82%
S.F. Holding Co., Ltd. <sup>(3)</sup>	Interest of controlled corporations	972,698,478 <sup>(7)</sup>	53.82%
Kerry Group Limited <sup>(4)</sup>	Interest of controlled corporations	595,928,608 <sup>(8)</sup>	32.97%
Kerry Holdings Limited <sup>(5)</sup>	Interest of controlled corporations	572,100,979 <sup>(8)</sup>	31.65%
Kerry Properties Limited <sup>(6)</sup>	Beneficial owner	376,702,721 <sup>(8)</sup>	20.84%

Notes:

- (1) Based on 1,807,429,342 Ordinary Shares in issue as at 31 December 2024.
- (2) Mr WANG Wei is the executive director of Shenzhen Mingde.
- (3) Mr WANG Wei is an executive director, the chairman of the board of directors and the general manager of S.F. Holding. Mr HO Chit is an executive director, a deputy general manager and the chief financial officer of S.F. Holding. Ms OOI Bee Ti is the head of treasury center of S.F. Holding.
- (4) Mr KUOK Khoon Hua is a director of KGL. Ms CHEN Keren is the group co-general counsel, the company secretary and the director of corporate services of KGL.
- (5) Mr KUOK Khoon Hua is the chairman and a director of KHL.
- (6) Mr KUOK Khoon Hua is the chairman, the chief executive officer and an executive director of KPL.
- (7) Flourish Harmony is interested in 931,209,117 Ordinary Shares as beneficial owner. SF Holding HK is interested in 41,489,361 Convertible Securities as beneficial owner. Each of Flourish Harmony and SF Holding HK is wholly owned by S.F. Holding. S.F. Holding is a subsidiary of Shenzhen Mingde which is in turn controlled by Mr WANG Wei. Accordingly, S.F. Holding, Shenzhen Mingde and Mr WANG Wei are deemed to be interested in the interest held by Flourish Harmony and SF Holding HK in the Company pursuant to the disclosure requirements under the SFO. For further details in relation to the Convertible Securities, please refer to the section headed "CONVERTIBLE SECURITIES" in this Report of Directors.
- (8) KPL is a subsidiary of KHL. KHL is a wholly-owned subsidiary of KGL. Accordingly, KHL is deemed to be interested in the interest held by KPL in the Company and KGL is deemed to be interested in the interest held by each of KHL and KPL in the Company pursuant to the disclosure requirements under the SFO.

Save as disclosed above, as at 31 December 2024, the Company is not aware of any other person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr WANG Wei, the chairman of the Board and non-executive Director, is an executive director, the chairman of the board of directors, the general manager and the controlling shareholder of S.F. Holding. Mr HO Chit, Executive Director, is an executive director, a deputy general manager and the chief financial officer of S.F. Holding. Ms OOI Bee Ti, non-executive Director, is the head of treasury center of S.F. Holding. S.F. Holding and its subsidiaries are primarily engaged in the provision of integrated logistics services.

Mr KUOK Khoon Hua, the vice chairman of the Board and non-executive Director, is the chairman and a director of KHL as well as a director of KGL. Ms CHEN Keren, non-executive Director, is the group co-general counsel, the company secretary and the director of corporate services of KGL. KGL wholly owns KHL which, in turn, is the controlling shareholder of Kerry TJ. Kerry TJ is primarily engaged in the provision of less-than-truckload transport, warehousing, refrigerated delivery, express, and pharmaceutical logistics services in Taiwan.

The Directors believe that there is a risk that the above-mentioned competing businesses may compete with those of the Group. Nonetheless, such businesses are operated and managed by companies with independent management and administration. In addition, the relevant Directors mentioned above have non-executive roles and are not involved in the Company's day-to-day operations and management. Accordingly, the Group is capable of carrying on its businesses independent of and at arms-length from the competing businesses mentioned above.

Save as disclosed above and save for their respective interests in the Group, none of the Directors or any of their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group for the year ended 31 December 2024 and up to the date of this annual report.

SIGNIFICANT ACQUISITION/DISPOSAL AND DISCLOSEABLE AND CONNECTED TRANSACTIONS

The Group conducted the following material transactions during the year ended 31 December 2024.

- 1 REPURCHASE OF PERPETUAL CONVERTIBLE SECURITIES
- On 10 December 2024, the Company (as the issuer) and SF Holding HK (as the seller) entered into the purchase contract (the "Purchase Contract"), pursuant to which the Company has agreed to purchase, and SF Holding HK has agreed to sell, the Convertible Securities in accordance with the terms and conditions of the Purchase Contract at the consideration of HK\$744,500,000 in cash. The consideration was paid in cash out of funds repaid by KEX Express Thailand, under two unsecured and interest-bearing intragroup loans initially made by the Company to support the growth and expansion of KEX Express Thailand (the "Loan(s)").

As disclosed in the circular of the Company dated 24 April 2023, the issue of the Convertible Securities provided additional funds for the expansion of its international express delivery business in Southeast Asia, particularly to support KEX Express Thailand,



a former indirect subsidiary of the Company. Following the completion of the issue of the Convertible Securities, the net proceeds of approximately HK\$774,101,000 were fully on-lent by the Company to KEX Express Thailand by way of the Loans. Pursuant to the loan agreements governing the Loans, each Loan, with an interest rate of 1.65% per annum, shall be repaid on the date falling 12 months from the date of drawdown (i.e. by the first quarter of 2025 at the latest), unless prepaid earlier by KEX Express Thailand. In March 2024, the Company completed the distribution in specie of all its shares held in KEX Express Thailand, and KEX Express Thailand ceased to be a subsidiary of the Group. As such, the Company and SF Holding HK agreed, following arm's length commercial negotiations, that SF Holding HK (as the indirect holding company of KEX Express Thailand) will procure KEX Express Thailand to prepay all outstanding amounts due under the Loans ahead of the final repayment date pursuant to the loan agreements in order to facilitate and fund the repurchase of the Convertible Securities. Please refer to the announcement of the Company dated 10 December 2024 and the circular of the Company dated 6 January 2025 for further details.

SF Holding HK is an indirect wholly-owned subsidiary of S.F. Holding, which is a Controlling Shareholder of the Company. SF Holding HK is therefore a connected person of the Company, and as such the Purchase Contract and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Purchase Contract exceeds 5%, the Purchase Contract and the transactions contemplated thereunder are subject to reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The completion of the repurchase of Convertible Securities took place on 27 January 2025. Following the completion, the Company has canceled all the Convertible Securities and the rights attaching thereto.

**CONTINUING CONNECTED  
TRANSACTIONS**

Among the related party transactions disclosed in note 39 to the Financial Statements, the following transactions constitute continuing connected transactions for the Company and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules.

**1 FRAMEWORK AGREEMENTS WITH  
SFTS  
SF LOGISTICS SERVICES FRAMEWORK  
AGREEMENT**

On 28 June 2022, the Company entered into a framework agreement (the "2022 SF Logistics Services Framework Agreement") with SFTS. On 28 October 2022, the Company and SFTS further entered into a supplemental agreement to expand the scope of the 2022 SF Logistics Services Framework Agreement and update the annual caps previously agreed to those set out below. Pursuant to the 2022 SF Logistics Services Framework Agreement (as amended), SFTS Group agreed to provide services, including the carriage of cargoes by air flight operations (including scheduled flights and charter flights), freight forwarding services, express services and integrated logistics services to the Group (the "2022 SF Transactions"). The 2022 SF Logistics Services Framework Agreement (as amended) had a term from 1 January 2022 to 31 December 2024, and the term of the 2022 SF Logistics

Services Framework Agreement (as amended) may be extended for a further term of three years, subject to compliance with the Listing Rules requirements. Please refer to the announcements of the Company dated 28 June 2022 and 28 October 2022, and circular of the Company dated 18 November 2022 for details. Pursuant to the 2022 SF Logistics Services Framework Agreement (as amended), the annual caps payable by the Group to SFTS Group for the three years ended 31 December 2022, 2023 and 2024 are HK\$1,068.0 million, HK\$4,189.0 million and HK\$5,844.0 million, respectively (the "2022 SF Annual Caps"). SFTS is a wholly-owned subsidiary of S.F. Holding, which is a Controlling Shareholder of the Company. As such, SFTS is a connected person of the Company and the 2022 SF Transactions constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the 2022 SF Annual Caps exceeded 5%, the 2022 SF Transactions were subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. During the three years ended 31 December 2022, 2023 and 2024, the amount paid by the Group to SFTS Group amounted to HK\$797.0 million, HK\$911.7 million and HK\$1,201.6 million, respectively.

On 31 July 2024, the Company entered into a framework agreement (the “2024 SF Logistics Services Framework Agreement”) with SFTS for a term which commenced on 1 January 2025 and will expire on 31 December 2027. The 2024 SF Logistics Services Framework Agreement can be extended for a further term of three years with mutual agreement of the Company and SFTS, subject to the compliance with applicable Listing Rules requirements. Pursuant to the 2024 SF Logistics Services Framework Agreement, SFTS Group agreed to provide services, including the carriage of cargoes by air flight operations through SFTS Group’s flight network (comprising scheduled flights and charter flights), freight forwarding services, express services and integrated logistics services to the Group (the “2024 SF Transactions”). Please refer to the announcement of the Company dated 31 July 2024 and circular of the Company dated 27 August 2024 for details. Pursuant to the 2024 SF Logistics Services Framework Agreement, the annual caps payable by the Group to SFTS Group for the three years ending 31 December 2025, 2026 and 2027 are HK\$793.4 million, HK\$960.0 million and HK\$1,161.6 million, respectively (the “2024 SF Annual Caps”). SFTS is a wholly-owned subsidiary of S.F. Holding, which is a Controlling Shareholder of the Company. As such, SFTS is a connected person of the Company and the 2024 SF Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the 2024 SF Annual Caps exceeds 5%, the 2024 SF Transactions are subject to the reporting, announcement, circular, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

**KLN LOGISTICS SERVICES FRAMEWORK AGREEMENT**

On 29 July 2022, the Company entered into a framework agreement (the “2022 KLN Logistics Services Framework Agreement”) with SFTS. On 28 October 2022, the Company and SFTS further entered into a supplemental agreement to expand the scope of the 2022 KLN Logistics Services Framework Agreement and update the annual caps previously agreed to those set out below. Pursuant to the 2022 KLN Logistics Services Framework Agreement (as amended), the Group agreed to provide services, including the international freight forwarding services, express services, overseas pick-up services and integrated logistics services to SFTS Group (the “2022 KLN Transactions”). The 2022 KLN Logistics Services Framework Agreement (as amended) had a term from 29 July 2022 to 31 December 2024. Please refer to the announcements of the Company dated 29 July 2022 and 28 October 2022, and circular of the Company dated 18 November 2022 for details. Pursuant to the 2022 KLN Logistics Services Framework Agreement (as amended), the annual caps payable by SFTS Group to the Group for the three years ended 31 December 2022, 2023 and 2024 are HK\$531.0 million, HK\$2,340.0 million and HK\$2,931.0 million, respectively (the “2022 KLN Annual Caps”). SFTS is a wholly-owned subsidiary of S.F. Holding, which is a Controlling Shareholder of the Company. As such, SFTS is a connected person of the Company, and the 2022 KLN Transactions constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the 2022 KLN Annual Caps exceeded 5%, the 2022 KLN Transactions were subject to the reporting, announcement, circular, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. During the three years ended 31 December 2022, 2023 and 2024, the amount received by the Group from SFTS Group amounted to HK\$311.0 million, HK\$301.3 million and HK\$1,858.2 million, respectively.

On 31 July 2024, the Company entered into a framework agreement (the “2024 KLN Logistics Services Framework Agreement”) with SFTS for a term which commenced on 1 January 2025 and will expire on 31 December 2027. The 2024 KLN Logistics Services Framework Agreement can be extended for a further term of three years with mutual agreement of the Company and SFTS, subject to the compliance with applicable Listing Rules requirements. Pursuant to the 2024 KLN Logistics Services Framework Agreement, the Group agreed to provide services, including the international freight forwarding services and integrated logistics services to SFTS Group (the “2024 KLN Transactions”). Please refer to the announcement of the Company dated 31 July 2024 and circular of the Company dated 27 August 2024 for details. Pursuant to the 2024 KLN Logistics Services Framework Agreement, the annual caps payable by SFTS Group to the Group for the three years ending 31 December 2025, 2026 and 2027 are HK\$1,960.4 million, HK\$2,367.5 million and HK\$2,860.1 million, respectively (the “2024 KLN Annual Caps”). SFTS is a wholly-owned subsidiary of S.F. Holding, which is a Controlling Shareholder of the Company. As such, SFTS is a connected person of the Company, and the 2024 KLN Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the 2024 KLN Annual Caps exceeds 5%, the 2024 KLN Transactions are subject to the reporting, announcement, circular, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

**CGSA FRAMEWORK AGREEMENT**

On 29 July 2022, the Company entered into a framework agreement (the “2022 CGSA Framework Agreement”) with SFTS for a term from 1 May 2022 to 31 December 2024, pursuant to which SFTS Group agreed to appoint the Group as an exclusive cargo general sales agent to provide services to SFTS Group, including the sales and promotion of the air cargo business for the inbound and outbound international flights operated by SFTS Group (the “2022 CGSA Transactions”). Please refer to the announcement of the Company dated 29 July 2022 for details. Pursuant to the 2022 CGSA Framework Agreement, the annual caps payable by SFTS Group to the Group for the three years ended 31 December 2022, 2023 and 2024 are HK\$200.0 million, HK\$520.0 million and HK\$676.0 million, respectively (the “2022 CGSA Annual Caps”). SFTS is a wholly-owned subsidiary of S.F. Holding, which is a Controlling Shareholder of the Company. As such, SFTS is a connected person of the Company, and the 2022 CGSA Transactions constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the 2022 CGSA Annual Caps exceeded 0.1% but all are less than 5%, the 2022 CGSA Transactions were subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. During the three years ended 31 December 2022, 2023 and 2024, the amount received by the Group from SFTS Group amounted to HK\$107.7 million, HK\$155.5 million and HK\$164.6 million, respectively.

On 31 July 2024, the Company entered into a framework agreement (the “2024 CGSA Framework Agreement”) with SFTS for a term which commenced on 1 January 2025 and will expire on 31 December 2027. The 2024 CGSA Framework Agreement can be extended for a further term of three years with mutual agreement of the Company and SFTS. Pursuant to the 2024 CGSA Framework Agreement, SFTS Group agreed to appoint the Group as an exclusive cargo general sales agent to provide services to SFTS Group, including the sales and promotion of the air cargo business for the inbound and outbound international flights operated by SFTS Group, and as a cargo sales agent to provide services to SFTS Group, including the sales and promotion of the air cargo business for SFTS Group’s chartered flights on a non-exclusive basis (the “2024 CGSA Transactions”). Please refer to the announcement of the Company dated 31 July 2024 for details. Pursuant to the 2024 CGSA Framework Agreement, the annual caps payable by SFTS Group to the Group for the three years ending 31 December 2025, 2026 and 2027 are HK\$160.3 million, HK\$194.0 million and HK\$234.7 million, respectively (the “2024 CGSA Annual Caps”). SFTS is a wholly-owned subsidiary of S.F. Holding, which is a Controlling Shareholder of the Company. As such, SFTS is a connected person of the Company, and the 2024 CGSA Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the 2024 CGSA Annual Caps exceeds 0.1% but all are less than 5%, the 2024 CGSA Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## 2 WAREHOUSES MANAGEMENT AGREEMENTS WITH KHL GROUP

On 25 March 2021, Kerry Warehouse (Hong Kong) Limited (the “Warehouses Manager”), a wholly-owned subsidiary of the Company, entered into nine warehouses management agreements with, the legal owners of nine Hong Kong warehouses (the “Warehouses”) respectively, to provide building management services, leasing management services, operation of warehouse facilities and other related services (the “2021 Warehouses Management Services”) for the Warehouses (collectively the “2021 Warehouses Management Agreements”). In consideration for such services, the relevant legal owners shall pay certain management fees to the Warehouses Manager. In addition, under certain 2021 Warehouse Management Agreements, the Warehouses Manager has agreed to guarantee relevant legal owners of certain Warehouses a minimum level of gross revenue during the term of the 2021 Warehouses Management Agreements. If the Warehouses Manager is unable to seek tenants for the relevant Warehouses, the Warehouses Manager shall, as principal, satisfy such minimum guaranteed gross revenue. The term of each 2021 Warehouses Management Agreement was an initial term of three years commencing on the date of completion of the sale of the entire interest of the Warehouses (the “Warehouses Sale”) in respect of the corresponding Warehouse and, subject to having duly performed and observed all terms and conditions of the 2021 Warehouses Management Agreement in all material respects, the term was renewable at the option of the Warehouses Manager for a further term of three years. On 30 April 2021, each of the legal owners of the Warehouses entered into an amendment agreement with the Warehouses Manager amending the terms of the respective 2021 Warehouses Management Agreement to reflect an update to the annual caps previously agreed. The 2021 Warehouses Management Agreements (as amended) and the obligations of the relevant parties thereunder commenced on 4 October 2021, being the date of completion of the Warehouses Sale. Please refer to the Circular and related announcements for details.

Upon friendly and arm’s length negotiations between Kerry Warehouse (Sheung Shui) Limited (now known as Yuen Fung Properties Limited) (“SS”) and the Warehouses Manager, as the Warehouses Manager was given to understand that SS no longer requires the 2021 Warehouses Management Services from the Warehouses Manager, on 20 January 2023, both parties mutually agreed to enter into a second supplemental agreement to the management agreement dated 25 March 2021 entered into between SS and the Warehouses Manager (as amended) (the “SS Warehouses Management Agreement”) to, amongst other things, terminate the SS Warehouses Management Agreement (as amended) on 31 March 2023.

Upon friendly and arm’s length negotiations between Kerry Warehouse (Fanling 1) Limited (now known as Yuen Wah Property Limited) (“FL”) and the Warehouses Manager, as the Warehouses Manager was given to understand that FL no longer requires the 2021 Warehouses Management Services from the Warehouses Manager, both parties mutually agreed to enter into a supplemental agreement to the management agreement dated 25 March 2021 entered into between FL and the Warehouses Manager (as amended) (the “FL Warehouses Management Agreement”) to, amongst other things, terminate the FL Warehouses Management Agreement (as amended) on 16 December 2023.

The aggregate annual caps for the amounts payable by the Group as principal to KHL (together with its subsidiaries, “KHL Group”) under the 2021 Warehouses Management Agreements (as amended) (being the guaranteed gross revenue and related charges) were as follows: (i) for the period from 4 October 2021 to 31 December 2021, the two

years ended 31 December 2022 and 2023, the period from 1 January 2024 to 3 October 2024, no more than HK\$160.0 million, HK\$480.0 million, HK\$485.0 million and HK\$550.0 million, respectively; (ii) for the period from 4 October 2024 to 31 December 2024, each of the years ending 31 December 2025 and 2026, and the period from 1 January 2027 to 3 October 2027, no more than HK\$183.3 million, HK\$551.0 million, HK\$554.0 million and HK\$554.0 million, respectively.

The aggregate annual caps for the amounts receivable by the Group from KHL Group were as follows: (i) for the period from 4 October 2021 to 31 December 2021, the two years ended 31 December 2022 and 2023, the period from 1 January 2024 to 3 October 2024, no more than HK\$11.3 million, HK\$37.4 million, HK\$41.6 million and HK\$47.8 million respectively; (ii) for the period from the 4 October 2024 to 31 December 2024, each of the years ending 31 December 2025 and 2026, and the period from 1 January 2027 to 3 October 2027, no more than HK\$15.9 million, HK\$53.4 million, HK\$59.7 million and HK\$59.7 million, respectively.

Each of the companies holding the Warehouses became a wholly-owned subsidiary of KHL following completion of the Warehouses Sale on 4 October 2021. As KHL is a Controlling Shareholder of the Company and therefore a connected person of the Company, the 2021 Warehouses Management Agreements constituted continuing connected transactions of the Company under the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the annual caps of the transactions under the 2021 Warehouses Management Agreements was more than 0.1% but all were less than 5%, the 2021 Warehouses Management Agreements were subject to the requirements under Chapter 14A of the Listing Rules.



During the period ended 31 December 2021, the two years ended 31 December 2022 and 2023 and the period ended 3 October 2024, the amount received by the Group as principal from KHL Group amounted to HK\$6.6 million, HK\$26.4 million, HK\$25.6 million and HK\$17.5 million and no amount was payable by the Group as principal to KHL Group, respectively.

On 28 August 2024, the Warehouses Manager entered into seven warehouses management agreements with, the legal owners of seven Hong Kong warehouses (the “Seven Warehouses”) respectively, to provide building management services, leasing management services, operation of warehouse facilities and other related services (the “2024 Warehouses Management Services”) for the Seven Warehouses (collectively the “2024 Warehouses Management Agreements”). In consideration for such services, the relevant warehouses owners shall pay certain management fees to the Warehouses Manager. In addition, under the 2024 Warehouse Management Agreements, the Warehouses Manager has agreed to guarantee the warehouses owners a minimum level of gross revenue during the term of the 2024 Warehouses Management Agreements. If the Warehouses Manager is unable to seek tenants for the Seven Warehouses, the Warehouses Manager shall, as principal, satisfy such minimum guaranteed gross revenue. The term of each 2024 Warehouses Management Agreement commenced on 4 October 2024 and will expire on 3 October 2027. Please refer to the announcement of the Company dated 28 August 2024 for details.

The aggregate annual caps for the amounts payable by the Group as principal to KHL Group under the 2024 Warehouses Management Agreements (being the guaranteed gross revenue and related charges) for the period

from 4 October 2024 to 31 December 2024, each of the years ending 31 December 2025 and 2026, and the period from 1 January 2027 to 3 October 2027, are HK\$124.0 million, HK\$494.0 million, HK\$494.0 million and HK\$371.0 million, respectively.

The aggregate annual caps for the amounts receivable by the Group from KHL Group for the period from the 4 October 2024 to 31 December 2024, each of the years ending 31 December 2025 and 2026, and the period from 1 January 2027 to 3 October 2027 are HK\$9.0 million, HK\$35.0 million, HK\$40.0 million and HK\$35.0 million, respectively.

Each of the warehouse owners is an indirect wholly-owned subsidiary of KHL, which is a Controlling Shareholder of the Company, and therefore a connected person of the Company, the 2024 Warehouses Management Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the annual caps of the transactions under the 2024 Warehouses Management Agreements is more than 0.1% but all are less than 5%, the 2024 Warehouses Management Agreements are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

During the period ended 31 December 2024, the amount received by the Group as principal from KHL Group amounted to HK\$6.0 million and no amount was payable by the Group as principal to KHL Group, respectively.

### 3 FRAMEWORK SERVICES AGREEMENT WITH KHL

On 25 March 2021, the Company entered into a framework services agreement with KHL (the “2021 KHL Framework Services Agreement”). On 30 April 2021, the Company and KHL further entered into an amendment agreement to update the annual caps previously agreed to those set out below. Pursuant to the 2021 KHL Framework Services Agreement (as amended), (i) the Group agreed to provide in places outside Taiwan services including delivery and transportation services, local courier services, freight services, freight agency services, insurance brokerage and related services, catering services and services relating to management and operation of warehouse facilities (including building management, leasing and licensing management, warrant operations, IT support, human resources, administration and related services, and excluding the 2021 Warehouses Management Services to be provided pursuant to the 2021 Warehouses Management Agreements) to KHL Group (excluding KPL and its subsidiaries, the “Relevant KHL Group”); (ii) the Relevant KHL Group agreed to lease their premises in Hong Kong to the Group; and (iii) the Relevant KHL Group agreed to provide services in and/or from Taiwan including land transportation, other logistics services; freight services, freight agency services and other logistics services; and warehousing services to the Group. Please refer to the Circular and related announcements for details.

The 2021 KHL Framework Services Agreement (as amended) had a term from 16 September 2021 to 15 September 2024, which could be extended for a further term of three years with the mutual written agreement of the Company and KHL.

The aggregate annual caps for the amounts payable by the Group to the Relevant KHL Group for the period from 16 September 2021 to 31 December 2021, the two years ended 31 December 2022 and 2023, and the period from 1 January 2024 to 15 September 2024 were HK\$1,863.6 million, HK\$2,162.5 million, HK\$1,062.2 million and HK\$1,149.7 million, respectively, and the aggregate annual caps for the amounts receivable by the Group from the Relevant KHL Group for the period from 16 September 2021 to 31 December 2021, the two years ended 31 December 2022 and 2023, and the period from 1 January 2024 to 15 September 2024 were HK\$61.8 million, HK\$183.2 million, HK\$232.2 million and HK\$295.9 million, respectively. For the avoidance of doubt, the fees receivable by the Group for the provision of 2021 Warehouses Management Services and any amount payable under the 2021 Warehouses Management Agreements was not subject to the annual caps set out in the 2021 KHL Framework Services Agreement (as amended).

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the annual caps of the transactions under the 2021 KHL Framework Services Agreement (as amended) was more than 5% but all were less than 25%, the 2021 KHL Framework Services Agreement (as amended) constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As KHL is a Controlling Shareholder of the Company and therefore a connected person of the Company, the 2021 KHL Framework Services Agreement (as amended) also constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.



During the period ended 31 December 2021, the two years ended 31 December 2022 and 2023 and the period ended 15 September 2024, the amounts paid by the Group to the Relevant KHL Group amounted to HK\$732.6 million, HK\$400.8 million, HK\$289.2 million and HK\$267.1 million and the amounts received by the Group from the Relevant KHL Group amounted to HK\$21.8 million, HK\$34.6 million, HK\$38.7 million and HK\$31.7 million, respectively.

On 31 July 2024, the Company entered into a framework services agreement with KHL (the "2024 KHL Framework Services Agreement"). Pursuant to the 2024 KHL Framework Services Agreement, (i) the Group agreed to provide in places outside Taiwan services including delivery and transportation services, local courier services, freight services, freight agency services, insurance brokerage and related services, catering services and food and beverages trading and services relating to management and operation of warehouse facilities (including building management, leasing and licensing management, warrant operations, IT support, human resources, administration and related services, and excluding the 2024 Warehouses Management Services to be provided pursuant to the 2024 Warehouses Management Agreements) to the Relevant KHL Group; (ii) the Relevant KHL Group agreed to lease their premises in Hong Kong to the Group; and (iii) the Relevant KHL Group agreed to provide services in and/or from Taiwan including land transportation, other logistics services; freight services, freight agency services and other logistics services; and warehousing services to the Group. The 2024 KHL Framework Services Agreement commenced on 16 September 2024 and will expire on 15 September 2027. Please refer to the announcement of the Company dated 31 July 2024 and circular of the Company dated 27 August 2024 for details.

The aggregate annual caps for the amounts payable by the Group to the Relevant KHL Group for the period from 16 September 2024 to 31 December 2024, the two years ending 31 December 2025 and 2026, and the period from 1 January 2027 to 15 September 2027 are HK\$1,019.0 million, HK\$1,018.0 million, HK\$1,054.0 million and HK\$890.0 million, respectively, and the aggregate annual caps for the amounts receivable by the Group from the Relevant KHL Group for the period from 16 September 2024 to 31 December 2024, the two years ending 31 December 2025 and 2026, and the period from 1 January 2027 to 15 September 2027 are HK\$24.0 million, HK\$98.0 million, HK\$103.0 million and HK\$81.0 million, respectively.

As KHL is a Controlling Shareholder of the Company, and therefore a connected person of the Company, the 2024 KHL Framework Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the annual caps of the transactions under the 2024 KHL Framework Services Agreement exceeds 5%, the 2024 KHL Framework Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the period ended 31 December 2024, the amount paid by the Group to the Relevant KHL Group amounted to HK\$733.6 million and the amount received by the Group from the Relevant KHL Group amounted to HK\$15.5 million, respectively.

The Independent Non-executive Directors, having considered the summary of continuing connected transactions of the Group as recorded during the year, have confirmed that the above continuing connected transactions for the year ended 31 December 2024 were entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them and on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Our management has assigned the finance team of the Company to monitor the continuing connected transactions. They regularly communicate with the heads of all stations of the Group regarding the terms and pricing policies of the continuing connected transactions prepared in accordance with the Listing Rules and relevant guidances and collect monthly financial data together with underlying agreements for analysis. The finance team of the Company is also responsible for preparing monthly financial reports in order to monitor the annual caps of the continuing connected transactions. Policies and procedures have also been set up to ensure that the internal controls in relation to the above continuing connected transactions for the year ended 31 December 2024 were adequate and effective. The Company confirmed that during the year ended 31 December 2024, the above continuing connected transactions were conducted in accordance with the relevant pricing policies when determining the price and terms of the respective transactions.

The auditor of the Company has issued its unqualified letter containing its findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, confirming that (i) nothing has come to

their attention that causes the auditor to believe that the abovementioned continuing connected transactions have not been approved by the Board, (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group, (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions, and (iv) with respect to the aggregate amount of each of the continuing connected transactions conducted during the year, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the maximum aggregate annual caps set for the relevant transactions.

In addition, certain transactions disclosed in note 39 to the Financial Statements also constitute continuing connected transactions under the Listing Rules. The applicable percentage ratios (except profits ratio) for the transactions are under 0.1% and therefore such transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

Save for the above, during the year ended 31 December 2024, the Company has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules. The Company confirmed that it has complied with the applicable disclosure requirements in relation to its connected transactions (including continuing connected transactions) conducted during the year, in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN  
TRANSACTIONS, ARRANGEMENTS OR  
CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed “Events After The Year Ended 31 December 2024”, “Significant Acquisition/Disposal and Discloseable and Connected Transactions” and “Continuing Connected Transactions” in this Report of Directors, none of the Directors or entities connected with the Directors is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2024 and up to the date of this annual report.

CONTRACT OF SIGNIFICANCE WITH  
CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, during the year ended 31 December 2024, there was no other contract of significance entered into between the Group and our Controlling Shareholders or their respective subsidiaries.

MANAGEMENT CONTRACTS

No contracts other than the service contracts with the Directors or persons engaged in the full-time employment of the Company concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024 and up to the date of this annual report.

DIRECTORS' REMUNERATION

The Group offers competitive remuneration packages to the Directors, and the Directors' fees are subject to the Shareholders' approval at general meeting. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Details of the Directors' remuneration during the year ended 31 December 2024 are set out in note 12 to the Financial Statements.

DIRECTORS' PERMITTED INDEMNITY  
PROVISION

Pursuant to the Bye-laws, every Director or other officer of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, liabilities, losses, damages and expenses which they or any of them may sustain or incur in connection with their duties or the exercise of their powers. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year ended 31 December 2024.

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme by a resolution of the Board on 25 January 2019. The Share Award Scheme is subject to the requirements under Chapter 17 of the Listing Rules starting from 1 January 2023. Pursuant to the Share Award Scheme, Shares to be awarded to any selected eligible persons will be acquired by the trustee of the Share Award Scheme through on-market transactions at the prevailing market price using the necessary funds provided by the Company and held on trust for the relevant selected participant until such awarded Shares are vested in accordance with the Share Award Scheme.

During the year ended 31 December 2024, no awarded Shares were granted under the Share Award Scheme. Since the date of adoption and up to 31 December 2024, a total of 11,973,196 awarded Shares have been granted under the Share Award Scheme (representing approximately 0.66% and 0.66% of the issued share capital of the Company as at 31 December 2024 and the date of this annual report, respectively), of which 244,296 have forfeited, 11,119,033 have vested and 609,867 remain unvested.

Movement of the awarded Shares, which were granted under the Share Award Scheme, during the year ended 31 December 2024 are as follows:

Category	Date of grant	Number of awarded Shares					Purchase price HK\$	Vesting period (Note d)
		Unvested as at 01/01/2024	Granted during the year (Note a)	Forfeited during the year (Note b)	Vested (Notes a and c)	Unvested as at 31/12/2024		
1 Directors	CHEUNG Ping Chuen	18,358	-	-	18,358	-	N/A	01/04/2022-01/04/2024
	Vicky	18,360	-	-	-	18,360	N/A	01/04/2022-01/04/2025
		33,005	-	-	33,005	-	N/A	01/04/2023-01/04/2024
		33,005	-	-	-	33,005	N/A	01/04/2023-01/04/2025
		33,007	-	-	-	33,007	N/A	01/04/2023-01/04/2026
		199,000	-	-	199,000	-	N/A	01/10/2023-01/10/2024
	CHENG Chi Wai	13,431	-	-	13,431	-	N/A	01/04/2021-01/04/2024
		22,264	-	-	22,264	-	N/A	01/04/2022-01/04/2024
		22,265	-	-	-	22,265	N/A	01/04/2022-01/04/2025
		31,120	-	-	31,120	-	N/A	01/04/2023-01/04/2024
		31,120	-	-	-	31,120	N/A	01/04/2023-01/04/2025
		31,121	-	-	-	31,121	N/A	01/04/2023-01/04/2026
		213,000	-	-	213,000	-	N/A	01/10/2023-01/10/2024
2. Continuous Contract Employees		123,325	-	17,636	105,689	-	N/A	01/04/2021-01/04/2024
		161,679	-	25,756	135,923	-	N/A	01/04/2022-01/04/2024
		161,690	-	32,454	-	129,236	N/A	01/04/2022-01/04/2025
		206,994	-	39,208	167,786	-	N/A	01/04/2023-01/04/2024
		206,994	-	51,120	-	155,874	N/A	01/04/2023-01/04/2025
		207,001	-	51,122	-	155,879	N/A	01/04/2023-01/04/2026
		1,824,000	-	27,000	1,797,000	-	N/A	01/10/2023-01/10/2024
Total:		3,590,739	-	244,296	2,736,576	609,867		

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 included two Directors. Awarded Shares granted to the five highest paid individuals (including two Directors) are extracted and summarised as follows:

Category	Date of grant	Number of awarded Shares			Unvested as at 31/12/2024	Purchase price HK\$	Vesting period (Note d)
		Unvested as at 01/01/2024	Granted during the year (Note a)	Vested (Notes a and c)			
Five Highest Paid Individuals	01/04/2021	36,294	-	36,294	-	N/A	01/04/2021-01/04/2024
	01/04/2022	75,286	-	75,286	-	N/A	01/04/2022-01/04/2024
	01/04/2022	75,294	-	-	75,294	N/A	01/04/2022-01/04/2025
	01/04/2023	115,354	-	115,354	-	N/A	01/04/2023-01/04/2024
	01/04/2023	115,354	-	-	115,354	N/A	01/04/2023-01/04/2025
	01/04/2023	115,361	-	-	115,361	N/A	01/04/2023-01/04/2026
	01/10/2023	678,000	-	678,000	-	N/A	01/10/2023-01/10/2024
Total:		1,210,943	-	904,934	306,009		

Notes:

- a. During the year, no awarded Shares was granted, transferred from/to other category, cancelled or lapsed under the Share Award Scheme.
- b. For selected participants who have ceased to be eligible persons, the unvested awarded Shares are forfeited in accordance with the Share Award Scheme. The forfeited Shares are held under the trust set up by the Share Award Scheme for future awards to eligible persons.
- c. The weighted average closing price of the Ordinary Shares immediately before the date on which the awarded Shares were vested was HK\$8.63.
- d. The vesting period of the awarded Shares is from the date of grant until the date of vesting.
- e. There are no participants with awarded Shares granted in excess of the individual limit and no grants to suppliers of goods and services.
- f. For the awarded Shares granted under the Share Award Scheme, the amounts to be recognised as expenses are determined by reference to the fair value of the awarded Shares granted, taking into account all market performance conditions (e.g. the Company's share price) and non-vesting conditions associated with the grants as at the date of grant, excluding the impact of any service and non-market performance vesting conditions. The total expense amount is recognised over the relevant vesting periods. At the end of each reporting period, the Group revises its estimates of the number of awarded Shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity. The fair value of the awarded Shares is determined based on the closing market price of the Ordinary Shares as at the date of grant, excluding the present value of dividends expected to be paid during the vesting period.

SUMMARY OF THE SHARE AWARD SCHEME

Details	Share Award Scheme
1. Purpose	To support the long-term growth of the Group and enhance its reputation as an employer-of-choice in the industry, to attract and incentivise suitable personnel for the further development of the Group, to recognize contributions by participants, to retain talent and to help align the interests of the Directors and senior management of the Group with the Group's long-term performance
2. Participants	Eligible persons include any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group unless otherwise necessary or expedient to be excluded

Details	Share Award Scheme
3. Maximum number of Shares	During the year ended 31 December 2024, no awarded Shares were granted under the Share Award Scheme. Since the date of adoption and up to 31 December 2024, a total of 11,973,196 awarded Shares have been granted under the Share Award Scheme (representing approximately 0.66% and 0.66% of the issued share capital of the Company as at 31 December 2024 and the date of this annual report, respectively), of which 244,296 have forfeited, 11,119,033 have vested and 609,867 remain unvested  The maximum number of the Shares which can be awarded under the Share Award Scheme is 180,742,934 Shares representing 10% of the total issued Shares as at the date of this annual report
4. Maximum entitlement of each participant	1% of the issued share capital of the Company from time to time
5. Vesting period	The Board may, from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested  The Board may in its absolute discretion decide whether any award shall lapse or shall be subject to such conditions or limitations as the Board may decide
6. Acceptance of offer	N/A
7. Purchase price	N/A
8. Remaining life of the scheme	It shall be valid and effective for the award period, which commences on the adoption date, namely 25 January 2019, and ends on the business day immediately prior to the 10th anniversary of the adoption date

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the aggregate sales attributable to the Group's five largest customers accounted for less than 30% of the Group's total sales, and the aggregate purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total purchases.

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in the Group's five largest customers and suppliers.

PROPERTY INTERESTS

Details of the revaluation and movements of the investment properties of the Group during the year are set out in notes 2.2(c) and 14 to the Financial Statements. As at 31 December 2024, the Group have one property (namely Kerry Guangzhou Logistics Centre) held for investments where one or more of the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) exceed 5%. Such property is held on medium term leases, and the details of which are set out in the section headed "Logistics Facilities".

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 December 2024 and no such agreement subsisted as at 31 December 2024.

CONVERTIBLE SECURITIES

Details of the Convertible Securities of the Group are set out in the section headed "Significant Acquisition/Disposal and Discloseable and Connected Transactions" in this Report of Directors and note 32 to the Financial Statements.

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

Save as disclosed in this report, during the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including treasury shares).

COMPLIANCE WITH THE CG CODE

The Company has applied the principles and code provisions as set out in Part 2 of the CG Code. During the year ended 31 December 2024, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

AUDITOR

The Financial Statements of the Group for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers, certified public accountants and registered PIE auditor.

PricewaterhouseCoopers shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the forthcoming AGM.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from Wednesday, 21 May 2025 to Monday, 26 May 2025 and on Friday, 30 May 2025 during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, unregistered Shareholders shall lodge share transfer documents 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 for registration before 4:30 p.m. on Tuesday, 20 May 2025. In order to qualify for the proposed final dividend (subject to the approval by the Shareholders at the forthcoming AGM), unregistered holders of shares of the Company shall lodge share transfer documents with Tricor Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Thursday, 29 May 2025.

By Order of the Board  
WANG Wei  
Chairman

Hong Kong, 28 March 2025



# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

TO THE SHAREHOLDERS OF KLN LOGISTICS GROUP LIMITED (FORMERLY KNOWN AS KERRY LOGISTICS NETWORK LIMITED)  
(incorporated in British Virgin Islands and continued into Bermuda as an exempted company with limited liability)

### OPINION

#### WHAT WE HAVE AUDITED

The consolidated financial statements of KLN Logistics Group Limited (formerly known as Kerry Logistics Network Limited) (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 106 to 203, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

#### OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### INDEPENDENCE

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The key audit matter identified in our audit is related to impairment assessment of the carrying value of goodwill.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong  
T: (852) 2289 8888, F: (852) 2810 9888, [www.pwchk.com](http://www.pwchk.com)

KEY AUDIT MATTER

IMPAIRMENT ASSESSMENT OF THE CARRYING VALUE OF GOODWILL

*Refer to notes 2.2(d)(I), 4(a)(III) and 13 to the consolidated financial statements*

As at 31 December 2024, the Group had a carrying value of goodwill of HK\$5,059 million. Goodwill are subject to impairment assessments annually and when there is an indication of impairment.

The Group recognised an impairment charge of approximately HK\$16 million relating to cessation of operation of two companies engaged in express delivery services for the year ended 31 December 2024 as detailed in note 13. Other than the impairment charge mentioned, management considered there is no impairment of goodwill for the year ended 31 December 2024 based on the impairment assessments performed.

In carrying out the impairment assessments, significant estimates and judgements are involved in determining the recoverable amounts of cash generating units ("CGUs"), which are based on the higher of value-in-use calculations and fair value less costs of disposal. The value-in-use calculations take into consideration the cash flow projections of respective CGUs based on financial budgets approved by management and a number of estimates and assumptions made by management, including revenue growth rates, profit margins used in the cash flow projections and the discount rates applied to bring the future cash flows back to their present values. The fair value less costs of disposal requires the selection of appropriate available market information by management.

The impairment assessments of the carrying value of goodwill is our area of focus as significant estimates and judgements are involved in the determination of recoverable amounts.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our procedures to address this key audit matter included:

- understood management's processes for determining the recoverable amounts of CGUs and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining the assumptions applied;
- agreed the input data used by management to supporting evidence such as actual results and financial budgets approved by management;
- compared the current year actual results with the prior year's financial forecasts to assess the reasonableness of management financial budgets;
- involved our internal valuation experts on certain selected CGUs to evaluate the valuation methodologies and assessed the reasonableness of the discount rates by benchmarking to other comparable companies in the same industry;
- assessed the reasonableness of key estimates and assumptions applied in the financial budgets including revenue growth rates and profit margins applied by management by comparing them with historical financial performance and external economic and industry information; and
- performed sensitivity analyses on the key assumptions including revenue growth rates, profit margins and discount rates to consider reasonable possible changes on the recoverable amounts.

Based on the procedures performed above, we considered that the key estimates and assumptions used in the impairment assessments by management are supported by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT AND COMPLIANCE COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit and Compliance Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit and Compliance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Compliance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Compliance Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Nim Tsz, Elizabeth.

PricewaterhouseCoopers  
Certified Public Accountants

Hong Kong, 28 March 2025

# STATEMENT OF ACCOUNTS

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Continuing operations			
Revenue	5	58,274,404	47,407,559
Direct operating expenses	7	(52,627,332)	(42,506,403)
Gross profit		5,647,072	4,901,156
Other income and net gains	6	111,589	86,060
Administration expenses	7	(2,930,991)	(2,709,690)
Operating profit before fair value change of investment properties		2,827,670	2,277,526
Change in fair value of investment properties	14	(13,535)	10,499
Operating profit		2,814,135	2,288,025
Finance expenses	8	(625,153)	(576,720)
Share of results of associates and a joint venture	17(b)	83,293	195,371
Profit before taxation		2,272,275	1,906,676
Taxation	9	(658,682)	(464,119)
Profit for the year from continuing operations		1,613,593	1,442,557
Discontinued operations:			
Profit/(loss) for the year from discontinued operations	38	141,930	(836,672)
Profit for the year		1,755,523	605,885
Profit attributable to:			
Company's shareholders		1,541,524	791,165
From continuing operations		1,320,290	1,209,818
From discontinued operations		221,234	(418,653)
Non-controlling interests		188,259	(198,150)
From continuing operations		267,563	219,869
From discontinued operations		(79,304)	(418,019)
Holders of perpetual convertible securities		25,740	12,870
From continuing operations		25,740	12,870
From discontinued operations		-	-
		1,755,523	605,885
Earnings per share from continuing operations	11	HK\$	HK\$
Basic		0.73	0.67
Diluted		0.73	0.67
Earnings per share from discontinued operations		HK\$	HK\$
Basic		0.12	(0.23)
Diluted		0.12	(0.23)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Profit for the year	1,755,523	605,885
Other comprehensive (loss)/income:		
Items that will not be reclassified subsequently to profit or loss		
Defined benefit pension plans		
— Actuarial gain	922	10,141
— Deferred income tax	133	(2,028)
Fair value change on financial assets at fair value through other comprehensive income	(156,568)	(10,292)
Fair value gain recognised upon the transfer from property, plant and equipment to investment properties, net of tax	29,752	258,495
Items that may be reclassified to profit or loss		
Net translation differences on foreign operations	(479,728)	(115,032)
Other comprehensive (loss)/income for the year (net of tax)	(605,489)	141,284
Total comprehensive income for the year	1,150,034	747,169
Total comprehensive income/(loss) attributable to:		
Company's shareholders		
From continuing operations	635,966	1,320,990
From discontinued operations	359,760	(379,945)
Non-controlling interests	128,568	(206,746)
Holders of perpetual convertible securities	25,740	12,870
	1,150,034	747,169



CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION

As at 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Intangible assets	13	5,681,264	5,785,503
Investment properties	14	2,518,568	2,538,606
Property, plant and equipment	16	7,022,659	6,986,802
Right-of-use assets	15	2,850,160	2,543,977
Associates and a joint venture	17	1,592,330	1,681,808
Financial assets at fair value through other comprehensive income	18	299,899	461,270
Investment in convertible bonds	19	5,714	5,831
Other non-current assets	16	223,055	314,556
Deferred taxation	30	223,588	381,120
		20,417,237	20,699,473
<b>Current assets</b>			
Financial assets at fair value through profit or loss	21	496	389
Inventories	20	322,723	410,790
Accounts receivable, prepayments and deposits	22	14,584,890	11,920,703
Tax recoverable		314,586	429,375
Amounts due from fellow subsidiaries	23	457,578	45,682
Amounts due from related companies	23	1,744	106
Amounts due from associates	17	4,780	9,431
Restricted and pledged bank deposits	24(a)	20,500	12,843
Cash at bank and in hand	24(b)	6,577,951	6,521,438
		22,285,248	19,350,757
Assets classified as held for distribution	38	-	2,070,685
		22,285,248	21,421,442
<b>Current liabilities</b>			
Lease liabilities	15	880,498	927,103
Accounts payable, deposits received and accrued charges	25	10,821,919	8,409,541
Amounts due to fellow subsidiaries	23	6,329	160
Amounts due to related companies	23	140,547	157,537
Taxation		562,134	363,631
Loans from non-controlling interests	28	23,228	-
Short-term bank loans and current portion of long-term bank loans	29	2,916,725	3,262,675
Bank overdrafts	24(b), 29	168,316	62,535
		15,519,696	13,183,182
Liabilities associated with assets classified as held for distribution	38	-	1,471,618
		15,519,696	14,654,800

	Note	2024 HK\$'000	2023 HK\$'000
<b>Non-current liabilities</b>			
Loans from non-controlling interests	28	202,405	270,841
Long-term bank loans	29	5,904,173	5,235,456
Lease liabilities	15	1,397,015	1,100,566
Deferred taxation	30	508,776	731,734
Retirement benefit obligations	31	31,458	20,259
Other non-current liabilities	25	59,831	-
		8,103,658	7,358,856
<b>ASSETS LESS LIABILITIES</b>		19,079,131	20,107,259
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's shareholders</b>			
Share capital	26	903,715	903,715
Share premium		4,074,218	4,074,218
Shares held for share award scheme	26	(43,955)	(27,639)
Retained profits and other reserves	27	11,047,675	11,861,985
		15,981,653	16,812,279
Perpetual convertible securities	32	774,101	774,101
Non-controlling interests		2,323,377	2,520,879
<b>TOTAL EQUITY</b>		19,079,131	20,107,259

On behalf of the Board

CHEUNG Ping Chuen Vicky  
Director

CHENG Chi Wai  
Director

CONSOLIDATED STATEMENT OF  
CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Operating activities			
Net cash generated in operations	33(a)	3,964,118	3,838,544
Interest paid		(531,641)	(498,711)
Income tax paid		(562,544)	(393,547)
Net cash generated from operating activities		2,869,933	2,946,286
Investing activities			
Additions of property, plant and equipment		(712,009)	(761,191)
Additions of non-current assets		(62,714)	(362,477)
Additions of intangible assets acquired	13	-	(4,430)
Additions of investment properties	14	(12,044)	(20,713)
Additions of right-of-use assets – leasehold land and land use rights		(57,275)	(52,641)
Purchase of financial assets at fair value through other comprehensive income		-	(58,923)
Disposal of financial assets at fair value through other comprehensive income		810	146,858
Disposal of financial assets at fair value through profit or loss		-	37,562
Proceeds from sale of property, plant and equipment		44,774	86,473
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	33(c)	1,049	96,092
Proceeds from sale of associates		5,767	-
Dividends received from associates and a joint venture		108,437	121,611
Net decrease in balances with associates and a joint venture		4,651	26
Interest received		103,024	71,539
Acquisition of subsidiaries, net of cash and cash equivalents acquired	33(b)	(194,006)	(1,044,130)
Acquisition of associates and a joint venture		-	(4,141)
Increase in restricted and pledged bank deposits		(7,657)	(460)
Net cash used in investing activities		(777,193)	(1,748,945)

	Note	2024 HK\$'000	2023 HK\$'000
Financing activities			
Repayment of bank loans		(7,634,175)	(8,324,764)
Drawdown of bank loans		7,943,827	8,092,021
Dividends of subsidiaries paid to non-controlling interests		(147,825)	(252,104)
Capital injection from non-controlling interests		14,287	85,005
Increase in loans from non-controlling interests		11	39,751
Repayment of loans from non-controlling interests		(2,843)	(13,974)
Payments of lease liabilities		(1,113,953)	(1,309,722)
Net cash consideration paid to non-controlling interests without change of control	33(d)	(417,440)	(1,845,318)
Dividends paid		(415,709)	(849,492)
Proceeds from exercise of Pre-IPO Share Option Scheme allotments		-	46
Interest paid for perpetual convertible securities		(25,740)	(12,870)
Purchase of shares under share award scheme		(39,678)	(76,499)
Issuance of perpetual convertible securities		-	774,101
Distribution in specie		(286,448)	-
Net cash used in financing activities		(2,125,686)	(3,693,819)
Decrease in cash and cash equivalents		(32,946)	(2,496,478)
Effect of exchange rate changes		(182,383)	(35,122)
Cash and cash equivalents at beginning of the year		6,624,964	9,156,564
Cash and cash equivalents at end of the year		6,409,635	6,624,964
Included in cash and cash equivalents per the consolidated statement of financial position	24(b)	6,409,635	6,458,903
Included in the assets classified as held for distribution	38(c)	-	166,061

CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY

For the year ended 31 December 2024

Attributable to shareholders of the Company										
Note	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000	Perpetual Convertible Securities HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2024	903,715	4,074,218	(27,639)	(5,954,223)	17,581,242	234,966	16,812,279	774,101	2,520,879	20,107,259
Profit for the year	-	-	-	-	1,541,524	-	1,541,524	25,740	188,259	1,755,523
Defined benefit pension plans										
- Actuarial gain	-	-	-	-	1,239	-	1,239	-	(317)	922
- Deferred income tax	-	-	-	-	69	-	69	-	64	133
Net translation differences on foreign operations	27	-	-	(407,748)	-	-	(407,748)	-	(71,980)	(479,728)
Fair value gain recognised upon the transfer from leasehold land and warehouse and logistics equipment to investment properties, net of tax	27	-	-	14,876	-	-	14,876	-	14,876	29,752
Fair value change on financial assets at fair value through other comprehensive income	27	-	-	(154,234)	-	-	(154,234)	-	(2,334)	(156,568)
Total comprehensive income		-	-	(547,106)	1,542,832	-	995,726	25,740	128,568	1,150,034
Dividends of subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(179,825)	(179,825)
2023 final dividend paid		-	-	-	-	(234,966)	(234,966)	-	-	(234,966)
2024 interim dividend paid		-	-	-	(180,743)	-	(180,743)	-	-	(180,743)
2024 proposed final dividend		-	-	-	(271,114)	271,114	-	-	-	-
Special interim dividend by way of distribution in specie	27	-	-	-	(983,215)	-	(983,215)	-	(177,824)	(1,161,039)
Transfer related to distribution in specie	27	-	-	(1,838,278)	1,838,278	-	-	-	-	-
Transfer	27	-	-	156,080	(156,080)	-	-	-	-	-
Acquisition of subsidiaries	34	-	-	-	-	-	-	-	11,752	11,752
Disposal of a subsidiary		-	-	-	-	-	-	-	23,433	23,433
Capital injection from non-controlling interests		-	-	-	-	-	-	-	14,287	14,287
Changes in ownership of interests in subsidiaries without change of control	33(d)	-	-	(399,547)	-	-	(399,547)	-	(17,893)	(417,440)
Share-based compensation under share-award scheme	27	-	-	11,797	-	-	11,797	-	-	11,797
Distribution paid on perpetual convertible securities	32	-	-	-	-	-	-	(25,740)	-	(25,740)
Vesting of shares under share award scheme	26	-	-	23,362	(23,362)	-	-	-	-	-
Share purchase for share award scheme	26	-	-	(39,678)	-	-	(39,678)	-	-	(39,678)
Total transactions with owners		-	-	(16,316)	(2,093,310)	247,126	36,148	(1,826,352)	(326,070)	(2,178,162)
Balance at 31 December 2024		903,715	4,074,218	(43,955)	(8,594,639)	19,371,200	271,114	15,981,653	774,101	2,323,377

Attributable to shareholders of the Company										
Note	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000	Perpetual convertible securities HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2023	903,712	4,074,169	-	(4,507,357)	17,271,749	686,821	18,429,094	-	2,820,611	21,249,705
Profit for the year	-	-	-	-	791,165	-	791,165	12,870	(198,150)	605,885
Defined benefit pension plans										
- Actuarial gain	-	-	-	-	5,853	-	5,853	-	4,288	10,141
- Deferred income tax	-	-	-	-	(1,170)	-	(1,170)	-	(858)	(2,028)
Net translation differences on foreign operations	27	-	-	(102,783)	-	-	(102,783)	-	(12,249)	(115,032)
Fair value gain recognised upon the transfer from leasehold land and warehouse and logistics centres to investment properties, net of tax	27	-	-	258,495	-	-	258,495	-	-	258,495
Fair value change on financial assets at fair value through other comprehensive income	27	-	-	(10,515)	-	-	(10,515)	-	223	(10,292)
Total comprehensive income		-	-	145,197	795,848	-	941,045	12,870	(206,746)	747,169
Dividends of subsidiaries paid to non-controlling interests		-	-	-	-	-	-	-	(221,405)	(221,405)
2022 final dividend paid		-	-	-	(2)	(686,821)	(686,823)	-	-	(686,823)
2023 interim dividend paid		-	-	-	(162,669)	-	(162,669)	-	-	(162,669)
2023 proposed final dividend		-	-	-	(234,966)	234,966	-	-	-	-
Transfers	27	-	-	89,473	(89,473)	-	-	-	-	-
Acquisition of subsidiaries		-	-	-	-	-	-	-	52,195	52,195
Disposal of subsidiaries		-	-	-	-	-	-	-	4,436	4,436
Capital injection from non-controlling interests		-	-	-	-	-	-	-	85,005	85,005
Changes in ownership of interests in subsidiaries without change of control		-	-	(1,701,075)	-	-	(1,701,075)	-	(13,217)	(1,714,292)
Exercise of pre-IPO share option scheme allotment	27	3	49	(6)	-	-	46	-	-	46
Share option lapsed	27	-	-	(755)	755	-	-	-	-	-
Share-based compensation under share award scheme	27	-	-	69,160	-	-	69,160	-	-	69,160
Issuance of perpetual convertible securities	32	-	-	-	-	-	-	774,101	-	774,101
Distribution paid on perpetual convertible securities		-	-	-	-	-	-	(12,870)	-	(12,870)
Share purchase for share award scheme	26	-	-	(76,499)	-	-	(76,499)	-	-	(76,499)
Vesting of shares under share award scheme	26	-	-	48,860	(48,860)	-	-	-	-	-
Total transactions with owners		3	49	(27,639)	(1,592,063)	(486,355)	(451,855)	761,231	(92,986)	(1,889,615)
Balance at 31 December 2023		903,715	4,074,218	(27,639)	(5,954,223)	17,581,242	234,966	16,812,279	774,101	2,520,879

NOTES TO THE  
FINANCIAL STATEMENTS

1 GENERAL INFORMATION

KLN Logistics Group Limited (formerly known as Kerry Logistics Network Limited) (the “Company”) was incorporated in the British Virgin Islands in 1991 and migrated to Bermuda to become an exempted company with limited liability in 2000. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

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.

To align with the Group’s strategy of focusing on its core business of integrated logistics and international freight forwarding, during the year ended 31 December 2024, the Group completed the distribution of special interim dividend by way of distribution in specie of all its shares held in KEX Express (Thailand) Public Company Limited (“KEX Express Thailand”) and ceased certain express operations in Asia (together with KEX Express Thailand, “Express Operations”). These constituted

discontinued operations (“Discontinued Operations”) under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, 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 2024. The results of the discontinued operations has been presented separately as one-line item below profit for the year from continuing operations as “discontinued operations”. Further detail of the financial information of the Discontinued Operations are set out in note 38.

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

The consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors of the Company on 28 March 2025.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. Except as described below, these policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The material accounting policies applied in the preparation of the consolidated financial statements which are in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) are set out below. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(I) ADOPTION OF AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATION

The following amendments to existing standards and interpretation have been published that are effective for the accounting period of the Group beginning on 1 January 2024:

Amendments to HKAS 1, ‘Classification of liabilities as current or non-current’

Amendments to HKAS 1, ‘Non-current liabilities with covenants’

Amendments to HKFRS 16, ‘Lease liability in a sale and leaseback’

Hong Kong Interpretation 5 (Revised), ‘Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause’

Amendments to HKAS 7 and HKFRS 7, ‘Supplier Finance Arrangements’

In the current year, the Group has applied, for the first time, the above amendments to existing standards and interpretation issued by the HKICPA. The adoption of the above amendments to existing standards and interpretation had no material impact on the consolidated financial statements of the Group.



2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(a) BASIS OF PREPARATION (CONTINUED)

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

The Group has not yet adopted the following new standards, amendments to existing standards and interpretation that have been issued by the HKICPA but are not yet effective.

Amendments to HKAS 21 and HKFRS 1, 'Lack of Exchangeability'<sup>1</sup>

Amendments to HKFRS 7 and HKFRS 9, 'Classification and Measurement of Financial Instruments'<sup>2</sup>

Annual Improvements to HKFRS Accounting Standards – Volume 11<sup>2</sup>

HKFRS 18, 'Presentation and Disclosure in Financial Statements'<sup>3</sup>

HKFRS 19, 'Subsidiaries without Public Accountability: Disclosures'<sup>3</sup>

Amendments to Hong Kong Interpretation 5, 'Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause'<sup>3</sup>

Amendments to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'<sup>4</sup>

The Group will adopt the above new standards, 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.

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) CONSOLIDATION

(I) SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS. Acquisition-related costs are expensed as incurred.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) CONSOLIDATION (CONTINUED)

(I) SUBSIDIARIES (CONTINUED)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the consolidated income statement. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(II) TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

The potential cash payments related to put options issued by the Group over the equity of a subsidiary are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The amount that may become payable under the option on exercise is initially recognised at fair value as a written put option liability with a corresponding charge directly to equity. A written put option liability is subsequently remeasured at fair value as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognised in profit or loss. In the event that the option is expired or unexercised, the written put option liability is derecognised with a corresponding adjustment to equity.

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective date to be determined

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) CONSOLIDATION (CONTINUED)

(III) PARTIAL DISPOSAL

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) PROPERTY, PLANT AND EQUIPMENT

Construction in progress represents logistics centres, warehouses and heavy machines under construction and is stated at cost less impairment losses. It will be reclassified to the relevant property, plant and equipment category upon completion and depreciation begins when the relevant assets are available for use.

Properties comprise mainly warehouses and logistics centres, staff quarters, freehold land and buildings and port facilities. All property, plant and equipment are stated at historical cost less aggregate depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost less their residual values or principal annual rates over their estimated useful lives as follows:

Port facilities	2.5% to 3.6%
Warehouse and logistics centres	Shorter of remaining lease term of 20 to 50 years or useful lives
Leasehold improvements	5% to 33.33%
Warehouse operating equipment	5% to 25%
Motor vehicles, furniture, fixtures and office equipment	5% to 50%

No amortisation is provided for freehold land. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of all property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognised in profit or loss.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) INVESTMENT PROPERTIES

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property comprises land held under operating leases, warehouse and office held for long-term rental yields.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at cost, including related transaction costs and borrowing costs.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by professional valuer. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, except that the land portion is reclassified as right-of use assets if it is operating lease in nature, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any increase from the carrying amount to the fair value of this item at the date of transfer is recognised in equity as a revaluation reserve of property, plant and equipment under HKAS 16, except any increase which reverses a previous impairment loss is recognised in profit or loss. Any decrease in the carrying amount of the property is charged to profit or loss. Upon the subsequent disposal of the investment property, any revaluation reserve balance of the property is transferred to retained profits and is shown as a movement in equity.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) INTANGIBLE ASSETS

(I) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised separately as a non-current asset. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill on acquisitions of subsidiaries is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment, and carried at cost less accumulated impairment losses. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately and as expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(II) CUSTOMER RELATIONSHIPS

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment (if any).

Amortisation is calculated using the straight-line method to allocate its cost over the expected life of the customer relationships, which range from five to ten years.

(III) NON-COMPETE AGREEMENTS

Non-compete agreements acquired in a business combination are recognised at fair value at the acquisition date. The non-compete agreements have a finite useful life and are carried at cost less accumulated amortisation and impairment (if any).

Amortisation is calculated using the straight-line method to allocate its cost over the term of the agreements, which range from three to ten years.

(IV) TRADEMARKS

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation and impairment (if any).

Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of five to eight years.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES AND NON-FINANCIAL ASSETS

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(f) FINANCIAL ASSETS

(I) CLASSIFICATION

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets change.

(II) RECOGNITION AND DERECOGNITION

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.



2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) FINANCIAL ASSETS (CONTINUED)

(III) MEASUREMENT

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and net gains/(losses) together with foreign exchange gains and losses. Impairment losses are recognised in profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income and net gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and net gains/(losses) and impairment expenses are recognised in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Investment in convertible bonds are accounted for as fair value through profit or loss under HKFRS 9.

EQUITY INSTRUMENTS

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) FINANCIAL ASSETS (CONTINUED)

(III) MEASUREMENT (CONTINUED)

EQUITY INSTRUMENTS (CONTINUED)

Changes in the fair value of financial assets at FVPL are recognised in other income and net gains/(losses) in the consolidated income statement as applicable.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(IV) IMPAIRMENT

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see notes 2.2(g) and 3(a)(II) for further details.

The Group's other financial assets carried at amortised cost include other receivables, amounts due from fellow subsidiaries, related companies, associates and joint ventures. The impairment loss of other financial assets carried at amortised cost is measured based on twelve months expected credit loss. The twelve months expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within twelve months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

The carrying amount of the receivables is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within direct operating expenses and administration expenses.

Subsequent recoveries of amounts previously written off are credited against direct operating expenses and administration expenses in the consolidated income statement.

(g) ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within normal operating cycle and therefore are all classified as current.

Accounts receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 2.2(f)(IV) for a description of the Group's impairment policies.

Contract assets primarily related to the Group's rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. See note 2.2(f)(IV) for a description of the Group's impairment policies.



2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) CURRENT AND DEFERRED INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary difference arising on investments in subsidiaries and associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) PROVISIONS (CONTINUED)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(j) LEASES

(I) THE GROUP IS THE LESSEE

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) LEASES (CONTINUED)

(I) THE GROUP IS THE LESSEE (CONTINUED)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The Group also has interests in leasehold land and land use rights for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortised over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(II) THE GROUP IS THE LESSOR

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (note 14). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

(k) EMPLOYEE BENEFITS

(I) EMPLOYEE LEAVE ENTITLEMENTS

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(II) DEFINED CONTRIBUTION PLAN

A defined contribution plan is a pension plan which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) EMPLOYEE BENEFITS (CONTINUED)

(III) DEFINED BENEFIT PLAN

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. When there is significant change to the plan and key assumptions, the defined benefit obligation will be recalculated by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds yield that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income and immediately recognised in retained profits in the year in which they arise.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

(IV) SHARE-BASED COMPENSATION

The Group operates two equity-settled, share-based compensation plans.

(A) SHARE OPTION SCHEME

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets) and performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The related balance previously recognised in the share options reserve is also credited to the share premium.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) EMPLOYEE BENEFITS (CONTINUED)

(IV) SHARE-BASED COMPENSATION (CONTINUED)

(B) SHARE AWARD SCHEME

The Group operates the share award scheme under which awarded shares of the Company can be granted to the employees of the Group and the Company’s directors as part of their remuneration package.

When shares are acquired for the share award scheme from the market, the total consideration of shares acquired is debited to shares held for share award scheme under equity. Upon granting of awarded shares, share-based compensation expenses is charged to profit or loss and the amount of which is determined by reference to the fair value of the awarded shares granted, taking into account all market performance conditions (e.g. the Company’s share price) and non-vesting conditions associated with the grants on grant date, excluding the impact of any service and non-market performance vesting conditions. The total expense is recognised over the vesting periods (or on the grant date if the shares vest immediately), with a corresponding credit to the share award reserve under equity. At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

Upon vesting of awarded shares, the related total consideration of the vested awarded shares when acquired are credited to shares held for share award scheme, with a corresponding decrease in share award reserve for awarded shares.

(V) TERMINATION BENEFITS

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(VI) BONUS PLANS

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) REVENUE RECOGNITION

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group’s performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group’s efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

LOGISTICS AND FREIGHT FORWARDING SERVICES

The Group provides logistics services, including freight forwarding services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

Revenue is recognised over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.



2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) REVENUE RECOGNITION (CONTINUED)

GENERAL STORAGE AND OTHER ANCILLARY SERVICES

The Group provides general storage and other ancillary services to customers. Revenue from leased storage is recognised over time when general storage and other ancillary services are rendered according to the terms of the respective contracts.

Sales are recognised at a point in time when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with the credit policies, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(m) EARNINGS PER SHARE

(l) BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ll) DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) DISPOSAL GROUPS HELD FOR DISTRIBUTION AND DISCONTINUED OPERATIONS

Disposal groups are classified as held for distribution if their carrying amount will be recovered principally through a distribution transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to distribute. A gain is recognised for any subsequent increases in fair value less costs to distribute of disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the distribution of the disposal group is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for distribution. Interest and other expenses attributable to the liabilities of a disposal group classified as held for distribution continue to be recognised.

The assets of a disposal group classified as held for distribution are presented separately from the other assets in the consolidated statement of financial position. The liabilities associated with assets of a

disposal group classified as held for distribution are presented separately from other liabilities in the consolidated statement of financial position.

The discontinued operations is a component of the entity that has been disposed of or is classified as held for distribution and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

(o) PERPETUAL CONVERTIBLE SECURITIES

Perpetual convertible securities issued by the Group, which satisfied with the following criteria are classified as equity instruments:

- (i) Financial instruments exclude those are settled on a net basis in cash (or other financial assets);
- (ii) Financial instruments must or can be settled on own equity:
  - a. For non-derivative contracts, they exclude those are settled gross by delivery of a variable number of own shares;
  - b. Derivative contracts that result in the delivery of a fixed amount of cash or other financial assets for a fixed number of an entity's own equity instruments.

Dividends for the perpetual convertible securities, which are classified as equity instruments, are accounted for as profit distribution.

Transaction costs that relate to the issue of the perpetual convertible securities are charged directly to equity.



2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF OTHER ACCOUNTING POLICIES

(a) ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or when significant influence is obtained by the Group through participation in the board of directors of the entity. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of its associates post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the impairment loss in profit or loss.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

(b) JOINT ARRANGEMENTS

Under HKFRS 11 'Joint arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

JOINT VENTURES

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(b) JOINT ARRANGEMENTS (CONTINUED)

JOINT VENTURES (CONTINUED)

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the impairment loss in profit or loss.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

JOINT OPERATIONS

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

(c) FOREIGN CURRENCY TRANSLATION

(I) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars (HK\$), which are the Company's functional and the Group's presentation currency.

(II) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(c) FOREIGN CURRENCY TRANSLATION (CONTINUED)

(III) GROUP COMPANIES

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) INVENTORIES

Inventories of finished goods are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as a separate current liability in the consolidated statement of financial position. Restricted and pledged bank deposits are not included in cash and cash equivalents.

(f) ACCOUNTS PAYABLE AND CONTRACT LIABILITIES

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, which are provided to the Group prior to the end of reporting period and unpaid. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Contract liability is recognised in the amount of the prepayment from customers for the Group's performance obligation to transfer, or to stand ready to transfer, goods or services in future.

The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(g) BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities, at the end of the reporting period, unless the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification at the reporting date.

(h) FINANCIAL GUARANTEES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but perform a liability adequacy test at each reporting date by comparing its carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised in profit or loss immediately.

(i) DIRECT OPERATING EXPENSES

Direct operating expenses mainly represent the freight and transportation costs and direct labour costs directly attributable to the business operations of the Group, and are charged to profit or loss in the year in which they are incurred.

(j) BORROWING COSTS

Borrowing costs are accounted for on the accrual basis and charged to profit or loss in the year in which they are incurred, except for costs related to funding of construction or acquisition of qualifying assets which are capitalised as part of the cost of that asset during the construction period and up to the date of completion of construction. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

(k) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable and the amount can be reliably estimated, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2 SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

(l) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(m) DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are declared by the Directors in the case of interim dividends or approved by the Company's shareholders in the case of final dividends.

3 FINANCIAL RISK MANAGEMENT

(a) FINANCIAL RISK FACTORS

The Group's major financial instruments include financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, accounts and other receivables, cash and bank balances, investment in convertible bonds, restricted and pledged bank deposits, accounts payable, bank overdrafts, bank loans, balances with group and related companies, balances with associates and a joint venture and loans from non-controlling interests. Details of these financial instruments are disclosed in the respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's management under the supervision of the Board of Directors. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Board of Directors provides guidance for overall risk management.

(l) MARKET RISK

(i) FOREIGN EXCHANGE RISK

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group entities' functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign exchange risk. At 31 December 2024, if major currencies such as Renminbi and Euro, to which the Group had exposure had strengthened/weakened by 5% (2023: 5%) against HK dollar with all variables held constant, there would have insignificant impact on the Group's profit for the year. Income in foreign currencies are generated from the Group's investments outside Hong Kong and cash in these foreign currencies are maintained in the relevant foreign currencies for operational needs. The Group ensures that its exposure to fluctuations in foreign exchange rates is minimised. Accordingly, no sensitivity analysis is performed as the impact would not be significant to the profit for the year. Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure by using appropriate financial instruments when the need arises.

The aggregate net foreign exchange gains recognised in the consolidated income statement were HK\$13,453,000 (2023: losses of HK\$1,288,000).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) FINANCIAL RISK FACTORS (CONTINUED)

(l) MARKET RISK (CONTINUED)

(ii) INTEREST RATE RISK

The Group is primarily exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and bank borrowings which carry prevailing market interest rates. The Group has not entered into any interest rate swap contracts to hedge the exposure as the Board of Directors consider the risk is not significant.

INTEREST RATE SENSITIVITY

For the year ended 31 December 2024, if interest rates had increased/decreased by 25 basis points and all other variables were held constant, the profit of the Group would have decreased/increased by approximately HK\$22,322,000 (2023: HK\$21,182,000) resulting from the change in borrowing costs of bank borrowings and interest income on bank deposits.

(II) CREDIT RISK

The carrying amounts of cash and bank balances, restricted and pledged bank deposits, accounts and other receivable and amounts due from associates, fellow subsidiaries and related companies, represent the Group's major exposure to credit risk in relation to financial assets.

• CREDIT RISK OF CASH AND BANK BALANCES, RESTRICTED AND PLEDGED BANK DEPOSITS

To manage this risk arising from cash and cash equivalents and restricted bank balances, they are mainly placed with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is minimal.

• CREDIT RISK OF ACCOUNTS AND OTHER RECEIVABLES

For accounts receivable, there is no concentration of credit risk with respect to accounts receivable from third party customers as the Group has a large number of customers which are internationally dispersed. In order to minimise the credit risk, management of the Company has delegated a team in each business unit responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group has closely monitored the credit qualities and the collectability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made. In this regard, the Directors of the Company consider that the expected credit risks on accounts receivable are adequately covered.

To assess whether there is a significant increase in credit risk in accounts and other receivables, the Group compares the risk of a default occurring on the assets at the end of each reporting period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;



3 FINANCIAL RISK MANAGEMENT  
(CONTINUED)

(a) FINANCIAL RISK FACTORS (CONTINUED)

(II) CREDIT RISK (CONTINUED)

- CREDIT RISK OF ACCOUNTS AND OTHER RECEIVABLES (CONTINUED)
  - actual or expected significant changes in the operating results of the counterparty; and
  - significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of the counterparty and changes in the operating results of the counterparty.

A default on accounts and other receivables is when the counterparty fails to make contractual payments when they fall due.

Accounts and other receivables are written off when there is no reasonable expectation of recovery.

The Group provides for credit losses against accounts receivable to customers by geographical location and the lifetime expected credit loss rate ranged from 0.17%-7.78%.

• CREDIT RISK OF AMOUNTS DUE FROM ASSOCIATES, RELATED PARTIES AND FELLOW SUBSIDIARIES

The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the reporting period. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- (1) actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- (2) actual or expected significant changes in the operating results of the counterparty;
- (3) significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates, and adjusts for forward looking macroeconomic data. In addition, the Group monitors the exposure to credit risk in respect of financial assistance provided to associates through exercising influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. No significant changes to estimation techniques or assumptions were made during the reporting period.

Based on historical experiences, amounts due from associates and fellow subsidiaries were settled within 12 months after upon maturity hence the expected credit loss is minimal.

3 FINANCIAL RISK MANAGEMENT  
(CONTINUED)

(a) FINANCIAL RISK FACTORS (CONTINUED)

(III) LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group measures and monitors its liquidity through the maintenance of prudent ratio regarding to the liquidity structure of the overall assets, liabilities, loans and commitments of the Group.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The following tables detail the contractual maturity of the Group for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 3 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
At 31 December 2024						
Bank loans	3,315,983	2,172,998	4,147,426	101,535	9,737,942	8,820,898
Accounts payable, deposits received and accrued charges excluding other tax payable and contract liabilities	10,023,972	-	-	-	10,023,972	10,023,972
Bank overdrafts	168,316	-	-	-	168,316	168,316
Loans from non-controlling interests	23,228	202,405	-	-	225,633	225,633
Amounts due to fellow subsidiaries	6,329	-	-	-	6,329	6,329
Amounts due to related companies	140,547	-	-	-	140,547	140,547
Lease liabilities	1,082,656	866,278	1,021,927	210,919	3,181,780	2,277,513
Other non-current liabilities	-	6,105	53,726	-	59,831	59,831
At 31 December 2023						
Bank loans	3,729,303	2,279,832	3,556,823	86,101	9,652,059	8,498,131
Accounts payable, deposits received and accrued charges excluding other tax payable and contract liabilities	8,082,216	-	-	-	8,082,216	8,082,216
Bank overdrafts	62,535	-	-	-	62,535	62,535
Loans from non-controlling interests	-	270,841	-	-	270,841	270,841
Amounts due to fellow subsidiaries	160	-	-	-	160	160
Amounts due to related companies	157,537	-	-	-	157,537	157,537
Lease liabilities	929,670	425,580	536,641	265,644	2,157,535	2,027,669



3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the loan and equity balance.

The Directors of the Company regularly monitor the capital structure, which consists of the equity attributable to the Company’s shareholders as disclosed in the statement of financial position. The Directors of the Company could balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group monitors capital by maintaining prudent gearing ratio based on prevailing market environment and economic condition. This ratio is calculated as total bank loans and overdrafts (including bank loans associated with assets classified as held for distribution), divided by equity attributable to the Company’s shareholders and perpetual convertible securities.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 HK\$ million	2023 HK\$ million
Bank loans and overdrafts (note)	8,989	8,638
Equity attributable to the Company’s shareholders and perpetual convertible securities	16,756	17,586
Gearing ratio	53.6%	49.1%

Note: Including bank loans associated with assets classified as held for distribution.

As at 31 December 2024, the gearing ratio for the Group was 53.6% (31 December 2023: 49.1%), the Group’s overall strategy remains unchanged throughout the year.

(c) FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) FAIR VALUE ESTIMATION (CONTINUED)

The following table presents the Group’s financial investments that are measured at fair value as at 31 December 2024 and 2023:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2024				
Assets				
Investment in convertible bonds	–	–	5,714	5,714
Financial assets at fair value through other comprehensive income	77,884	–	222,015	299,899
Financial assets at fair value through profit or loss	496	–	–	496
Total assets	78,380	–	227,729	306,109

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2023				
Assets				
Investment in convertible bonds	–	–	5,831	5,831
Financial assets at fair value through other comprehensive income	201,000	–	260,270	461,270
Financial assets at fair value through profit or loss	389	–	–	389
Total assets	201,389	–	266,101	467,490

No financial assets at fair value through other comprehensive income was transferred from level 3 to level 1 during the year (2023: one).

3 FINANCIAL RISK MANAGEMENT  
(CONTINUED)

(c) FAIR VALUE ESTIMATION (CONTINUED)

LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents the changes in level 3 instruments.

As at 31 December 2024	Financial assets at fair value through other comprehensive income HK\$'000	Investment in convertible bonds HK\$'000
At beginning of year	260,270	5,831
Fair value adjustment	(33,452)	-
Disposals	(810)	-
Exchange adjustment	(3,993)	(117)
At end of year	222,015	5,714

As at 31 December 2023	Financial assets at fair value through other comprehensive income HK\$'000	Investment in convertible bonds HK\$'000
At beginning of year	412,478	5,538
Fair value adjustment	(6,251)	-
Additions	58,923	-
Transfer	(206,793)	-
Exchange adjustment	1,913	293
At end of year	260,270	5,831

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the year (2023: Nil).

3 FINANCIAL RISK MANAGEMENT  
(CONTINUED)

(c) FAIR VALUE ESTIMATION (CONTINUED)

VALUATION PROCESSES OF THE GROUP

The Group's finance department includes a team that performs the valuation of financial assets required for financial reporting purposes, including level 2 and level 3 fair values. Discussions of valuation processes and results are held between the management and the valuation team at each reporting date. Reasons for the fair value movements are explained during the discussions.

The following summarise the major methods and assumptions used in estimating the fair values of the significant assets and liabilities classified as level 2 and 3 and the valuation process for assets and liabilities classified as level 2 and 3.

INVESTMENT IN CONVERTIBLE BONDS

The Group established fair value of investment in convertible bonds by using discounted cash flow model and market approach. The unobservable inputs of the valuation include fair value of the equity interest, historical volatility and effective discount rate by reference to other investments that are substantially the same.

FINANCIAL ASSETS AT FAIR VALUE THROUGH  
OTHER COMPREHENSIVE INCOME

The Group established fair value of financial assets at fair value through other comprehensive income by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

FINANCIAL ASSETS AT FAIR VALUE THROUGH  
PROFIT OR LOSS

The Group established fair value of financial assets at fair value through profit or loss by using valuation techniques. These valuation techniques maximise the use of observable market data including quoted prices where available, and rely as little as possible on entity-specific estimates.

FAIR VALUE OF FINANCIAL ASSETS AND  
LIABILITIES MEASURED AT AMORTISED COST

The fair value of the following financial assets and liabilities approximate their carrying amount as at 31 December 2024 and 2023:

- Accounts receivable, deposits, other receivables and amounts due from associates, fellow subsidiaries and related companies
- Cash and bank balances
- Accounts payable, accrued charges and amounts due to fellow subsidiaries and related companies
- Bank loans and overdrafts
- Other non-current liabilities

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(I) ESTIMATE OF FAIR VALUE OF INVESTMENT PROPERTIES

The valuation of investment properties is performed in accordance with “The HKIS Valuation Standards on Properties (2020 Edition)” published by the Hong Kong Institute of Surveyors and the “International Valuation Standards” published by the International Valuation Standards Committee. The valuation is performed by qualified valuer by adopting the income approach of valuation by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the property interests at appropriate capitalisation rates or wherever appropriate the direct comparison approach by making reference to comparable sales evidence as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties including but not limited to location, time, size, age and maintenance standard etc.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(II) INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(III) ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests whether goodwill (note 13) has suffered any impairment, in accordance with the accounting policy stated in note 2.2(d)(I). The recoverable amounts of cash-generating units have been determined based on the higher of value-in-use calculations and fair value less costs of disposal. These calculations require the use of estimates. The key assumptions and sensitivity test was disclosed in note 13. The recoverable amounts of the relevant cash generating units were determined based on the conditions as of 31 December 2024 and the impact of any adjusting subsequent events (if any) will be considered in the goodwill impairment test to be performed in 2025.

(IV) USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(V) IMPAIRMENT OF NON-FINANCIAL ASSETS

Management regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset, including property, plant and equipment, right-of-use assets, is lower than its recoverable amount which is the greater of its fair value less costs of disposal or its value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

(VI) IMPAIRMENT OF INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Intangible assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(VII) IMPAIRMENT OF ASSOCIATES AND A JOINT VENTURE

The Group determines whether an investment in associates and a joint venture is impaired by evaluating the duration and extent to which the recoverable amount of the investment is less than its carrying amount. This evaluation is subject to changes in factors, such as industry and sector performance and operational cash flows.

(VIII) IMPAIRMENT OF ACCOUNTS RECEIVABLE

The provision for impairment of accounts receivable are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3(a)(II).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

DETERMINATION OF THE LEASE TERM

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of equipment, buildings and motor vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liabilities, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

(a) Revenue from continuing operations recognised during the year is as follows:

	2024 HK\$'000	2023 HK\$'000 (Restated)
Integrated logistics	14,448,877	15,006,751
International freight forwarding	43,825,527	32,400,808
	58,274,404	47,407,559



5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(b) An analysis of the Group's financial results by operating segment and geographical area for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023 as reclassified, is as follows:

	For the year ended 31 December											
	Continuing operations								Discontinued operations after elimination			
	Integrated logistics		International freight forwarding		Elimination		Consolidation				Consolidation	
	2024 HK\$'000	2023 HK\$'000 (Restated)	2024 HK\$'000	2023 HK\$'000 (Restated)	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Revenue												
Turnover	14,448,877	15,006,751	43,825,527	32,400,808	-	-	58,274,404	47,407,559	548,169	3,298,670	58,822,573	50,706,229
Inter-segment revenue	1,329,943	750,872	6,532,003	5,527,704	(7,861,946)	(6,278,576)	-	-	-	-	-	-
	15,778,820	15,757,623	50,357,530	37,928,512	(7,861,946)	(6,278,576)	58,274,404	47,407,559	548,169	3,298,670	58,822,573	50,706,229
Turnover by geographical area												
Hong Kong	6,498,008	5,999,487	1,757,227	1,734,329	(1,013,475)	(797,581)	7,241,760	6,936,235	-	-	7,241,760	6,936,235
Mainland of China	6,063,954	6,791,784	16,012,327	12,256,919	(3,566,764)	(2,786,337)	18,509,517	16,262,366	-	-	18,509,517	16,262,366
Asia	3,039,975	2,811,947	7,303,541	5,884,240	(1,873,315)	(1,348,293)	8,470,201	7,347,894	548,169	3,183,939	9,018,370	10,531,833
Americas	-	-	15,812,695	10,395,704	(682,873)	(661,852)	15,129,822	9,733,852	-	-	15,129,822	9,733,852
EMEA	-	-	8,667,224	6,868,690	(672,108)	(639,884)	7,995,116	6,228,806	-	99,348	7,995,116	6,328,154
Oceania	176,883	154,405	804,516	788,630	(53,411)	(44,629)	927,988	898,406	-	15,383	927,988	913,789
	15,778,820	15,757,623	50,357,530	37,928,512	(7,861,946)	(6,278,576)	58,274,404	47,407,559	548,169	3,298,670	58,822,573	50,706,229
Segment profit/(loss) by geographical area												
Hong Kong	520,216	591,271	63,929	50,480	-	-	584,145	641,751	-	-	584,145	641,751
Mainland of China	351,799	395,186	668,170	501,249	-	-	1,019,969	896,435	-	-	1,019,969	896,435
Asia	357,881	285,837	321,502	222,591	-	-	679,383	508,428	(193,689)	(998,170)	485,694	(489,742)
Americas	-	-	611,530	386,636	-	-	611,530	386,636	-	-	611,530	386,636
EMEA	-	-	227,783	176,961	-	-	227,783	176,961	-	(434)	227,783	176,527
Oceania	20,786	16,298	57,727	62,455	-	-	78,513	78,753	-	(1,108)	78,513	77,645
	1,250,682	1,288,592	1,950,641	1,400,372	-	-	3,201,323	2,688,964	(193,689)	(999,712)	3,007,634	1,689,252
Less: Unallocated administration expenses							(476,548)	(481,467)	(5)	(9)	(476,553)	(481,476)
Core operating profit							2,724,775	2,207,497	(193,694)	(999,721)	2,531,081	1,207,776
Interest income							102,895	70,029	129	1,510	103,024	71,539
Finance expenses							(625,153)	(576,720)	(6,171)	(19,134)	(631,324)	(595,854)
Share of results of associates and a joint venture							83,293	195,371	-	(254)	83,293	195,117
Profit before taxation*							2,285,810	1,896,177	(199,736)	(1,017,599)	2,086,074	878,578
Taxation*							(662,162)	(461,735)	(2,647)	162,697	(664,809)	(299,038)
Profit for the year*							1,623,648	1,434,442	(202,383)	(854,902)	1,421,265	579,540
Non-controlling interests*							(266,897)	(220,368)	97,668	418,019	(169,229)	197,651
Core net profit							1,356,751	1,214,074	(104,715)	(436,883)	1,252,036	777,191
Change in fair value of investment properties							(13,535)	10,499	-	-	(13,535)	10,499
Deferred tax of change in fair value of investment properties							3,480	(2,384)	-	-	3,480	(2,384)
Less: Non-controlling interests' share of change in fair value of investment properties and its related deferred tax							(666)	499	-	-	(666)	499
Net gain on distribution (net of tax)/cessation of Express Operations							-	-	325,949	18,230	325,949	18,230
Profit attributable to Company's shareholders and holders of perpetual convertible securities							1,346,030	1,222,688	221,234	(418,653)	1,567,264	804,035
Holders of perpetual convertible securities							(25,740)	(12,870)	-	-	(25,740)	(12,870)
Profit attributable to Company's shareholders							1,320,290	1,209,818	221,234	(418,653)	1,541,524	791,165
Depreciation and amortisation	1,266,618	1,279,359	496,683	438,106	-	-	1,763,301	1,717,465	86,678	461,823	1,849,979	2,179,288

\* Excluding the change in fair value of investment properties and its related deferred tax, net gain on distribution (net of tax)/cessation of Express Operations.

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(c) DISAGGREGATION OF REVENUE

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.

	2024				2023			
	Revenue recognised at a point in time		Revenue recognised over time		Revenue recognised at a point in time		Revenue recognised over time	
	HK\$'000		HK\$'000		HK\$'000		HK\$'000	
			Rental income	Total			Rental income	Total
By operating segment								
Revenue from contracts with customers								
Integrated logistics	1,517,366	12,822,783	108,728	14,448,877	1,265,745	13,607,909	133,097	15,006,751
International freight forwarding	-	43,825,527	-	43,825,527	-	32,400,808	-	32,400,808
Discontinued operations	-	548,169	-	548,169	-	3,298,670	-	3,298,670
	1,517,366	57,196,479	108,728	58,822,573	1,265,745	49,307,387	133,097	50,706,229
By geographical area								
Revenue from contracts with customers								
- Hong Kong	1,312,810	5,928,950	-	7,241,760	1,029,638	5,906,597	-	6,936,235
- Mainland of China	179,813	18,245,283	84,421	18,509,517	215,969	15,960,572	85,825	16,262,366
- Asia	24,743	8,421,151	24,307	8,470,201	20,138	7,280,484	47,272	7,347,894
- Americas	-	15,129,822	-	15,129,822	-	9,733,852	-	9,733,852
- EMEA	-	7,995,116	-	7,995,116	-	6,228,806	-	6,228,806
- Oceania	-	927,988	-	927,988	-	898,406	-	898,406
Discontinued operations	-	548,169	-	548,169	-	3,298,670	-	3,298,670
	1,517,366	57,196,479	108,728	58,822,573	1,265,745	49,307,387	133,097	50,706,229

Note:

Revenue recognised at a point in time is represented by the revenue from sales of goods for the year.

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(d) 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, namely integrated logistics and international freight forwarding, in each geographical area.

As set out in note 1, the results of Express Operations, are presented under “Discontinued Operations” in the current segment analysis of operations. Further details of financial information of the discontinued operations are set out in note 38.

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.

Prior year corresponding segment information that is presented for comparative purposes has been reclassified to conform to the reclassification of operations in Mainland of China adopted in the current year.

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 expenses, share of results of associates and a joint venture, and also core net profit, which is the profit attributable to the Company’s shareholders before the after-tax effect of change in fair value of investment properties and net gain on distribution (net of tax)/cessation of Express Operations.

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

	Segment non-current assets <sup>#</sup>	
	2024 HK\$'000	2023 HK\$'000
Hong Kong	1,790,217	1,499,881
Mainland of China	7,356,116	7,589,767
Asia	6,475,224	6,548,548
Americas	2,788,722	2,866,405
EMEA	1,293,973	1,186,944
Oceania	183,784	159,707
	19,888,036	19,851,252

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

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(e) UNSATISFIED PERFORMANCE OBLIGATIONS

For general storage and other ancillary services, the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts. The majority of the general storage and ancillary contracts do not have a fixed term. The Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity’s performance completed to date.

For logistics and freight forwarding services, they are rendered in short period of time and within a year and the Group has elected the practical expedient for not to disclose the remaining performance obligations at the end of respective periods.

(f) ASSETS RECOGNISED FROM INCREMENTAL COSTS TO OBTAIN A CONTRACT

There was no significant incremental costs to obtain a contract for the year ended 31 December 2024 (2023: Nil).

6 OTHER INCOME AND NET GAINS

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Interest income from banks	68,816	69,652
Interest income from a fellow subsidiary	8,114	-
Interest income from associates	225	377
Other interest income	25,740	-
(Loss)/gain on disposal of property, plant and equipment	(2,741)	2,364
Loss on disposal of a subsidiary	(11,211)	-
Loss on disposal of an associate	(110)	-
Fair value change of financial assets at fair value through profit or loss (note 21)	122	(31)
Gain on early termination of lease contracts	22,634	8,605
Net gain on settlement of consideration payable	-	5,093
	111,589	86,060

7 EXPENSES BY NATURE

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

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Auditors' remuneration	41,943	41,425
Business tax and other taxes	13,498	7,425
Cost of goods sold (note 20)	1,251,170	1,019,523
Freight and transportation costs	45,859,735	36,340,626
Depreciation of property, plant and equipment (note 16)	557,853	559,126
Depreciation of right-of-use assets (note 15(II)(a))	1,048,258	989,491
Amortisation of intangible assets (note 13)	157,190	168,848
Provision for impairment of receivables (note 22)(c)	140,509	100,569
Reversal of provision for impairment of receivables (note 22)(c)	(33,351)	(26,728)
Rental expenses on land and buildings (note 15(II)(c))	466,877	463,947
Employee benefit expenses (note 12)	5,272,862	4,966,083

Government grants amounting to HK\$199,000 (2023: HK\$16,332,000) have been recognised and deducted in employee benefit expenses for the year ended 31 December 2024.

8 FINANCE EXPENSES

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Interest expenses on bank loans, overdrafts and other finance costs	530,270	493,748
Interest expenses on lease liabilities (note 15)(II)(b))	94,883	82,972
	625,153	576,720

9 TAXATION

HONG KONG AND OVERSEAS PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) for the year ended 31 December 2024 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% (2023: 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. Hong Kong has published its draft legislation for implementation of the Pillar Two Model Rules, and it is expected that the new regime will come into effect on 1 January 2025. For certain jurisdiction where the Group has operations, the Pillar Two legislation had become effective on 1 January 2024. 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. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its Global Anti-Base Erosion ("GloBE") effective tax rate in each jurisdiction and the 15% minimum rate. The Group's assessment indicates that the quantitative impact of the Pillar Two legislation is not material to the Group.

9 TAXATION (CONTINUED)

WITHHOLDING TAX ON DISTRIBUTED/UNDISTRIBUTED PROFITS

Withholding tax in the Group's subsidiaries and 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 Mainland of China and overseas countries.

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Hong Kong profits tax		
– Current	85,112	92,277
– Over provision in prior years	(9,385)	(4,343)
– Deferred	(39,479)	(2,517)
	36,248	85,417
Mainland of China taxation		
– Current	221,006	181,417
– Under/(over) provision in prior years	2,212	(9,624)
– Deferred	(34,348)	70,228
	188,870	242,021
Overseas taxation		
– Current	400,811	251,737
– Under provision in prior years	7,462	2,377
– Deferred	25,291	(117,433)
	433,564	136,681
	658,682	464,119

The Group's share of taxation from associates and a joint venture for the year ended 31 December 2024 is HK\$13,856,000 (2023: HK\$51,309,000) and included in the share of results of associates and a joint venture in the consolidated income statement.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Profit before taxation	2,272,275	1,906,676
Less: Share of results of associates and a joint venture	(83,293)	(195,371)
	2,188,982	1,711,305
Calculated at Hong Kong profits tax rate of 16.5% (2023: 16.5%)	361,182	282,365
Tax effect of different taxation rates in other countries	178,444	145,201
Income not subject to taxation	(31,906)	(31,266)
Expenses not deductible in determining taxable profit	129,839	41,247
Tax losses not recognised	47,363	31,010
Utilisation of previously unrecognised tax losses	(13,363)	(5,746)
Under/(over) provision in prior years	289	(11,590)
Withholding tax on undistributed profits	(13,166)	12,898
Taxation charge	658,682	464,119

10 DIVIDENDS

On 29 December 2023, the Directors declared a special interim dividend, to be effected by way of distribution in specie of 907,200,000 shares of KEX Express Thailand (representing approximately 52.1% of all issued shares of KEX Express Thailand) 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 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 was satisfied and the distribution became unconditional. Dividend payable for distribution in specie was approximately HK\$983,215,000 right before the completion date, measured at fair value using the share price of KEX Express Thailand. On 26 March 2024, the distribution was completed, the assets and liabilities held for distribution (the corresponding share in net asset value, excluding non-controlling interests, of KEX Express Thailand was approximately HK\$330,897,000) and dividend payable for distribution in specie were derecognised. The difference between the carrying amount of the net assets distributed and the carrying amount of the dividend payable, net of transaction costs, is recognised in the discontinued operations in the profit or loss in accordance with the HKFRS.

A final dividend in respect of the year ended 31 December 2024 of 15 HK cents per share, amounting to a total dividend of HK\$271,114,000 is to be proposed at the annual general meeting on Monday, 26 May 2025. These financial statements do not reflect this dividend payable.

	2024	2023
	HK\$'000	HK\$'000
Interim dividend paid of 10 HK cents (31 December 2023: 9 HK cents) per ordinary share	180,743	162,669
Proposed final dividend of 15 HK cents (31 December 2023: 13 HK cents) per ordinary share	271,114	234,966
	451,857	397,635

The proposed final dividend for the year ended 31 December 2024, as referred to above, is calculated on the basis of 1,807,429,342 ordinary shares in issue as at 31 December 2024, and at a final dividend of 15 HK cents per ordinary share. The actual amount of final dividend payable in respect of the year ended 31 December 2024 will be subject to the actual number of ordinary shares in issue on the record date 30 May 2025.

11 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.

	2024	2023
Adjusted weighted average number of ordinary shares in issue	1,804,139,744	1,806,455,075
Profit attributable to the Company's shareholders (HK\$'000)		
From continuing operations	1,320,290	1,209,818
From discontinued operations	221,234	(418,653)
Basic earnings per share (HK\$)		
From continuing operations	0.73	0.67
From discontinued operations	0.12	(0.23)

11 EARNINGS PER SHARE (CONTINUED)

DILUTED

Diluted earnings per share is calculated by dividing 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.

	2024	2023
Adjusted weighted average number of ordinary shares in issue	1,804,139,744	1,806,455,075
Adjustment for share options and share awards	2,238,966	3,091,004
Adjustment for perpetual convertible securities	41,489,362	25,802,973
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,847,868,072	1,835,349,052
Profit attributable to the Company's shareholders (HK\$'000)		
From continuing operations	1,320,290	1,209,818
Adjustment for profit attributable to holders of perpetual convertible securities	25,740	12,870
From continuing operations for the purpose of calculating diluted earnings per share	1,346,030	1,222,688
From discontinued operations	221,234	(418,653)
Diluted earnings per share (HK\$)		
From continuing operations	0.73	0.67
From discontinued operations	0.12	(0.23)

12 EMPLOYEE BENEFIT EXPENSES

	2024	2023
	HK\$'000	HK\$'000
Staff costs, including directors' emoluments	5,077,115	4,787,622
Pension costs		
– defined contribution plans	182,206	178,641
– defined benefit plans (note 31(b))	13,541	(180)
	5,272,862	4,966,083

Out of the total employee benefit expenses from continuing operations for the year ended 31 December 2024 of HK\$5,272,862,000 (2023: HK\$4,966,083,000), HK\$3,060,501,000 (2023: HK\$2,920,323,000) was included in direct operating expenses.



12 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) DIRECTORS' EMOLUMENTS

The remuneration of the Directors for the year ended 31 December 2024, excluding share option and share award benefits, is set out below:

Name of Director	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses (i) HK\$'000	Housing allowance HK\$'000	Estimating money value of other benefits HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
WANG Wei	-	-	-	-	-	-	-
KUOK Khoon Hua	-	-	-	-	-	-	-
CHEUNG Ping Chuen Vicky	-	6,601	6,990	-	883	294	14,768
CHENG Chi Wai	-	5,400	4,290	-	-	120	9,810
HO Chit (re-designation as Executive Director effective from 1 September 2024)	325	1,000	-	-	-	6	1,331
CHEN Keren	330	-	-	-	-	-	330
OOI Bee Ti	380	-	-	-	-	-	380
CHEUNG Wai Man	395	-	-	-	-	-	395
LAI Sau Cheong Simon	650	-	-	-	-	-	650
TAN Chuen Yan Paul	495	-	-	-	-	-	495
WONG Yu Pok Marina	635	-	-	-	-	-	635

12 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) DIRECTORS' EMOLUMENTS (CONTINUED)

The remuneration of the Directors for the year ended 31 December 2023, excluding share option and share award benefits, is set out below:

Name of Director	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses (i) HK\$'000	Housing allowance HK\$'000	Estimating money value of other benefits HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
WANG Wei	-	-	-	-	-	-	-
KUOK Khoon Hua	-	-	-	-	-	-	-
CHEUNG Ping Chuen Vicky	-	5,584	1,244	-	654	270	7,752
CHENG Chi Wai (appointment effective from 22 May 2023)	-	3,262	1,520	-	-	73	4,855
HO Chit	470	-	-	-	-	-	470
OOI Bee Ti (appointment effective from 31 October 2023)	55	-	-	-	-	-	55
CHEN Keren	330	-	-	-	-	-	330
CHEUNG Wai Man	390	-	-	-	-	-	390
LAI Sau Cheong Simon	630	-	-	-	-	-	630
TAN Chuen Yan Paul	485	-	-	-	-	-	485
WONG Yu Pok Marina	620	-	-	-	-	-	620
MA Wing Kai William (retirement effective from 22 May 2023)	-	2,528	2,531	-	-	7	5,066
CHAN Fei (resignation effective from 31 October 2023)	275	-	-	-	-	-	275

Note:

(i) Discretionary bonuses are determined based on the overall performance of the individual and the Group.

12 EMPLOYEE BENEFIT EXPENSES  
(CONTINUED)

(b) SENIOR MANAGEMENT’S EMOLUMENTS

The Group considers a team of eight (2023: eight) senior executives who report to the Board of Directors as senior management. The emoluments of the eight (2023: eight) individuals, excluding share option and share award benefits, are as follows:

	2024	2023
	HK\$'000	HK\$'000
Salaries and other short-term benefits	45,706	60,121

(c) SHARE AWARDS GRANTED BY THE COMPANY TO THE DIRECTORS OF THE COMPANY

Certain directors of the Company were awarded shares under the Share Award Scheme of the Company. Movement of the awarded shares during the years presented as follows:

	No. of awarded shares	
	2024	2023
Unvested as at 1 January	699,056	566,296
Granted	-	1,744,661
Vested	(530,178)	(1,330,650)
Transfer (note)	-	(281,251)
Unvested as at 31 December	168,878	699,056

Note: On 22 May 2023, Cheng Chi Wai was appointed as director of the Company with outstanding awarded shares of 151,321 as of the appointment date. On the same date, Ma Wing Kai William was retired from director of the Company with outstanding awarded Shares of 432,572 as of the retirement date.

12 EMPLOYEE BENEFIT EXPENSES (CONTINUED)  
(d) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 included two Directors (2023: one). The emoluments payable to the remaining three (2023: four) highest paid individuals during the years are as follows:

	2024	2023
	HK\$'000	HK\$'000
Basic salaries, housing allowances, share options, share awards, other allowances and benefits in kind	14,538	34,390
Discretionary bonuses	9,478	8,176
Pension contributions	1,062	953
	25,078	43,519

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
HK\$5,500,001 – HK\$6,000,000	-	1
HK\$6,000,001 – HK\$6,500,000	-	1
HK\$6,500,001 – HK\$7,000,000	-	-
HK\$7,000,001 – HK\$7,500,000	-	-
HK\$7,500,001 – HK\$8,000,000	2	-
HK\$8,000,001 – HK\$8,500,000	-	1
HK\$8,500,001 – HK\$9,000,000	-	-
HK\$9,000,001 – HK\$9,500,000	-	-
HK\$10,000,001 – HK\$10,500,000	1	-
HK\$10,500,001 – HK\$11,000,000	-	-
HK\$11,000,001 – HK\$11,500,000	-	-
HK\$11,500,001 – HK\$12,000,000	-	-
HK\$12,500,001 – HK\$13,500,000	-	-
HK\$13,500,001 – HK\$14,000,000	-	-
HK\$15,000,001 – HK\$15,500,000	-	-
HK\$20,000,001 – HK\$25,500,000	-	1
	3	4

(e) REMUNERATION PAYABLE TO SENIOR MANAGEMENT

The remuneration payable to the senior management during the year fell within the following bands:

	Number of individuals	
	2024	2023
HK\$500,001 – HK\$1,000,000	-	-
HK\$1,000,001 – HK\$1,500,000	1	-
HK\$1,500,001 – HK\$2,000,000	-	-
HK\$2,000,001 – HK\$2,500,000	-	-
HK\$2,500,001 – HK\$3,000,000	-	1
HK\$3,000,001 – HK\$3,500,000	-	1
HK\$3,500,001 – HK\$4,000,000	-	-
HK\$4,000,001 – HK\$4,500,000	1	-
HK\$4,500,001 – HK\$5,000,000	2	-
HK\$5,000,001 – HK\$5,500,000	-	2
HK\$5,500,001 – HK\$6,000,000	1	1
HK\$6,000,001 – HK\$6,500,000	-	1
HK\$6,500,001 – HK\$7,000,000	-	-
HK\$7,000,001 – HK\$7,500,000	2	-
HK\$7,500,001 – HK\$8,000,000	-	-
HK\$8,000,001 – HK\$8,500,000	-	1
HK\$8,500,001 – HK\$9,000,000	-	-
HK\$9,000,001 – HK\$9,500,000	-	-
HK\$10,000,001 – HK\$10,500,000	1	-
HK\$11,500,001 – HK\$12,000,000	-	-
HK\$12,000,001 – HK\$12,500,000	-	-
HK\$13,500,001 – HK\$14,000,000	-	-
HK\$15,000,001 – HK\$15,500,000	-	-
HK\$20,000,001 – HK\$25,500,000	-	1
	8	8

13 INTANGIBLE ASSETS

	Goodwill	Customer	Non-compete	Trademarks	Total
	HK\$'000	relationships	agreements	HK\$'000	HK\$'000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	4,936,223	880,145	35,343	4,184	5,855,895
Additions	-	-	-	4,430	4,430
Acquisition of subsidiaries	98,929	-	-	12	98,941
Disposal of subsidiaries (note 33(c))	(15,607)	-	-	-	(15,607)
Amortisation	-	(150,513)	(14,128)	(4,207)	(168,848)
Exchange adjustment	13,283	2,148	(333)	(4,406)	10,692
At 31 December 2023	5,032,828	731,780	20,882	13	5,785,503
At 31 December 2023					
Cost	5,325,291	1,601,157	159,025	89,916	7,175,389
Accumulated amortisation and impairment	(292,463)	(869,377)	(138,143)	(89,903)	(1,389,886)
	5,032,828	731,780	20,882	13	5,785,503
At 1 January 2024	5,032,828	731,780	20,882	13	5,785,503
Acquisition of subsidiaries (note 34)	143,104	32,892	2,698	-	178,694
Amortisation	-	(148,224)	(8,966)	-	(157,190)
Exchange adjustment	(100,884)	(8,025)	(445)	-	(109,354)
Impairment	(16,389)	-	-	-	(16,389)
At 31 December 2024	5,058,659	608,423	14,169	13	5,681,264
At 31 December 2024					
Cost	5,367,511	1,608,514	158,081	87,570	7,221,676
Accumulated amortisation and impairment	(308,852)	(1,000,091)	(143,912)	(87,557)	(1,540,412)
	5,058,659	608,423	14,169	13	5,681,264

The amortisation of intangible assets was charged to direct operating expenses.

13 INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT TESTS FOR GOODWILL

Goodwill is allocated to the Group's cash-generating units (CGUs) that are expected to benefit from business combinations and impairment testing is performed annually and when there is indication that they may be impaired.

The recoverable amount of a CGU is determined based on the higher of its fair value less costs of disposal and value-in-use calculations. The value-in-use calculations use cash flow projections based on financial budgets approved by management covering five years.

At 31 December 2024, the Group recognised an impairment charge against goodwill of HK\$16 million due to cessation of operation of two companies engaged in express delivery services under the integrated logistics in Asia segment.

Except for the impairment mentioned above, there was no impairment in goodwill for the year ended 31 December 2024 based on impairment assessment performed.

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS

For the year ended 31 December 2024

INTEGRATED LOGISTICS

	Hong Kong	Mainland of China	Asia
Average revenue growth rate	1%-4%	5%	1%-7%
Average profit margin	3%-4%	3%	3%-23%
Discount rate (pre-tax)	13%-14%	15%	12%-16%

A segment-level summary of the goodwill allocation based on geographical regions is presented below:

	2024	2023
	HK\$'000	HK\$'000
Integrated logistics		
Hong Kong	281,150	281,150
Mainland of China	594,922	609,858
Asia	100,426	121,277
Oceania	8,558	9,442
	985,056	1,021,727
International freight forwarding		
Hong Kong	100,440	100,440
Mainland of China	560,175	572,271
Asia	494,459	500,994
EMEA	805,561	699,893
Americas	2,098,088	2,120,623
Oceania	14,880	16,880
	4,073,603	4,011,101
	5,058,659	5,032,828

13 INTANGIBLE ASSETS (CONTINUED)

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS (CONTINUED)

For the year ended 31 December 2024

INTERNATIONAL FREIGHT FORWARDING

	Hong Kong	Mainland of China	Asia	EMEA	Americas
Average revenue growth rate	(3)%-1%	4%-5%	(3)%-8%	1%-4%	(3)%-1%
Average profit margin	4%-5%	1%-3%	3%-11%	2%-3%	3%-6%
Discount rate (pre-tax)	13%-14%	15%	12%-21%	12%-17%	15%-22%

For the year ended 31 December 2023

INTEGRATED LOGISTICS

	Hong Kong	Mainland of China	Asia
Average revenue growth rate	1%-4%	6%	4%-7%
Average profit margin	5%-10%	4%	3%-23%
Discount rate (pre-tax)	15%	15%	12%-17%

INTERNATIONAL FREIGHT FORWARDING

	Hong Kong	Mainland of China	Asia	EMEA	Americas
Average revenue growth rate	1%-3%	6%	1%-10%	4%-7%	1%-5%
Average profit margin	4%-10%	1%-4%	3%-11%	3%-4%	3%-6%
Discount rate (pre-tax)	15%	15%	12%-22%	13%-20%	13%-22%

13 INTANGIBLE ASSETS (CONTINUED)

Management determined budgeted profit margins and revenue growth rates based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs. In performing the impairment assessments, management has considered reasonably possible changes for key assumptions. Assuming revenue growth rate decreased by 50 basis points, profit margins decreased by 5% and discount rate increased by 50 basis points respectively, no impairment charge would be required for the goodwill for the year ended 31 December 2024.

For the year ended 31 December 2023, considering reasonably possible changes for key assumptions, by assuming revenue growth rate decreased by 50 basis points and discount rate increased by 50 basis points, no impairment charge were required for the goodwill.

14 INVESTMENT PROPERTIES

	2024	2023
	HK\$'000	HK\$'000
At beginning of year	2,538,606	1,819,589
Additions	12,044	20,713
Transfer from right-of-use assets and, property, plant and equipment	57,338	373,243
Change in fair value through profit or loss	(13,535)	10,499
Change in fair value through other comprehensive income	–	344,660
Exchange adjustment	(75,885)	(30,098)
At end of year	2,518,568	2,538,606

(a) Investment properties were valued by independent professional valuer, namely Cushman & Wakefield Limited as at 31 December 2024 and 31 December 2023, by mainly adopting the income approach of valuation.

(b) The Group's investment properties at their net book values are analysed as follows:

	2024	2023
	HK\$'000	HK\$'000
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	2,518,568	2,538,606

As at 31 December 2024, investment properties amounting to HK\$118,988,000 (2023: HK\$122,162,000) was pledged as securities for bank loan facilities and bank overdrafts granted to the Group (note 36).

(c) For the year ended 31 December 2024, rental income recognised in the consolidated income statement for investment properties amounted to HK\$108,728,000 (2023: HK\$133,097,000), and direct operating expenses amounted to HK\$69,980,000 (2023: HK\$78,964,000) (from property that generated rental income).



14 INVESTMENT PROPERTIES (CONTINUED)

(d) VALUATION OF INVESTMENT PROPERTIES

	Mainland of China HK\$'000	Overseas HK\$'000	Total HK\$'000
At 1 January 2023	1,489,927	329,662	1,819,589
Additions	–	20,713	20,713
Transfer from right-of-use assets and property, plant and equipment	373,243	–	373,243
Change in fair value through profit or loss	5,938	4,561	10,499
Change in fair value through other comprehensive income	344,660	–	344,660
Exchange adjustment	(33,727)	3,629	(30,098)
At 31 December 2023	2,180,041	358,565	2,538,606
At 1 January 2024	2,180,041	358,565	2,538,606
Additions	12,044	–	12,044
Transfer from property, plant and equipment	–	57,338	57,338
Change in fair value through profit or loss	(19,069)	5,534	(13,535)
Exchange adjustment	(70,140)	(5,745)	(75,885)
At 31 December 2024	2,102,876	415,692	2,518,568

The Group measures its investment properties at fair value. The investment properties were revalued by Cushman & Wakefield Limited, an independent qualified valuer not connected with the Group, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued at 31 December 2024. For all investment properties, their current use equates to the highest and best use.

As at 31 December 2024 and 2023, all investment properties are included in level 3 in the fair value hierarchy.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management and the Audit and Compliance Committee. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

14 INVESTMENT PROPERTIES (CONTINUED)

(d) VALUATION OF INVESTMENT PROPERTIES (CONTINUED)

VALUATION TECHNIQUES

Fair value of investment properties in the Mainland of China and overseas are generally derived using the income approach and wherever appropriate, by direct comparison approach. Income approach is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Direct comparison approach is based on comparing the property to be valued directly with other comparable properties, which have recently transacted.

SIGNIFICANT UNOBSERVABLE INPUTS USED TO DETERMINE FAIR VALUE

Capitalisation rates are estimated by valuer based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value.

Prevailing market rents are estimated based on recent lettings for the Mainland of China and overseas investment properties, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

The capitalisation rates used are as follows:

	2024	2023
Capitalisation rate	5.50% - 9.25%	5.50% - 9.75%

The following tables show the increase/(decrease) of the fair value of the investment properties if the capitalisation rate was to increase or decrease by 10%.

	2024 HK\$'000	2023 HK\$'000
Decrease of capitalisation rate by 10%	281,695	299,304
Increase of capitalisation rate by 10%	(227,890)	(240,149)

The following tables show the (decrease)/increase of the fair value of the investment properties if the reversionary income was to decrease or increase by 10%.

	2024 HK\$'000	2023 HK\$'000
Decrease of reversionary income by 10%	(207,758)	(206,588)
Increase of reversionary income by 10%	205,700	212,466

14 INVESTMENT PROPERTIES (CONTINUED)

(e) LEASING ARRANGEMENTS:

The Group leases various offices and warehouses to tenants under non-cancellable operating lease agreements with rentals receivable monthly. The lease terms are mainly between 1 year and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rates. No contingent rents were recognised during the year (2023: Nil).

Minimum lease payments receivable on leases of investment properties are as follows:

	2024 HK\$'000	2023 HK\$'000
Land and buildings:		
Within one year	79,557	75,991
In the second to fifth year, inclusive	115,017	65,994
	194,574	141,985

15 LEASES

As at 31 December 2024, leasehold land and land use rights amounting to HK\$138,653,000 (2023: HK\$159,061,000) were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (note 36).

This note provides information for leases where the Group is a lessee.

(I) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2024 HK\$'000	2023 HK\$'000
Right-of-use assets		
Leasehold land and land use rights	706,205	675,887
Equipment	29,550	43,323
Buildings	2,098,132	1,813,989
Motor vehicles	16,273	10,778
	2,850,160	2,543,977
Lease liabilities		
Current	880,498	927,103
Non-current	1,397,015	1,100,566
	2,277,513	2,027,669

Additions to the right-of-use assets during the year were HK\$1,639,945,000 (2023: HK\$1,403,241,000), none of which in relation to acquisition of subsidiaries (2023: HK\$40,384,000).

There was no transfer from/to the right-of-use assets during the year (2023: HK\$86,060,000 for transfer from right-of-use assets to investment properties).

15 LEASES (CONTINUED)

(II) AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement shows the following amounts relating to leases:

	Note	2024 HK\$'000	2023 HK\$'000
Depreciation charge of right-of-use assets			
Leasehold land and land use rights		13,516	14,559
Equipment		15,939	20,550
Buildings		1,032,751	1,077,460
Motor vehicles		32,746	133,047
	(Note a)	1,094,952	1,245,616
Interest expense (included in finance cost)	(Note b)	98,527	96,744
Expense relating to short-term leases (included in direct operating expenses and administrative expenses) (note 7)	(Note c)	491,486	567,270

The total cash outflow for leases in 2024 was HK\$1,605,439,000 (2023: HK\$1,876,992,000).

Notes:

- (a) The depreciation of right-of-use assets of HK\$1,094,952,000 (2023: HK\$1,245,616,000) includes HK\$1,048,258,000 (2023: HK\$989,491,000) arising from continuing operations and HK\$46,694,000 (2023: HK\$256,125,000) arising from discontinued operations.
- (b) The interest expenses on lease liabilities of HK\$98,527,000 (2023: HK\$96,744,000) includes HK\$94,883,000 (2023: HK\$82,972,000) arising from continuing operations and HK\$3,644,000 (2023: HK\$13,772,000) arising from discontinued operations.
- (c) The expense relating to short-term leases of HK\$491,486,000 (2023: HK\$567,270,000) includes HK\$466,877,000 (2023: HK\$463,947,000) arising from continuing operations and HK\$24,609,000 (2023: HK\$103,323,000) arising from discontinued operations.

(III) THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases various leasehold land, land use rights, equipment, buildings and motor vehicles. Rental contracts are typically made for fixed periods of 1 month to 53 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets except leasehold land may not be used as security for borrowing purposes.

16 PROPERTY, PLANT AND EQUIPMENT

	Warehouse and logistics centres	Freehold land and buildings	Port facilities	Leasehold improvements	Warehouse operating equipment	Motor vehicles, furniture, fixtures and office equipment	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost								
At 1 January 2024	3,201,518	1,913,506	797,166	766,625	2,110,040	834,506	124,019	9,747,380
Additions, at cost	37,878	120,350	18,650	75,141	251,083	93,265	221,825	818,192
Acquisition of subsidiary's assets (note 34)	-	-	-	-	-	2,165	-	2,165
Disposal	-	(24)	-	(31,870)	(112,173)	(78,291)	-	(222,358)
Disposal of a subsidiary (note 33(c))	-	-	-	(46,150)	(38,545)	(839)	-	(85,534)
Transfer/reclassification	186,227	(58,464)	-	(107,044)	3,292	112,184	(197,979)	(61,784)
Revaluation surplus	-	39,670	-	-	-	-	-	39,670
Exchange adjustment	(93,669)	(35,032)	(4,064)	(1,357)	(35,003)	(39,375)	(3,888)	(212,388)
At 31 December 2024	3,331,954	1,980,006	811,752	655,345	2,178,694	923,615	143,977	10,025,343
Accumulated Depreciation								
At 1 January 2024	598,923	291,907	218,908	356,868	689,589	604,383	-	2,760,578
Charge for the year	90,396	41,389	15,256	88,612	208,233	113,967	-	557,853
Disposal	-	(24)	-	(20,942)	(90,509)	(66,903)	-	(178,378)
Disposal of a subsidiary (note 33(c))	-	-	-	(24,606)	(20,898)	(736)	-	(46,240)
Transfer/reclassification	(1,960)	(4,669)	-	(79,475)	68,149	13,509	-	(4,446)
Exchange adjustment	(26,062)	(5,079)	(816)	(6,754)	(22,615)	(25,357)	-	(86,683)
At 31 December 2024	661,297	323,524	233,348	313,703	831,949	638,863	-	3,002,684
Net book value								
At 31 December 2024	2,670,657	1,656,482	578,404	341,642	1,346,745	284,752	143,977	7,022,659

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Warehouse and logistics centres	Freehold land and buildings	Port facilities	Leasehold improvements	Warehouse operating equipment	Motor vehicles, furniture, fixtures and office equipment	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost								
At 1 January 2023	3,007,260	1,875,694	771,901	710,048	2,409,610	1,905,640	366,846	11,046,999
Additions, at cost	23,637	33,041	-	126,493	153,418	204,185	220,417	761,191
Acquisition of subsidiaries	72,279	-	-	-	1,638	666	-	74,583
Disposals	(4,450)	(8,434)	-	(49,723)	(124,852)	(95,699)	-	(283,158)
Disposal of subsidiaries (note 33(c))	(4,806)	-	-	(12,336)	(9,810)	(112,897)	-	(139,849)
Transfer to assets classified as held for distribution	-	-	-	-	(341,799)	(1,013,301)	-	(1,355,100)
Transfer/reclassification	167,737	-	-	-	-	-	(454,920)	(287,183)
Exchange adjustment	(60,139)	13,205	25,265	(7,857)	21,835	(54,088)	(8,324)	(70,103)
At 31 December 2023	3,201,518	1,913,506	797,166	766,625	2,110,040	834,506	124,019	9,747,380
Accumulated depreciation								
At 1 January 2023	534,324	251,470	202,414	290,971	697,929	1,200,479	-	3,177,587
Charge for the year	86,015	41,632	14,933	109,244	274,673	238,327	-	764,824
Disposals	-	(5,720)	-	(35,079)	(78,862)	(80,439)	-	(200,100)
Disposal of subsidiaries (note 33(c))	(891)	-	-	(7,682)	(2,923)	(65,643)	-	(77,139)
Transfer to assets classified as held for distribution	-	-	-	-	(222,159)	(652,876)	-	(875,035)
Exchange adjustment	(20,525)	4,525	1,561	(586)	20,931	(35,465)	-	(29,559)
At 31 December 2023	598,923	291,907	218,908	356,868	689,589	604,383	-	2,760,578
Net book value								
At 31 December 2023	2,602,595	1,621,599	578,258	409,757	1,420,451	230,123	124,019	6,986,802

Note: The depreciation of property, plant and equipment of HK\$764,824,000 includes HK\$559,126,000 arising from continuing operations and HK\$205,698,000 arising from discontinued operations.

16 PROPERTY, PLANT AND EQUIPMENT  
(CONTINUED)

(a) As at 31 December 2024 and 2023, certain freehold land and buildings, warehouse and logistics centres and port facilities were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (note 36) with aggregate net book values as follows:

	2024	2023
	HK\$'000	HK\$'000
Freehold land and building	98,035	118,771
Warehouse and logistics centres	217,129	255,358
Port facilities	207,133	215,974
	522,297	590,103

- (b) The Group's freehold land and buildings and port facilities are located outside Hong Kong.
- (c) The amount of other non-current assets represents prepayment for purchases of property, plant and equipment.

17 ASSOCIATES AND A JOINT VENTURE

	2024	2023
	HK\$'000	HK\$'000
Non-current		
Share of net assets (note (b))	1,592,330	1,681,808
Current		
Amounts due from associates (notes (c), (d))	4,780	9,431
	1,597,110	1,691,239

17 ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(a) The Group held interests in the following principal associates and a joint venture:

Name	Place of incorporation/ establishment	Principal activities	Registered capital	Interest held indirectly	
				2024	2023
Chiwan Container Terminal Co., Ltd <sup>(1)</sup>	PRC	Port operation	US\$95,300,000	25%	25%
Giao Hang Tiet Kiem Joint Stock Company	Vietnam	Express business	VND12,900,000,000	42%	42%
PT. Puninar Saranaraya	Indonesia	Logistics business	IDR783,625,580,000	40%	40%

(1) Sino-foreign equity joint venture enterprise



17 ASSOCIATES AND A JOINT VENTURE  
(CONTINUED)

(b) The Group's share of results of its associates and a joint venture and its aggregate assets and liabilities from continuing operations are as follows:

	2024	2023
	HK\$'000	HK\$'000
Aggregate attributable amounts of total assets	2,028,318	2,201,256
Aggregate attributable amounts of total liabilities	435,988	519,448
Aggregate attributable amounts of total revenue	1,205,686	1,139,305
Aggregate attributable amounts of net profit after tax (note)	83,293	195,371

Note:

The shares of results of associate and a joint venture of HK\$83,293,000 (2023: HK\$195,117,000) includes share of profit of HK\$83,293,000 (2023: HK\$195,371,000) arising from continuing operations and no share of loss (2023: HK\$ 254,000) arising from discontinued operations.

(c) Except for the amounts of HK\$4,600,000 (2023: HK\$4,600,000) which bear interests at 5% per annum (2023: 5%), all the other amounts due from associates are interest-free.

The amounts due from associates are unsecured, and expected (2023: unsecured, and expected) to be received within twelve months from the end of the respective reporting periods.

(d) The carrying amounts of the amounts due from associates are denominated in the following currencies:

	2024	2023
	HK\$'000	HK\$'000
Hong Kong dollar	4,780	9,087
Other currencies	–	344
	4,780	9,431

(e) There is no associate and joint venture that is individually material to the Group.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH  
OTHER COMPREHENSIVE INCOME

	2024	2023
	HK\$'000	HK\$'000
Non-current		
– Unlisted equity investments, at fair value	222,015	260,270
– Listed equity investments, at fair value	77,884	201,000
	299,899	461,270

19 INVESTMENT IN CONVERTIBLE BONDS

On 17 March 2017, Kerry Express Services (Asia) Pte. Ltd. ("KESA"), a wholly owned subsidiary of the Company, entered in to a convertible bond issuance and subscription agreement with PT Nusa Prima Express ("NPE"), whereby KESA has subscribed for the convertible bond with coupon rate of the lower of (i) SIBOR + 1% or (ii) 5% per annum issued by NPE in the amount of Indonesian Rupiah 9,826,950,000 (approximately HK\$5,714,000 (2023: HK\$5,831,000)) ("Principal Amount"). KESA may at any time convert all of the Principal Amount of the convertible bond it holds into issued shares in NPE.

Upon completion of the conversion of the convertible bond, KESA will own 55% interest in the total issued share capital of NPE.

20 INVENTORIES

	2024	2023
	HK\$'000	HK\$'000
Finished goods	322,723	410,790

The cost of inventories recognised as expenses and included in direct operating expenses for the year ended 31 December 2024 amounted to HK\$1,251,170,000 (2023: HK\$1,019,523,000).

21 FINANCIAL ASSETS AT FAIR VALUE  
THROUGH PROFIT OR LOSS

	2024	2023
	HK\$'000	HK\$'000
Unlisted fund investments, at fair value	496	389

Fair value gain/(losses) of financial assets at fair value through profit or loss of HK\$122,000 (2023: HK\$255,000) are recorded in 'other income and net gains/(losses)' in the consolidated income statement (note).

Note: During the year ended 31 December 2024, the net fair value gains on financial assets at fair value through profit or loss amounts to HK\$122,000 (2023: losses of HK\$255,000) which includes HK\$122,000 (2023: losses of HK\$31,000) arising from continuing operations and none (2023: losses of HK\$224,000) arising from discontinued operations.

22 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	2024 HK\$'000	2023 HK\$'000
Accounts receivable	10,789,931	8,904,379
Less: Provision for impairment of receivable (note (c))	(331,270)	(336,178)
Accounts receivable – net	10,458,661	8,568,201
Prepayments (note (d))	798,906	793,562
Deposits (note (e))	583,130	586,447
Others (note (f))	2,744,193	1,972,493
	14,584,890	11,920,703

Notes:

(a) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses. The ageing analysis of the accounts receivable based on date of the invoice and net of provision for impairment is as follows:

	2024 HK\$'000	2023 HK\$'000
Below 1 month	6,489,494	5,242,078
Between 1 month and 3 months	2,983,034	2,455,724
Over 3 months	986,133	870,399
	10,458,661	8,568,201

There is no concentration of credit risk with respect to accounts receivable, as the Group has a large number of customers.

(b) The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. The Group determines the provision for expected credit losses by grouping together accounts and other receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions.

(c) As of 31 December 2024, HK\$331,270,000 (2023: HK\$336,178,000) was recognised as provision for impairment of receivables.

Movements on the provision for impairment of receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	336,178	357,895
Provision for impairment of receivables (note (g))	140,509	103,821
Reversal of provision	(33,351)	(26,728)
Disposal of subsidiaries	–	(3,422)
Receivables written off during the year as uncollectible	(97,272)	(92,358)
Transfer to assets classified as held for distribution	–	(5,474)
Exchange adjustment	(14,794)	2,444
At end of year	331,270	336,178

(d) The balances mainly comprise prepaid rent and freight and transportation costs.

(e) The balances mainly comprise rental deposits and deposits to suppliers.

(f) The balance mainly comprise contract assets of HK\$1,855,534,000 (2023: HK\$1,041,074,000). These assets are stated at the expected recoverable amount. No provision for impairment of contract assets has been made (2023: Nil). The Group measures the loss allowance for its contract assets at an amount equal to the lifetime expected credit losses.

Contract assets primarily relate to the Group's rights to consideration for delivered services but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The Group's historical credit loss experience does not indicate a substantial different loss pattern for contract assets as compared to accounts receivable for similar customer bases. The Group makes reference to the expected credit loss provision rates for accounts receivable to measure the contract assets' expected credit losses. The rates are adjusted to reflect information specific to the contract assets that may affect the recovery of the carrying amount of the contract assets.

(g) The provision for impairment of receivables of HK\$140,509,000 (2023: HK\$103,821,000) includes HK\$140,509,000 (2023: HK\$100,569,000) arising from continuing operations and none (2023: HK\$3,252,000) arising from discontinued operations.

(h) The carrying amounts of the accounts receivable, prepayments and deposits are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
Renminbi	5,005,685	4,331,554
Hong Kong dollar	2,240,916	1,827,832
Thai Baht	275,837	286,861
United States dollar	2,883,001	2,337,096
Euro	1,829,886	1,481,812
Pound sterling	106,804	69,251
Indian Rupee	429,214	400,485
Malaysian Ringgit	107,061	83,423
United Arab Emirates Dirham	226,309	195,075
Australian dollar	39,376	104,769
Vietnamese Dong	310,302	11,262
Other currencies	1,130,499	791,283
	14,584,890	11,920,703

(i) The carrying amount of accounts receivable approximates the fair value of these balances. The provision and reversal of provision for impairment of receivables have been included in direct operating expenses in the consolidated income statement. Amounts charged to the allowance account are written off when there is no expectation of recovery.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

23 BALANCES WITH GROUP COMPANIES

The balances with group companies are unsecured and have no fixed terms of repayment. Except for an amount due from a fellow subsidiary of HK\$435,735,000 is interest bearing at 1.65%, the remaining balances with group companies are interest free. They are denominated mainly in Thai Baht.

The collection of receivables with group companies is closely monitored in order to minimise any credit risk associated with the receivables. All of these financial assets are considered to have low credit risk as they have a low risk of default and the counterparty has strong capability to meet its contractual cash flow obligations in the near term. Therefore, impairment provision was limited to twelve months expected losses and estimated to be minimal.

Note:

(a) Balances with fellow subsidiaries represent the balances with S.F. Holding companies while the balances with related companies represent the balances with KGL and KPL companies.

24 RESTRICTED AND PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

(a) RESTRICTED AND PLEDGED BANK DEPOSITS

As at 31 December 2024, the Group's bank balances amounting to approximately HK\$20,500,000 (2023: HK\$12,843,000) represented deposits pledged to secure general banking facilities granted to the Group.

(b) CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash at bank and in hand	6,424,345	6,302,247
Short-term bank deposits	153,606	219,191
Cash and bank balances	6,577,951	6,521,438

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	6,577,951	6,521,438
Secured bank overdrafts	(689)	–
Unsecured bank overdrafts	(167,627)	(62,535)
	6,409,635	6,458,903

24 RESTRICTED AND PLEDGED BANK DEPOSITS  
AND CASH AND CASH EQUIVALENTS  
(CONTINUED)

(b) CASH AND CASH EQUIVALENTS  
(CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	2024	2023
	HK\$'000	HK\$'000
Renminbi	2,355,770	2,412,140
Hong Kong dollar	554,652	984,290
United States dollar	1,905,182	1,618,242
Pound sterling	91,022	160,261
Vietnamese Dong	49,612	60,836
Singapore dollar	123,011	85,360
Thailand baht	417,979	359,411
Other currencies	912,407	778,363
	6,409,635	6,458,903

For the Group's subsidiaries incorporated in the PRC, conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

25 ACCOUNTS PAYABLE, DEPOSITS RECEIVED  
AND ACCRUED CHARGES

	2024	2023
	HK\$'000	HK\$'000
Accounts payables	5,276,950	4,310,572
Accrued charges (note (c))	3,625,941	3,120,434
Customer deposits	304,193	256,677
Consideration payable for business combinations	72,288	122,106
Contract liabilities (note (d))	623,638	174,043
Others (note (d))	978,740	425,709
	10,881,750	8,409,541
Less: Non-current consideration payable for business combinations	(59,831)	-
	10,821,919	8,409,541

25 ACCOUNTS PAYABLE, DEPOSITS RECEIVED  
AND ACCRUED CHARGES (CONTINUED)

(a) The ageing analysis of accounts payable based on the date of the invoice is as follows:

	2024	2023
	HK\$'000	HK\$'000
Below 1 month	3,177,254	2,864,692
Between 1 month and 3 months	1,197,673	810,182
Over 3 months	902,023	635,698
	5,276,950	4,310,572

(b) The carrying amounts of the Group's accounts payable, deposits received and accrued charges are denominated in the following currencies:

	2024	2023
	HK\$'000	HK\$'000
Renminbi	3,571,256	3,567,269
Hong Kong dollar	1,770,660	1,508,220
United States dollar	2,297,833	1,442,922
Euro	1,550,472	909,756
Pound sterling	126,061	85,701
Thai baht	255,340	295,575
Indian Rupee	314,950	159,802
Malaysian Ringgit	80,922	59,774
Other currencies	914,256	380,522
	10,881,750	8,409,541

(c) The balances mainly comprise accrued employee benefit expenses and freight and transportation costs.

(d) The balances mainly comprise freight charges received in advance and value added tax payables.

26 SHARE CAPITAL AND SHARES HELD FOR SHARE AWARD SCHEME

	2024		2023	
Share capital				
Authorised, issued and fully paid:				
1,807,429,342 ordinary shares of HK\$0.5 each (2023: 1,807,429,342 ordinary shares of HK\$0.5 each)	903,715		903,715	
	2024		2023	
	No. of shares	HK\$'000	No. of shares	HK\$'000
At 1 January	1,807,429,342	903,715	1,807,424,842	903,712
Exercise of pre-IPO share option scheme allotment	-	-	4,500	3
At 31 December	1,807,429,342	903,715	1,807,429,342	903,715
Shares held for share award scheme				
	2024		2023	
	No. of shares	HK\$'000	No. of shares	HK\$'000
At 1 January	(3,719,966)	(27,639)	-	-
Share purchase for share award scheme	(4,679,000)	(39,678)	(8,861,437)	(76,499)
Vesting of shares under share award scheme	2,736,576	23,362	5,141,471	48,860
At 31 December	(5,662,390)	(43,955)	(3,719,966)	(27,639)

During the year ended 31 December 2024, the share award scheme of the Group acquired 4,679,000 (2023: 8,861,437) ordinary shares in the Company through purchases in the open market and 2,736,576 (2023: 5,141,471) shares were transferred to the awardees upon vesting of the awarded shares. The remaining 5,662,390 (2023: 3,719,966) shares were held in trust under the share award scheme as at 31 December 2024. Details of the share award scheme were disclosed in Note 37 to this consolidated financial statements.

27 RETAINED PROFITS AND OTHER RESERVES

	Other properties revaluation reserve HK\$'000	Share award reserve HK\$'000	Capital reserve HK\$'000	Enterprise expansion and general reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Acquisition reserve HK\$'000	FVOCI reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total HK\$'000
At 1 January 2024	401,429	20,300	7,586	157,950	(1,346,554)	(5,156,638)	(38,296)	17,581,242	234,966	11,861,985
Profit for the year	-	-	-	-	-	-	-	1,541,524	-	1,541,524
Defined benefit pension plans										
- Actuarial gain	-	-	-	-	-	-	-	1,239	-	1,239
- Deferred taxation	-	-	-	-	-	-	-	69	-	69
Net translation differences on foreign operations	-	-	-	-	(407,748)	-	-	-	-	(407,748)
Fair value gain recognised upon the transfer from leasehold land and warehouse and logistics equipment to investment properties, net of tax	14,876	-	-	-	-	-	-	-	-	14,876
Fair value change on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(154,234)	-	-	(154,234)
2023 final dividend paid	-	-	-	-	-	-	-	-	(234,966)	(234,966)
2024 interim dividend paid	-	-	-	-	-	-	-	(180,743)	-	(180,743)
2024 proposed final dividend	-	-	-	-	-	-	-	(271,114)	271,114	-
Special interim dividend by way of distribution in specie	-	-	-	-	-	-	-	(983,215)	-	(983,215)
Transfer related to distribution in specie	-	-	-	(10,533)	-	(1,827,745)	-	1,838,278	-	-
Transfer from/(to) retained profits	-	-	-	105,731	-	(307)	50,656	(156,080)	-	-
Changes in ownership of interests in subsidiaries without change of control	-	-	-	-	-	(399,547)	-	-	-	(399,547)
Share-based compensation under share-award scheme	-	11,797	-	-	-	-	-	-	-	11,797
Vesting of shares under share award scheme	-	(23,362)	-	-	-	-	-	-	-	(23,362)
At 31 December 2024	416,305	8,735	7,586	253,148	(1,754,302)	(7,384,237)	(141,874)	19,371,200	271,114	11,047,675



27 RETAINED PROFITS AND OTHER RESERVES (CONTINUED)

	Other properties revaluation reserve HK\$'000	Share options reserve HK\$'000	Share award reserve HK\$'000	Capital reserve (note (a)) HK\$'000	Enterprise expansion and general reserve funds (note (b)) HK\$'000	Exchange fluctuation reserve HK\$'000	Acquisition reserve (note (c)) HK\$'000	FVOCI reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000
At 1 January 2023	142,934	761	-	7,586	123,975	(1,243,771)	(3,511,061)	(27,781)	17,271,749	686,821	13,451,213
Profit for the year	-	-	-	-	-	-	-	-	791,165	-	791,165
Defined benefit pension plans											
- Actuarial gain	-	-	-	-	-	-	-	-	5,853	-	5,853
- Deferred income tax	-	-	-	-	-	-	-	-	(1,170)	-	(1,170)
Net translation differences on foreign operations	-	-	-	-	-	(102,783)	-	-	-	-	(102,783)
Fair value gain recognised upon the transfer from leasehold land and warehouse and logistics centres to investment properties, net of tax	258,495	-	-	-	-	-	-	-	-	-	258,495
Fair value change on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	(10,515)	-	-	(10,515)
2022 final dividend paid	-	-	-	-	-	-	-	-	(2)	(686,821)	(686,823)
2023 interim dividend paid	-	-	-	-	-	-	-	-	(162,669)	-	(162,669)
2023 proposed final dividend	-	-	-	-	-	-	-	-	(234,966)	234,966	-
Transfers from/(to) retained profits	-	-	-	-	33,975	-	55,498	-	(89,473)	-	-
Change in ownership of interests in subsidiaries without change of control	-	-	-	-	-	-	(1,701,075)	-	-	-	(1,701,075)
Exercise of pre-IPO share option scheme allotment	-	(6)	-	-	-	-	-	-	-	-	(6)
Share option lapsed	-	(755)	-	-	-	-	-	-	755	-	-
Share-based compensation under share award scheme	-	-	69,160	-	-	-	-	-	-	-	69,160
Vesting of shares under share award scheme	-	-	(48,860)	-	-	-	-	-	-	-	(48,860)
At 31 December 2023	401,429	-	20,300	7,586	157,950	(1,346,554)	(5,156,638)	(38,296)	17,581,242	234,966	11,861,985

Notes:

- (a) Capital reserve of the Group arose from the Group's reorganisation in preparation for the listing of Kerry Properties Limited, its related company, on the Stock Exchange of Hong Kong Limited in August 1996, adjusted by the excess or deficit of the fair values of the net assets of subsidiaries and associates subsequently acquired over the cost of investment at the date of acquisition before 1 January 2001.
- (b) Enterprise expansion and general reserve funds are set up by subsidiaries established and operating in the Mainland of China. According to the PRC Foreign Enterprise Accounting Standards, upon approval, the enterprise expansion reserve fund may be used for increasing capital while the general reserve fund may be used for making up losses and increasing capital.
- (c) The acquisition reserve arose from the acquisition of additional interest or disposal of interest in subsidiaries that do not result in a change of control by the Group, and represents any differences between the amount by which the non-controlling interests are adjusted (to reflect the changes in the interests in the subsidiaries) and the fair value of the consideration paid or received.

28 LOANS FROM NON-CONTROLLING INTERESTS

The loans from non-controlling interest are unsecured and interest-free. Except for a balance of HK\$23,228,000 (2023: Nil) as at 31 December 2024 which is repayable within twelve months from the end of reporting period, the remaining balance of loans from non-controlling interests of certain subsidiaries are not repayable within twelve months from the end of each reporting period.

The carrying amounts of the loans from non-controlling interests are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
Hong Kong dollar	51,227	78,723
Other currencies	174,406	192,118
	225,633	270,841

29 BANK LOANS AND BANK OVERDRAFTS

	2024 HK\$'000	2023 HK\$'000
Bank loans:		
Non-current		
- unsecured	5,895,342	5,230,744
- secured (note 36)	8,831	4,712
	5,904,173	5,235,456
Current		
- unsecured	2,788,102	3,195,994
- secured (note 36)	128,623	66,681
	2,916,725	3,262,675
Total bank loans	8,820,898	8,498,131
Bank overdrafts:		
Current		
- unsecured	167,627	62,535
- secured (note 36)	689	-
Total bank overdrafts	168,316	62,535
Total bank loans and bank overdrafts	8,989,214	8,560,666

(a) The maturity of bank loans and bank overdrafts is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	3,085,041	3,325,210
Between 1 and 2 years	1,908,038	1,971,477
Between 3 and 5 years	3,904,279	3,181,425
Repayable within 5 years	8,897,358	8,478,112
Over 5 years	91,856	82,554
	8,989,214	8,560,666

29 BANK LOANS AND BANK OVERDRAFTS (CONTINUED)

(b) The effective annual interest rates of the major bank loans and bank overdrafts at the end of the reporting period were as follows:

	2024			
	United States dollar	Hong Kong dollar	Singapore dollar	Renminbi
Bank loans and bank overdrafts	7.08%	4.80%	4.29%	3.56%
	2023			
	United States dollar	Hong Kong dollar	Singapore dollar	Renminbi
Bank loans and bank overdrafts	7.11%	4.84%	4.85%	3.88%

(c) The carrying amounts of the bank loans and bank overdrafts approximate their fair values.

(d) The carrying amounts of the bank loans and bank overdrafts are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
Hong Kong dollar	6,918,764	6,463,462
United States dollar	116,503	384,369
Singapore dollar	316,512	304,306
Renminbi	1,137,605	1,142,487
Other currencies	499,830	266,042
	8,989,214	8,560,666

30 DEFERRED TAXATION

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets		
– Deferred tax asset to be recovered after more than 12 months	(223,588)	(381,120)
Deferred tax liabilities		
– Deferred tax liability to be settled after more than 12 months	473,700	693,397
– Deferred tax liability to be settled within 12 months	35,076	38,337
	508,776	731,734
Deferred tax liabilities (net)	285,188	350,614

30 DEFERRED TAXATION (CONTINUED)

The movement on the deferred income tax account is as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	350,614	151,040
Acquisition of subsidiaries	8,898	7,940
Disposal of subsidiaries (note 33(c))	8,713	(267)
Deferred taxation credit to profit or loss (note)	(48,536)	(220,544)
Deferred taxation charged to other comprehensive income	9,917	88,193
Transfer to current tax liabilities upon the distribution of dividends	(20,615)	(44,464)
Exchange adjustment	(23,803)	10,611
Transfer to assets classified as held for distribution	–	358,105
At end of year	285,188	350,614

*Note: The deferred taxation credit of HK\$47,040,000 (2023: HK\$220,544,000) includes deferred taxation credit of HK\$48,536,000 (2023: HK\$49,722,000) arising from continuing operations and deferred taxation charge of HK\$1,496,000 (2023: deferred taxation credit of HK\$170,822,000) arising from discontinued operations.*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2024, the Group has unrecognised tax losses of HK\$691,670,000 (2023: HK\$606,431,000) arising from continuing operations and HK\$Nil (2023: HK\$272,561,000) arising from discontinued operations. These tax losses have no expiry dates except for the tax losses of HK\$185,269,000 (2023: HK\$317,801,000) arising from continuing operations and HK\$Nil (2023: HK\$272,561,000) arising from discontinued operations, which can be carried forward up to a maximum period of 10 years.

As at 31 December 2024, the aggregate amount of unrecognised deferred tax liabilities associated with undistributed earnings in subsidiaries totalled approximately HK\$202,312,000 (2023: HK\$186,601,000), as the Directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future.

### 30 DEFERRED TAXATION (CONTINUED)

The movements in deferred income tax (assets) and liabilities during the year were as follows:

	Group							
	Pension obligation HK\$'000	Accelerated depreciation allowances, accruals, provisions and intangible assets from business combination and others HK\$'000	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Revaluation HK\$'000	Tax losses HK\$'000	Withholding tax on distributed profits of subsidiaries and associates HK\$'000	Total HK\$'000
At 1 January 2023	(8,560)	125,778	14,346	(9,965)	137,561	(244,405)	136,285	151,040
Deferred taxation charged/(credited) to profit or loss	4,594	(42,528)	112,376	(117,671)	2,384	(192,597)	12,898	(220,544)
Deferred taxation charged to other comprehensive income	2,028	-	-	-	86,165	-	-	88,193
Acquisition of subsidiaries	-	7,940	-	-	-	-	-	7,940
Disposal of subsidiaries	-	(356)	-	-	41	48	-	(267)
Exchange adjustment	(243)	28,680	(130)	168	(2,390)	(7,026)	(8,448)	10,611
Transfer to current tax liabilities upon the distribution of dividends	-	-	-	-	-	-	(44,464)	(44,464)
Transfer to assets classified as held for distribution	(843)	7,588	-	-	-	351,360	-	358,105
At 31 December 2023	(3,024)	127,102	126,592	(127,468)	223,761	(92,620)	96,271	350,614
At 1 January 2024	(3,024)	127,102	126,592	(127,468)	223,761	(92,620)	96,271	350,614
Deferred taxation charged/(credited) to profit or loss	(285)	27,003	(20,757)	(6,984)	(3,480)	(30,867)	(13,166)	(48,536)
Deferred taxation charged to other comprehensive income	-	-	-	-	9,917	-	-	9,917
Acquisition of subsidiaries	-	8,898	-	-	-	-	-	8,898
Disposal of subsidiaries	-	-	-	-	-	8,713	-	8,713
Exchange adjustment	11	(4,430)	2,597	(27)	(8,470)	(3,029)	(10,455)	(23,803)
Transfer to current tax liabilities upon the distribution of dividends	-	-	-	-	-	-	(20,615)	(20,615)
At 31 December 2024	(3,298)	158,573	108,432	(134,479)	221,728	(117,803)	52,035	285,188

### 30 DEFERRED TAXATION (CONTINUED)

The Group previously presented deferred tax assets and liabilities in connection with the Group's lease liabilities and right-of-use assets, respectively on a net basis in the disclosure note of deferred income tax which was permitted by the HKAS 12. Following the adoption of the Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" ("HKAS 12 Amendments"), the Group has presented deferred tax assets/liabilities in connection with the Group's lease liabilities/right-of-use assets separately on a gross basis. Accordingly, the disclosure notes of the deferred tax are represented. The adoption of HKAS 12 Amendments has no other impact on the Group's consolidated statement of financial position as at 31 December 2023 and the Group's consolidated income statement for the year then ended and also the Group's retained profits as at 1 January 2023.

### 31 RETIREMENT BENEFITS

The Group operates various pension schemes. The schemes are funded through payments to independent trustee-administered funds. The Group has both defined contribution and defined benefit plans during the year.

#### (a) DEFINED CONTRIBUTION PLANS

Pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPF Ordinance"), companies within the Group in Hong Kong have enrolled all employees in Hong Kong aged between 18 and 65 into a mandatory provident fund scheme (the "MPF Scheme") from 1 December 2000.

The MPF Scheme is a master trust scheme established under a trust arrangement and is governed by Hong Kong law. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. Contributions are made to the MPF Scheme by the employers at 5% of the employees' relevant income as defined in the MPF Ordinance up to a maximum of HK\$1,500 (prior to 1 June 2014: HK\$1,250) per employee per month (the "MPF Contribution"). The

employees also contribute a corresponding amount to the MPF Scheme if their relevant income is HK\$7,100 (prior to 1 June 2014: HK\$6,500) per month or more. The MPF Contributions are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees.

Certain companies within the Group are also participants of the Kerry Trading Co. Limited – Provident Fund Scheme (the "Fund") which is a defined contribution scheme as defined in the Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong). The Fund is for certain salaried persons (the "Fund Members") under the employment of the companies participating in the Fund. The assets of the Fund are managed by the trustees of the Fund. Contributions are made to the Fund by companies participating in the Fund at 10% of the Fund Members' monthly basic salaries up to a maximum of HK\$10,000 (2023: HK\$10,000) per Fund Member per month (the "Basic Contribution") less the MPF Contribution if the Basic Contribution is higher than the MPF Contribution. Fund Members are entitled to 100% of the employers' contributions to the Fund plus investment earnings upon leaving employment after completing ten years of service or more, or upon retirement after attaining the retirement age after any number of years of service, or upon retirement due to ill health. Fund Members are also entitled to the employers' contributions to the Fund plus investment earnings calculated at a reduced scale of between 20% and 90% after completing a period of service of at least two but less than ten years. The unvested benefits of employees terminating employment forfeited in accordance with the terms of the Fund can be utilised by the companies participating in the Fund to reduce future contributions. No forfeited contributions were available during the year to reduce the employer's contribution (2023: HK\$Nil).

### 31 RETIREMENT BENEFITS (CONTINUED)

#### (a) DEFINED CONTRIBUTION PLANS (CONTINUED)

The subsidiaries operating in the Mainland of China and overseas participate in the defined contribution retirement schemes as required by the relevant local government authorities. The Group is required to make contributions at a certain percentage of employees' salary in accordance with the schemes set up by the Mainland of China and overseas subsidiaries and/or under statutory requirements.

#### (b) DEFINED BENEFIT PLANS

	2024 HK\$'000	2023 HK\$'000
Pension liabilities (note I)	21,853	20,259
Long service payment liabilities	9,605	-
	31,458	20,259

Employee benefit expenses:

	2024 HK\$'000	2023 HK\$'000
Pension liabilities (note I)	2,352	9,046
Long service payment liabilities	11,189	-
Total	13,541	9,046

#### (I) PENSION LIABILITIES

The Group mainly operates defined benefit pension plans in Thailand. The plans are valued by independent qualified actuary, Actuarial Business Solutions Consulting Co., Ltd, annually using the projected unit credit method. The defined benefit plans are unfunded, as allowed under local regulations. Therefore, there is no market value of the plan assets.

The amounts recognised in the consolidated income statement were as follows:

	2024 HK\$'000	2023 HK\$'000
Current service cost	1,758	7,642
Interest cost, net	594	1,404
Total, included in staff costs	2,352	9,046

The amount includes net charge of HK\$2,352,000 (2023: net credit of HK\$180,000) arising from continuing operations (note 12) and HK\$Nil arising from discontinued operations (2023: net charge of HK\$9,226,000).

Out of the total charge, for the year ended 31 December 2024, none (2023: HK\$8,416,000) were included in direct operating expenses, and HK\$2,352,000 (2023: HK\$630,000) were included in administration expenses, respectively.

The amounts recognised in the consolidated statement of financial position are as follows:

	2024 HK\$'000	2023 HK\$'000
Fair value of plan assets	-	-
Present value of funded obligations	(21,853)	(20,259)
Total pension liabilities	(21,853)	(20,259)

The movements in the present value of funded obligations recognised in the consolidated statement of financial position are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	20,259	52,110
Current service cost	1,758	7,642
Interest cost	594	1,404
Remeasurements	-	(10,141)
Benefits paid	(655)	(1,890)
Exchange adjustment	(103)	362
Transfer to liabilities associated with assets classified as held for distribution	-	(29,228)
At end of year	21,853	20,259

### 31 RETIREMENT BENEFITS (CONTINUED)

#### (b) DEFINED BENEFIT PLANS (CONTINUED)

##### (I) PENSION LIABILITIES (CONTINUED)

The principal actuarial assumptions used are as follows:

	2024	2023
Discount rate applied to pension obligations	3.69%-3.75%	3.00%-4.00%
Future salary increases	4.00%	4.00%

The amounts of the defined benefit obligations (excluding defined benefit obligations associated with assets classified as held for distribution) after applying the weighted principal assumptions in the result of the sensitivity analysis are as follows:

	Unfavourable change	
	2024 HK\$'000	2023 HK\$'000
Discount rate applied to pension obligations decreases by 0.5%	19,146	17,429
Future salary increases by 0.5%	19,240	17,529

	Favourable change	
	2024 HK\$'000	2023 HK\$'000
Discount rate applied to pension obligations increases by 0.5%	17,219	15,665
Future salary decreases by 0.5%	17,195	15,775

Expected employer contribution to the plans of the Group for the year ending 31 December 2025 is Nil.

### 32 PERPETUAL CONVERTIBLE SECURITIES

On 29 March 2023, the Company, Natixis and SF Holding Limited entered into a subscription and placing agency agreement pursuant to which: (i) the Company agreed to issue perpetual convertible securities in the aggregate principal amount of HK\$780,000,000 with distribution rate of 3.30% per annum payable semi-annually (the "Convertible Securities") to SF Holding Limited; (ii) Natixis conditionally agreed to use all reasonable efforts to procure SF Holding Limited to subscribe for the Convertible Securities; and (iii) SF Holding Limited 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 has taken place on 18 May 2023. For the year ended 31 December 2023, after considering the transaction cost, the net proceeds from the issue of the perpetual convertible securities were approximately HK\$774,101,000.

Based on the initial conversion price of HK\$18.80 per Conversion Share (subject to adjustments) and assuming full conversion of the Convertible Securities, the Convertible Securities will be convertible into 41,489,361 Shares of nominal value of HK\$0.50 each in the Company to be allotted and issued by the Company ("Conversion Shares").

They are classified as equity instruments and recorded in equity in the consolidated financial statements.

During the year, a distribution of HK\$25,740,000 was paid (2023: HK\$12,870,000).



33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before taxation of both continuing operations and discontinued operations to net cash generated from operations:

	2024 HK\$'000	2023 HK\$'000
Profit before taxation	2,574,556	907,307
Share of results of associates and a joint venture	(83,293)	(195,117)
Interest income	(103,024)	(71,539)
Finance expenses	631,324	595,854
Fair value change of financial assets at fair value through profit or loss	(122)	255
Change in fair value of investment properties	13,535	(10,499)
Loss on disposal of associates	110	-
Gain on disposal of subsidiaries	(626,107)	(18,230)
Loss/(gain) on disposal of property, plant and equipment	2,108	(3,415)
Provision for impairment of receivables	140,509	103,821
Reversal of provision for impairment of receivables	(33,351)	(26,728)
Amortisation of intangible assets	157,190	168,848
Depreciation of property, plant and equipment and right-of-use assets	1,692,789	2,010,440
Goodwill impairment	16,389	-
Gain on settlement of consideration payable	-	(5,093)
Gain on early termination of lease contracts	(22,824)	(13,781)
Share award scheme expenses	11,797	69,160
Operating cash flow before working capital changes	4,371,586	3,511,283
(Increase)/decrease in inventories, accounts receivable, prepayments and deposits	(3,009,851)	1,197,411
Increase/(decrease) in current liabilities, excluding taxation, bank loans and bank overdrafts	2,588,842	(879,196)
Change in net pension liabilities	13,541	9,046
Net cash generated from operations	3,964,118	3,838,544

(b) Analysis of the net cash outflow in respect of the acquisition of subsidiaries treated as business combinations:

	2024 HK\$'000	2023 HK\$'000
Cash consideration paid	(146,685)	(153,723)
Cash consideration paid for prior year's acquisitions	(113,858)	(896,803)
Cash and bank balances acquired	66,537	6,396
Net cash outflow in respect of the acquisition of subsidiaries	(194,006)	(1,044,130)

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Disposal of subsidiaries

	2024 HK\$'000	2023 HK\$'000
Net assets disposed		
Goodwill (note 13)	-	15,607
Property, plant and equipment (note 16)	39,294	62,710
Right-of-use assets	-	22,786
Accounts receivable, prepayments and deposits	7,946	337,306
Accounts payable, deposits received and accrued charges	(18,465)	(355,129)
Bank loans	-	(20,654)
Deferred tax assets/(liabilities) (note 30)	8,713	(267)
Lease liabilities	-	(22,280)
Non-controlling interests	23,433	4,436
Other (liabilities)/assets	(27,195)	22,259
Book value of net assets disposed (excluding cash and cash equivalents)	33,726	66,774
Cash and cash equivalents disposed	485	120,858
Book value of net assets disposed	34,211	187,632

Analysis of (loss)/gain on disposal of subsidiaries

	2024 HK\$'000	2023 HK\$'000
Consideration received or receivable	23,000	240,924
Less: Net assets disposed	(34,211)	(187,632)
Reclassification of other reserve	-	(35,062)
	(11,211)	18,230

Analysis of the net cash inflow in respect of the sale of subsidiaries:

	2024 HK\$'000	2023 HK\$'000
Consideration received	1,534	216,950
Less: Cash and cash equivalents disposed	(485)	(120,858)
Net cash inflow in respect of the sale of subsidiaries	1,049	96,092

(d) Transactions with non-controlling interests

During the year, the Group changed its ownership interests in certain subsidiaries without change of its control.

The effect of these transactions are summarised as follows:

	HK\$'000
Net cash consideration paid to non-controlling interests	(417,440)
Net decrease in non-controlling interests	17,893
Changes in equity attributable to the Company's shareholders arising from changes in ownership of interests in subsidiaries without change of control	(399,547)

(e) Major non-cash transactions

During the current year, one of the property, plant and equipment of HK\$57,338,000 were transferred from property, plant, equipment to investment properties (2023: property, plant and equipment of HK\$287,183,000 and leasehold land of HK\$86,060,000 were transferred from property, plant, equipment and right-of-use assets to investment properties.).

Part of the additions of property, plant and equipment of HK\$188,540,000 have been prepaid in previous financial years.

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(f) Reconciliation of liabilities arising from financing activities

	Bank loans HK\$'000	Leases HK\$'000	Loans from non-controlling interest HK\$'000	Total HK\$'000
Balance as at 1 January 2023	(8,812,849)	(2,649,375)	(216,006)	(11,678,230)
Net cash flows	232,743	1,309,722	(25,777)	1,516,688
Foreign exchange adjustments	(2,895)	15,255	(29,058)	(16,698)
Acquisition of a subsidiary	(13,233)	–	–	(13,233)
Disposal of subsidiaries	20,654	22,280	–	42,934
Interest on lease liabilities	–	(96,744)	–	(96,744)
Lease cancellation	–	215,618	–	215,618
Increase in lease liabilities from entering into new contracts	–	(1,350,600)	–	(1,350,600)
Transfer to liabilities associated with assets classified as held for distribution	77,449	506,175	–	583,624
Balance as at 31 December 2023	(8,498,131)	(2,027,669)	(270,841)	(10,796,641)
Balance as at 1 January 2024	(8,498,131)	(2,027,669)	(270,841)	(10,796,641)
Net cash flows	(374,667)	1,058,460	2,832	686,625
Foreign exchange adjustments	59,596	301,642	15,181	376,419
Acquisition of a subsidiary	(7,696)	–	–	(7,696)
Disposal of a subsidiary	–	–	27,195	27,195
Interest on lease liabilities	–	(94,883)	–	(94,883)
Lease cancellation	–	39,028	–	39,028
Increase in lease liabilities from entering into new contracts	–	(1,554,091)	–	(1,554,091)
Balance as at 31 December 2024	(8,820,898)	(2,277,513)	(225,633)	(11,324,044)

34 BUSINESS COMBINATIONS

During the year, the Group acquired controlling equity interests in one integrated logistic company and two international freight forwarding companies, which are principally operating in the Mainland of China and France.

Aggregate consideration of the acquisition transactions is as follows:

	HK\$'000
Consideration paid during the year	146,685
Consideration to be paid	67,596
Total	214,281

The recognised amounts of identifiable assets acquired and liabilities assumed as at the respective dates of such acquisitions are as follows:

	HK\$'000
Property, plant and equipment (note 16)	2,165
Accounts receivable, prepayments and deposits	84,251
Cash and bank balances	66,537
Accounts payable, deposits received and accrued charges	(88,619)
Bank loans	(7,696)
Other net liabilities	(9,299)
Total identifiable net assets (excluding intangible assets)	47,339
Intangible assets (note 13)	35,590
Goodwill (note 13)	143,104
Non-controlling interests	(11,752)
Total	214,281

The acquired businesses contributed revenue of HK\$385,235,000 and net profit of HK\$13,437,000 to the Company's shareholders for the period from their respective acquisition dates up to 31 December 2024.

35 COMMITMENTS

(a) At 31 December 2024, 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:

	2024	2023
	HK\$'000	HK\$'000
Contracted but not provided for	263,982	384,661

(b) At 31 December 2024, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2024	2023
	HK\$'000	HK\$'000
Land and buildings:		
Within one year	41,994	45,036

The Group has recognised right-of-use assets for non-cancellable operating leases, except for short-term and low-value leases, see note 15 for further information.

(c) The Group's future aggregate minimum lease payments receivable on leases of investment properties are disclosed in note 14(e).

36 PLEDGE OF ASSETS

At 31 December 2024, the Group's total bank loans of HK\$8,820,898,000 (2023: HK\$8,575,580,000, including bank loans associated with assets classified as held for distribution) included an aggregate amount of HK\$137,454,000 (2023: HK\$71,393,000) which is secured. The Group's total bank overdrafts of HK\$168,316,000 (2023: HK\$62,535,000) included an aggregate amount of HK\$689,000 (2023: HK\$Nil) which is 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\$779,938,000 (2023: HK\$871,326,000) (notes 14, 15 and 16);
- (ii) assignments of insurance proceeds of certain properties; and
- (iii) certain balances of restricted and pledged deposits.

37 SHARE AWARD

The Company has adopted the Share Award Scheme by a resolution of the Board on 25 January 2019.

Details of the movement of awarded shares granted to the Directors and employees of the Group under the Share Award Scheme are as follows:

	No. of awarded shares	
	2024	2023
Unvested as at 1 January	3,590,739	1,869,355
Granted	-	6,862,855
Forfeited	(244,296)	-
Vested	(2,736,576)	(5,141,471)
Unvested as at 31 December	609,867	3,590,739

For the year ended 31 December 2024, a total of 244,296 (2023: Nil) shares and 2,736,576 (2023: 5,141,471) shares were forfeited and vested to the qualified awardees, respectively. A total of 5,662,390 (2023: 3,719,966) shares were held in trust under the share award scheme as at 31 December 2024. During the year, an expense of HK\$11,797,000 (2023: HK\$69,160,000) for the awarded shares granted was charged to the consolidated income statement.

38 DISCONTINUED OPERATIONS

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

(a) RESULTS FROM DISCONTINUED OPERATIONS

	2024	2023
	HK\$'000	HK\$'000
Revenue	548,169	3,298,670
Direct operating expenses	(677,807)	(3,932,207)
Other income and net gains	953	7,514
Administration expenses	(64,880)	(372,188)
Finance expenses	(6,171)	(19,134)
Share of results of associates	-	(254)
Loss before taxation	(199,736)	(1,017,599)
Taxation	(2,647)	162,697
Loss after taxation	(202,383)	(854,902)
Net gain on distribution (net of tax)/cessation of Express Operations	344,313	18,230
Profit/(loss) for the year from discontinued operations	141,930	(836,672)
Exchange differences on translation of discontinued operations	266,618	34,946
Other comprehensive income from discontinued operations	(529)	4,372

38 DISCONTINUED OPERATIONS  
(CONTINUED)

(b) DETAILS OF THE DISTRIBUTION IN SPECIE

	2024 HK\$'000
Net consideration	968,215
Carrying amount of net assets distributed	(369,920)
Non-controlling interest	177,824
Reclassification of reserves of the distributed entities recognised in Group	(138,801)
Gain on distribution before taxation	637,318
Taxation on gain on distribution	(157,704)
Gain on distribution after taxation	479,614

The carrying amounts of assets and liabilities as at the completion date of the distribution (26 March 2024) were:

	HK\$'000
Property, plant and equipment	493,235
Right-of-use assets	506,859
Associates	3,611
Deferred taxation	336,753
Accounts receivable, prepayment and deposits	377,719
Other assets	74,366
Cash and bank balances	273,656
Total assets	2,066,199
Lease liabilities	450,976
Accounts payable, deposits received and accrued charges	481,677
Short-term bank loans and current portion of long-term bank loans	2,395
Long-term bank loans	5,741
Retirement benefit obligations	30,147
Other liabilities	725,343
Total liabilities	1,696,279
Net assets	369,920

(c) ASSETS AND LIABILITIES OF THE DISCONTINUED OPERATIONS

The assets and liabilities related to the Discontinued Operations have been presented as assets classified as held for distribution and liabilities associated with assets classified as held for distribution. The Discontinued Operations' assets and liabilities were measured at the lower of carrying amount and fair value less costs to sell at the date of held for distribution classification. The major classes of assets and liabilities of the Discontinued Operations are as follows:

	31 December 2023 HK\$'000
(i) Assets classified as held for distribution	
Property, plant and equipment	480,065
Right-of-use assets	559,050
Associates	3,831
Deferred taxation	358,105
Accounts receivable, prepayments and deposits	440,985
Other assets	62,588
Cash and bank balances	166,061
Assets classified as held for distribution	2,070,685
(ii) Liabilities associated with assets classified as held for distribution	
Lease liabilities	506,175
Accounts payable, deposits received and accrued charges	853,137
Short-term bank loans and current portion of long-term bank loans	70,734
Long-term bank loans	6,715
Retirement benefit obligations	29,228
Other liabilities	5,629
Liabilities associated with assets classified as held for distribution	1,471,618

38 DISCONTINUED OPERATIONS  
(CONTINUED)

(d) CASH FLOWS FROM DISCONTINUED OPERATIONS

	2024 HK\$'000	2023 HK\$'000
Net cash used in operating activities	(442,155)	(110,308)
Net cash (used in)/generated from investing activities	(33,605)	274,448
Net cash generated from/(used in) financing activities	566,283	(198,987)
Increase/(decrease) in cash and cash equivalents	90,523	(34,847)
Effect of exchange rate changes	17,071	2,945
Net cash generated from/(used in) discontinued operations	107,594	(31,902)

39 RELATED PARTY TRANSACTIONS

Except for the related party transactions disclosed in notes 17, 23 and 28 in the consolidated financial statements, the Group had the following material related party transactions carried out in the normal course of business during the year:

(a) SALES/(PURCHASES) OF SERVICES

	2024 HK\$'000	2023 HK\$'000
Associates of the Group/ Kerry Properties Limited/ Kerry Group Limited and subsidiaries of S.F. Holding		
Warehouse management fee income	31,025	28,856
Rental income	25,887	11,497
Logistics services income	1,480,486	218,015
Freight services income	309,250	110,937
GSA income	164,564	155,466
Ground service income	92,931	4,857
Freight cost	(969,935)	(850,286)
Logistics cost	(339,031)	(110,868)
Rental expense	(302,071)	(249,601)

During the year, the Group entered into several new long-term lease contract under HKFRS 16 with related parties. The Group entered into lease contracts with associates of Kerry Holdings Limited which recognised an additional right-of-use assets of HK\$599,642,000.

These transactions were conducted at terms as agreed between the Group and the respective related parties.



39 RELATED PARTY TRANSACTIONS  
(CONTINUED)

(b) KEY MANAGEMENT COMPENSATION

The key management compensation includes the salaries and other short-term benefits, excluding share option benefits, of the Board of Directors and eight (2023: eight) senior executives who report to the Board of Directors.

	2024	2023
	HK\$'000	HK\$'000
Salaries and other short-term benefits	74,500	81,049

40 STATEMENT OF FINANCIAL POSITION  
AND RESERVE MOVEMENT OF THE  
COMPANY

STATEMENT OF FINANCIAL POSITION OF  
THE COMPANY

	2024	2023
	HK\$'000	HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Subsidiaries	1,775,268	1,775,280
Right-of-use assets	7,084	-
	1,782,352	1,775,280
Current assets		
Prepayments	11,163	31,627
Amounts due from subsidiaries	15,837,657	15,667,325
Cash and bank balances	207,028	301,217
	16,055,848	16,000,169
Current liabilities		
Accrued charges	134,360	139,806
Lease liabilities	2,466	-
Amounts due to subsidiaries	6,958,422	5,910,776
	7,095,248	6,050,582
Non-current liabilities		
Lease liabilities	4,618	-
ASSETS LESS LIABILITIES	10,738,334	11,724,867
EQUITY		
Share capital	903,715	903,715
Share premium	4,074,218	4,074,218
Shares held for share award scheme	(43,955)	(27,639)
Retained profits	5,021,520	5,980,172
Share award reserve	8,735	20,300
Perpetual convertible securities	774,101	774,101
TOTAL EQUITY	10,738,334	11,724,867

The statement of financial position of the Company was approved by the Board of Directors on 28 March 2025 and was signed on its behalf.

CHEUNG Ping Chuen Vicky  
Director

CHENG Chi Wai  
Director

40 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY  
(CONTINUED)

STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	Share capital HK\$'000	Share premium HK\$'000	Share held for share award scheme HK\$'000	Retained profits HK\$'000	Share option reserve HK\$'000	Share award reserve HK\$'000	Perpetual convertible securities HK\$'000	Total HK\$'000
At 1 January 2023	903,712	4,074,169	-	6,089,411	761	-	-	11,068,053
Profit for the year	-	-	-	739,498	-	-	12,870	752,368
2022 final dividend paid	-	-	-	(686,823)	-	-	-	(686,823)
2023 interim dividend paid	-	-	-	(162,669)	-	-	-	(162,669)
Exercise of pre-IPO share option scheme allotment	3	49	-	-	(6)	-	-	46
Share option lapsed	-	-	-	755	(755)	-	-	-
Share-based compensation under share award scheme	-	-	-	-	-	69,160	-	69,160
Issuance of perpetual convertible securities	-	-	-	-	-	-	774,101	774,101
Distribution paid on perpetual capital securities	-	-	-	-	-	-	(12,870)	(12,870)
Share purchase for share award scheme	-	-	(76,499)	-	-	-	-	(76,499)
Vesting of shares under share award scheme	-	-	48,860	-	-	(48,860)	-	-
At 31 December 2023	903,715	4,074,218	(27,639)	5,980,172	-	20,300	774,101	11,724,867
At 1 January 2024	903,715	4,074,218	(27,639)	5,980,172	-	20,300	774,101	11,724,867
Profit for the year	-	-	-	440,272	-	-	25,740	466,012
2023 final dividend paid	-	-	-	(234,966)	-	-	-	(234,966)
2024 interim dividend paid	-	-	-	(180,743)	-	-	-	(180,743)
Special interim dividend by way of distribution in specie	-	-	-	(983,215)	-	-	-	(983,215)
Share-based compensation under share award scheme	-	-	-	-	-	11,797	-	11,797
Distribution paid on perpetual capital securities	-	-	-	-	-	-	(25,740)	(25,740)
Share purchase for share award scheme	-	-	(39,678)	-	-	-	-	(39,678)
Vesting of shares under share award scheme	-	-	23,362	-	-	(23,362)	-	-
At 31 December 2024	903,715	4,074,218	(43,955)	5,021,520	-	8,735	774,101	10,738,334

41 EVENTS AFTER THE REPORTING PERIOD

On 23 January 2025, the purchase contract between the Company and SF Holding (HK) Limited relating to the sale and purchase of the Convertible Securities (the “Repurchase”) was approved in the special general meeting. Completion of the Repurchase has taken place on 27 January 2025.

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES

At 31 December 2024, the Company held interests in the following principal subsidiaries:

Name	Place of incorporation and principal place of operation	Principal activities	Issued share capital <sup>(7)</sup> / registered capital	Interest held indirectly	
				2024	2023
<sup>(12)</sup> APEX Maritime Co. (LAX), Inc.	US	Freight forwarding	US\$100,000 <sup>(9)</sup>	100%	100%
<sup>(12)</sup> APEX Maritime Co., Inc.	US	Freight forwarding	US\$238,203 <sup>(9)</sup>	100%	100%
<sup>(1)(12)</sup> ASAV Logistics Services Inc.	Turkey	Freight forwarding	TRY3,000,000	100%	100%
<sup>(1)(3)(12)</sup> Beijing Kerry Logistics Ltd.	PRC	Logistics business	US\$12,000,000	100%	100%
<sup>(1)(4)(12)</sup> Beijing Tengchang International Transportation Service Co., Ltd.	PRC	Freight forwarding	RMB15,000,000	51%	51%
<sup>(12)</sup> Business By Air SAS	France	Freight forwarding	EUR672,000	65%	0%
<sup>(1)(3)(12)</sup> Chengdu Kerry Shudu Logistics Co., Ltd.	PRC	Logistics business	RMB50,000,000	100%	100%
Columbia International Removals Limited	HK	Logistics business	HK\$5,000,000	100%	100%
<sup>(1)(3)(12)</sup> CV Global Logistics (Beijing) Limited	PRC	Logistics business	RMB50,000,000	100%	100%
<sup>(12)</sup> E.A.E. Freight & Forwarding Sdn. Bhd.	Malaysia	Road freight	MYR500,000	100%	100%
<sup>(12)</sup> F.D.I Co.,Ltd	Vietnam	Freight forwarding	VND20,000,000,000	70%	70%
<sup>(12)</sup> Globalink Transportation and Logistics Worldwide LLP	Kazakhstan	Freight forwarding	KZT391,027,000	51%	51%
International Enterprise Co. Limited	HK	Investment holding	HK\$10,010	100%	100%
<sup>(1)(4)(12)</sup> Jia Hui Logistics (Zhangjiagang) Co., Ltd.	PRC	Logistics business	US\$35,000,000	68%	68%
<sup>(1)(3)(12)</sup> Jiachang (Zhuhai) Logistics Limited	PRC	Logistics business	RMB121,500,000	100%	100%
<sup>(1)(4)(12)</sup> JST Logistics Corporation Limited	PRC	Rail logistics	RMB55,016,130	50%	50%
K.A.S. Services Limited	HK	Freight forwarding	HK\$1	100%	100%
K-Apex Logistics (HK) Co., Limited	HK	Freight forwarding	HK\$18,900,047	100%	100%
<sup>(1)(2)(12)</sup> KART (China) Co., Ltd	PRC	Road freight	RMB30,000,000	100%	100%
<sup>(1)(12)</sup> KART (Thailand) Limited	Thailand	Road freight	THB80,000,000	100%	100%
<sup>(12)</sup> KART (Vietnam) Transportation Company Limited	Vietnam	Road freight	VND4,622,000,000	100%	100%
KAS (Germany) GmbH	Germany	Freight forwarding	EUR25,000	100%	100%
Kerry Business Outsourcing Solutions Limited	HK	Documents storage	HK\$2	100%	100%
Kerry Coffee (Hong Kong) Limited	HK	Trading business	HK\$100,000	100%	100%
<sup>(1)(4)(12)</sup> Kerry Cold Chain Solution Ltd.	PRC	Cold chain solution logistics	RMB50,000,000	51%	51%

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and principal place of operation	Principal activities	Issued share capital <sup>(7)</sup> / registered capital	Interest held indirectly	
				2024	2023
Kerry Cold Store (Hong Kong) Limited	HK	Warehouse operator	HK\$20	100%	100%
Kerry Distribution (Hong Kong) Limited	HK	Transportation and distribution services	HK\$500,000	100%	100%
Kerry Distribution Services (Hong Kong) Limited	HK	Transportation and distribution services	HK\$10,000	100%	100%
<sup>(4)(12)</sup> Kerry EAS Logistics Limited	PRC	Logistics business	RMB270,000,000	70%	70%
Kerry eCommerce Limited	HK	Logistics business	HK\$10,000	60%	60%
Kerry Express (Hong Kong) Limited	HK	Courier services and logistics	HK\$5,000,000	60%	60%
<sup>(12)</sup> Kerry Far East Logistics (Bangladesh) Limited	Bangladesh	Freight forwarding	BDT10,000,000	70%	70%
<sup>(1)(3)(12)</sup> Kerry FFTZ Warehouse (Shenzhen) Ltd.	PRC	Logistics business	HK\$70,000,000	100%	100%
Kerry Freight (Hong Kong) Limited	HK	Freight forwarding	HK\$2,760,000	100%	100%
<sup>(1)</sup> Kerry Freight (Korea) Inc.	South Korea	Freight forwarding	KRW500,000,000 <sup>(9)</sup>	100%	100%
<sup>(1)(3)(12)</sup> Kerry Freight (Shenzhen Qianhai) Limited	PRC	Freight forwarding	RMB50,000,000	100%	100%
Kerry Freight (Singapore) Pte. Ltd.	Singapore	Freight forwarding	SGD500,000	75%	75%
<sup>(12)</sup> Kerry Freight (USA) Incorporated	US	Freight forwarding	US\$1,000,000	100%	100%
<sup>(12)</sup> Kerry Freight Myanmar Limited	Myanmar	Freight forwarding	US\$100,000	100%	100%
<sup>(1)(3)</sup> Kerry General Sales Agent (Shenzhen) Co., Ltd.	PRC	Freight forwarding	RMB50,000,000	100%	100%
<sup>(1)(3)(12)</sup> Kerry IMS Chemical Logistics (Cangzhou) Ltd.	PRC	Logistics business	RMB10,000,000	100%	100%
<sup>(1)(3)(12)</sup> Kerry IMS Chemical Logistics (Zhangjiagang) Ltd.	PRC	Logistics business	RMB10,000,000	100%	100%
<sup>(1)(3)(12)</sup> Kerry IMS Chemical Storage and Transport (Shanghai) Co., Ltd	PRC	Logistics business	RMB60,000,000	100%	100%
<sup>(5)(6)(12)</sup> Kerry Indev Logistics Private Limited	India	Logistics business	INR15,357,400	50%	50%
<sup>(12)</sup> Kerry Integrated Logistics (Viet Nam) Co.,Ltd	Vietnam	Logistics business	US\$7,900,000	100%	100%
<sup>(1)(3)(12)</sup> Kerry Lanhai (Tianjin) Logistics Ltd.	PRC	Logistics business	RMB20,000,000	51%	51%

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and principal place of operation	Principal activities	Issued share capital <sup>(7)</sup> / registered capital	Interest held indirectly	
				2024	2023
<sup>(1)</sup> / <sup>(12)</sup> Kerry Logistics (Bangna) Limited	Thailand	Logistics business	THB500,000,000	100%	100%
<sup>(12)</sup> Kerry Logistics (Cambodia) Pte. Ltd.	Cambodia	Freight forwarding	KHR96,960,000	100%	100%
Kerry Logistics (Canada) Inc.	Canada	Freight forwarding	US\$240	100%	100%
<sup>(1)</sup> / <sup>(3)</sup> / <sup>(12)</sup> Kerry Logistics (China) Investment Limited	PRC	Investment holding	US\$236,534,362	100%	100%
Kerry Logistics (Germany) GmbH	Germany	Freight forwarding	EUR50,000	100%	100%
<sup>(1)</sup> / <sup>(3)</sup> / <sup>(12)</sup> Kerry Logistics (Guangzhou) Limited	PRC	Logistics business	US\$35,000,000	100%	100%
<sup>(1)</sup> / <sup>(3)</sup> / <sup>(12)</sup> Kerry Logistics (Hainan) Co., Ltd.	PRC	Logistics business	US\$18,000,000	100%	100%
Kerry Logistics (Hong Kong) Limited	HK	Logistics business	HK\$10,000,000	100%	100%
<sup>(1)</sup> / <sup>(12)</sup> Kerry Logistics (Japan) Limited	Japan	Freight forwarding	JPY100,000,000	100%	100%
<sup>(1)</sup> / <sup>(3)</sup> / <sup>(12)</sup> Kerry Logistics (Kunshan) Ltd.	PRC	Logistics business	HK\$128,000,000	100%	100%
<sup>(12)</sup> Kerry Logistics (Macau) Limited	Macau	Logistics business	MOP100,000	100%	51%
<sup>(12)</sup> Kerry Logistics (Netherlands) B.V. (Formerly known as Kerry Adco Logistics B.V.)	Netherlands	Freight forwarding	EUR227,000	100%	100%
<sup>(12)</sup> Kerry Logistics (Oceania) Limited	New Zealand	Freight forwarding	NZD250,000	100%	100%
Kerry Logistics (Oceania) Pty. Ltd.	Australia	Freight forwarding	AUD1,000,000	100%	100%
<sup>(12)</sup> Kerry Logistics (Phils.), Inc.	Philippines	Freight forwarding	PHP16,000,000	51%	51%
<sup>(12)</sup> Kerry Logistics (South Africa) (Pty) Ltd	South Africa	Freight forwarding	ZAR100,000	100%	100%
Kerry Logistics (Spain), S.A.U.	Spain	Freight forwarding	EUR120,202	100%	100%
Kerry Logistics (Sweden) AB	Sweden	Freight forwarding	SEK500,000	100%	100%
<sup>(1)</sup> / <sup>(12)</sup> Kerry Logistics (Thailand) Limited	Thailand	Logistics business	THB160,000,000	100%	100%
Kerry Logistics (UK) Limited	United Kingdom	Freight forwarding	GBP20,000	100%	100%
<sup>(3)</sup> / <sup>(12)</sup> Kerry Logistics (Wuxi) Co., Ltd	PRC	Logistics business	HK\$125,000,000	100%	100%
<sup>(3)</sup> / <sup>(12)</sup> Kerry Logistics (Xiamen) Co., Ltd.	PRC	Logistics business	RMB78,000,000	100%	100%
<sup>(3)</sup> / <sup>(12)</sup> Kerry Logistics (Zhengzhou) Limited	PRC	Logistics business	RMB50,000,000	100%	100%
<sup>(1)</sup> / <sup>(3)</sup> / <sup>(12)</sup> Kerry Logistics Anhui Co., Ltd.	PRC	Logistics business	RMB26,000,000	100%	100%
Kerry Logistics Arabia Company Limited	Saudi Arabia	Freight forwarding	SAR1,000,000	100%	100%
<sup>(12)</sup> Kerry Logistics Bahrain WLL	Bahrain	Freight forwarding	BHD80,000	100%	100%

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and principal place of operation	Principal activities	Issued share capital <sup>(7)</sup> / registered capital	Interest held indirectly	
				2024	2023
<sup>(12)</sup> Kerry Logistics Centre (Tampines) Pte. Ltd.	Singapore	Logistics business	SGD1,020,000	100%	100%
Kerry Logistics Cold Chain (Australia) Pty. Ltd.	Australia	Logistics business	AUD1,000,000	81.5%	73.5%
Kerry Logistics Do Brasil – Transportes Internacionais Ltda	Brazil	Freight forwarding	BRL24,135,672	100%	100%
<sup>(6)</sup> Kerry Logistics Engineering Limited	HK	Logistics solution engineering and consultancy services	HK\$5,000,000	41%	41%
<sup>(5)</sup> / <sup>(12)</sup> Kerry Logistics Lanka (Private) Limited	Sri Lanka	Freight forwarding	LKR30,000,000	51%	51%
<sup>(12)</sup> Kerry Logistics Management (Asia) Pte. Ltd.	Singapore	Management services	SGD234,500,000	100%	100%
<sup>(1)</sup> / <sup>(3)</sup> / <sup>(12)</sup> Kerry Logistics Management (Shanghai) Company Limited	PRC	Supply chain solutions	US\$2,000,000	100%	100%
Kerry Logistics Mexico S.A. de C.V.	Mexico	Freight forwarding	MXN150,000 <sup>(10)</sup> MXN100,000 <sup>(11)</sup>	100%	100%
Kerry Logistics Middle East AUH L.L.C.	UAE	Freight forwarding	AED500,000	75%	75%
<sup>(12)</sup> Kerry Logistics Middle East L.L.C.	UAE	Freight forwarding	AED300,000	75%	75%
Kerry Logistics Peru S.A.C.	Peru	Freight forwarding	PEN903,320	100%	100%
Kerry Medical Limited	HK	Pharmaceutical logistics business	HK\$10,000	100%	82%
Kerry PC3 Limited	HK	Logistics business	HK\$1	100%	100%
Kerry Pharma (Hong Kong) Limited	HK	Pharmaceutical logistics business	HK\$500,000	100%	82%
<sup>(12)</sup> Kerry Project Logistics (Italia) S.p.A.	Italy	Freight forwarding of project cargo	EUR3,000,000	100%	100%
<sup>(12)</sup> Kerry Project Logistics (Kazakhstan) LLP	Kazakhstan	Freight forwarding of project cargo	KZT88,800,000	100%	100%
<sup>(1)</sup> / <sup>(12)</sup> Kerry Project Logistics (Turkmenistan) ES	Turkmenistan	Freight forwarding of project cargo	TMT80,000	100%	100%
<sup>(12)</sup> Kerry Project Logistics Middle East LLC	UAE	Freight forwarding of project cargo	AED500,000	100%	100%
<sup>(1)</sup> Kerry Siam Seaport Limited	Thailand	Seaport operation	THB650,000,000	84.92%	84.92%
Kerry Warehouse (Hong Kong) Limited	HK	Warehouse operator	HK\$25,000,000	100%	100%

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and principal place of operation	Principal activities	Issued share capital <sup>(7)</sup> / registered capital	Interest held indirectly	
				2024	2023
KerryFlex Supply Chain Solutions Limited	HK	Supply chain solutions	HK\$5,000,000	100%	100%
Power Hub Limited	HK	Logistics business	HK\$10,240,000	90%	90%
Pro-Med Technology Limited	HK	Trading business	HK\$40,000	51%	51%
<sup>(12)</sup> PT. Kerry Logistics Indonesia	Indonesia	Freight forwarding	IDR21,681,276,712	75.5%	59%
<sup>(3)(12)</sup> Qingdao SCO Demo Zone Kerry Logistics Co., Ltd.	PRC	Logistics business	US\$15,000,000	100%	100%
Saison Food Service Limited	HK	Trading business	HK\$300,000	100%	100%
<sup>(1)(3)(12)</sup> Shanghai Fengjia Warehouse Services Co., Ltd.	PRC	Logistics business	US\$40,000,000	100%	100%
<sup>(1)(3)(12)</sup> Shanghai Jingan Transportation Co., Ltd.	PRC	Logistics business	RMB79,250,000	51%	51%
<sup>(1)(4)(12)</sup> Shanghai TCI Freight Forwarding Co., Ltd.	PRC	Freight forwarding	RMB70,000,000	51%	51%
<sup>(1)(2)(12)</sup> Shanghai Wisdom Global Logistics Co., Ltd.	PRC	Freight forwarding	RMB10,000,000	70%	70%
<sup>(1)(4)(12)</sup> Shenzhen Kerry Yantian Port Logistics Company Limited	PRC	Logistics business	RMB88,000,000	55%	55%
Taishan Insurance Brokers Limited	HK	Insurance brokers	HK\$1,000,000	100%	100%
<sup>(1)(3)(12)</sup> Tianjin Globe Express Service Logistics Co., Ltd.	PRC	Logistics business	RMB40,584,854	51%	51%
<sup>(14)</sup> Topocean Consolidation Service (Los Angeles) Inc.	US	Freight forwarding	US\$200,000 <sup>(9)</sup>	90%	90%
Transpeed Cargo (S) Pte. Ltd.	Singapore	Freight forwarding	SGD100,000	75%	75%
<sup>(12)</sup> Tuvia Italia S.p.A.	Italy	Freight forwarding	EUR1,130,050	100%	100%
Wah Cheong Company, Limited	HK	General merchants	HK\$15,000,000	100%	100%

There is no non-controlling interest that is individually significant to the Group.

None of the subsidiaries had issued any debt securities outstanding at the end of the year or at any time during the year.

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES (CONTINUED)

Notes:

- (1) English translation of name only
- (2) Domestic corporation
- (3) Wholly foreign-owned enterprise
- (4) Sino-foreign equity joint venture enterprise
- (5) Companies having a financial accounting period which is not coterminous with the Group
- (6) Control is obtained by the Group through obtaining power over the investee, exposure or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.
- (7) All being ordinary shares and fully paid up except otherwise stated
- (8) Redeemable preference shares
- (9) Common shares/common stock
- (10) Fixed capital shares
- (11) Variable capital shares
- (12) Companies not audited by PricewaterhouseCoopers
- (13) Companies incorporated in BVI and operating in HK
- (14) The Group has legally completed the acquisitions of 90% interest as at 31 December 2024.

HK Hong Kong Special Administrative Region

BVI British Virgin Islands

UAE United Arab Emirates



# DEFINITIONS

“3PL”	third-party logistics
“AGM”	annual general meeting of the Company to be held on Monday, 26 May 2025
“Asia”	Asia continent, for the purpose of this annual report only, excludes Greater China and Middle East
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Circular”	the circular of the Company dated 3 May 2021
“CIS”	the Commonwealth of Independent States
“Companies Ordinance”	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “KLN”	KLN Logistics Group Limited (formerly 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% unlisted 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
“ED”	Executive Director
“EMEA”	Europe, Middle East and Africa
“ESG”	environmental, social and governance

“F&B”	food and beverage
“Financial Statements”	the audited consolidated financial statements of the Group for the year ended 31 December 2024
“Flourish Harmony”	Flourish Harmony Holdings Company Limited, an indirect wholly-owned subsidiary of S.F. Holding
“GFA”	gross floor area
“Greater China”	for the purpose of this annual report only, the Mainland of China, Hong Kong, Macau and Taiwan
“Group” or “KLN Group”	the Company and its subsidiaries
“HACCP”	Hazard Analysis Critical Control Point
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standards
“HKEX”	The Hong Kong Exchanges and Clearing Limited
“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
“INED”	Independent Non-executive Director
“ISSB”	the International Sustainability Standards Board
“KEAS”	Kerry EAS Logistics Limited, a limited company established under the law of the PRC, an indirect 70%-owned subsidiary of the Company
“Kerry TJ”	Kerry TJ Logistics Company Limited, incorporated under the laws of Taiwan and listed on Taiwan Stock Exchange (stock code: 2608)
“KEX Express Thailand” or “KEX”	KEX Express (Thailand) Public Company Limited (formerly known as Kerry Express (Thailand) Public Company Limited), a public company with limited liability registered in Thailand and listed on The Stock Exchange of Thailand (stock code: KEX), is a subsidiary of S.F. Holding
“KEX Share(s)”	share(s) of par value of THB0.50 each in KEX Express Thailand

“KGL”	Kerry Group Limited, one of the Controlling Shareholders of the Company
“KHL”	Kerry Holdings Limited, a wholly-owned subsidiary of KGL
“KPL”	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 (stock code: 683), and is a Substantial Shareholder of the Company
“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” or “Mainland of China”	the PRC and, for the purpose of this annual report 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
“MT Programme”	Management Trainee Programme
“NED”	Non-executive Director
“NVOCC”	non-vessel operating common carrier
“Oceania”	for the purpose of this annual report 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
“PRC”	the People's Republic of China
“Q2” or “Q3”	second quarter or third quarter
“Registers of Members”	registers of members of the Company
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“S.F. Holding”	S.F. Holding Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the domestic ordinary shares of which are listed on the Shenzhen Stock Exchange (stock code: 002352.SZ) and the overseas listed foreign ordinary shares of which are listed on the Main Board of and the Stock Exchange (stock code: 06936), is a subsidiary of Shenzhen Mingde
“SF Holding HK”	SF Holding (HK) Limited (formerly SF Holding Limited), an indirect wholly-owned subsidiary of S.F. Holding

“SF REIT Manager”	SF REIT Asset Management Limited, the manager of SF Real Estate Investment Trust (a Hong Kong collective investment scheme authorised under section 104 of the SFO and listed on the Stock Exchange, stock code 2191)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SFTS”	Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of S.F. Holding
“SFTS Group”	SFTS and its subsidiaries
“SGD”	Singapore dollars, the lawful currency of Singapore
“Share Award Scheme”	share award scheme of the Company
“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(ies)”	shall have the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	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
“UNICEF”	The United Nations Children's Fund
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“YEA”	Kerry Logistics Young Executives Academy
“%”	per cent



## OUR CORE VALUES

# VOICE

**VALUE CREATION** We strive to generate meaningful benefits for all our stakeholders by delivering innovative solutions and fostering enduring value. Our goal is to enhance experiences and outcomes by continually pushing the boundaries of what's possible. **OPENNESS** We believe in true openness and transparency throughout our company. We actively encourage open communication and dialogue at every level of the organisation, fostering an agile environment that swiftly adapts to change and seizes opportunities. **INTEGRITY** Our business is built on integrity. We follow clear ethical guidelines and strictly enforce them throughout the company. **COMMITMENT** We are dedicated to the success of our clients. Our unwavering commitment extends to every project and assignment, ensuring exceptional service and outstanding performance. We are equally devoted to fostering our employees' career development and fulfilling our shareholders' expectations. **EXCELLENCE** We are committed to excellence by continuously improving and innovating while integrating sustainable practices to ensure a better future for our business and the world.

