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

(Incorporated in the British Virgin Islands and continued into Bermuda  
as an exempted company with limited liability)

Stock Code 636

## RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2022, together with comparative figures for the year ended 31 December 2021.

### GROUP'S FINANCIAL HIGHLIGHTS

- Revenue increased by 10% to HK\$86,649 million (2021: HK\$78,955 million\*).
- Core operating profit dropped by 12% to HK\$4,790 million (2021: HK\$5,441 million\*).
- Core net profit increased by 11% to HK\$3,572 million (2021: HK\$3,220 million\*).
- Profit attributable to the Shareholders was HK\$3,579 million, which represents a growth of 8% (2021: HK\$3,309 million\*). Year-on-year drop is 55% if profit from discontinued operations in 2021 is also included.
- IL business recorded a segment profit of HK\$1,375 million (2021: HK\$1,073 million\*), which represents an increase of 28%.
- E&E business recorded a segment loss of HK\$826 million (2021: profit of HK\$41 million).
- IFF business recorded a segment profit of HK\$4,703 million (2021: HK\$4,825 million\*), which represents a slight drop of 3%.
- Proposed final dividend of 38 HK cents per Share to be payable on or around Thursday, 8 June 2023.

\* Excluding discontinued operations

## CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2022 HK\$'000	2021 HK\$'000
<b>Continuing operations</b>			
Revenue	2	86,649,463	78,954,724
Direct operating expenses	4	(78,297,812)	(69,950,781)
Gross profit		8,351,651	9,003,943
Other income and net gains/(losses)	3	569,849	(18,805)
Administrative expenses	4	(3,628,896)	(3,626,933)
Operating profit before fair value change of investment properties		5,292,604	5,358,205
Change in fair value of investment properties		9,315	298,850
Operating profit		5,301,919	5,657,055
Finance expenses	5	(392,968)	(250,756)
Share of results of associates and joint ventures		166,894	157,958
Profit before taxation		5,075,845	5,564,257
Taxation	6	(1,255,827)	(1,299,167)
Profit for the year from continuing operations		3,820,018	4,265,090
Discontinued operations:			
Profit for the year from discontinued operations	14	–	4,765,506
Profit for the year		3,820,018	9,030,596
Profit attributable to:			
Company's shareholders			
From continuing operations		3,579,191	3,308,813
From discontinued operations		–	4,629,840
Non-controlling interests			
From continuing operations		240,827	956,277
From discontinued operations		–	135,666
		3,820,018	9,030,596
Earnings per share from continuing operations	8		
– Basic		HK\$1.98	HK\$1.84
– Diluted		HK\$1.98	HK\$1.83
Earnings per share from discontinued operations			
– Basic		HK\$–	HK\$2.57
– Diluted		HK\$–	HK\$2.56

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Profit for the year	3,820,018	9,030,596
Other comprehensive income		
Items that will not be reclassified subsequently to consolidated income statement		
Defined benefit pension plans		
– Actuarial gain/(losses)	6,869	(3,296)
– Deferred income tax	(1,374)	661
Fair value change on financial assets at fair value through other comprehensive income	(29,912)	7,136
Items that may be reclassified to consolidated income statement		
Net translation differences on foreign operations	(1,290,709)	(459,218)
Other comprehensive loss for the year (net of tax)	(1,315,126)	(454,717)
Total comprehensive income for the year	2,504,892	8,575,879
Total comprehensive income attributable to:		
Company's shareholders		
From continuing operations	2,450,318	2,998,913
From discontinued operations	–	4,567,029
Non-controlling interests	54,574	1,009,937
	2,504,892	8,575,879

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2022 HK\$'000	2021 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Intangible assets		5,855,895	4,303,119
Investment properties		1,819,589	1,939,636
Property, plant and equipment		7,869,412	7,526,228
Right-of-use assets		3,221,273	4,348,205
Associates and joint ventures		1,642,761	2,281,222
Financial assets at fair value through other comprehensive income		554,962	587,337
Investment in convertible bonds		5,538	5,911
Deferred taxation		463,169	155,944
		21,432,599	21,147,602
<b>Current assets</b>			
Financial assets at fair value through profit or loss		38,137	800,068
Financial assets at fair value through other comprehensive income		–	17,166
Inventories		482,035	374,775
Accounts receivable, prepayments and deposits	9	13,406,909	16,662,937
Tax recoverable		721,645	63,972
Amounts due from fellow subsidiaries		–	3
Restricted and pledged bank deposits		12,383	11,748
Cash and bank balances		9,240,365	9,084,105
		23,901,474	27,014,774
<b>Current liabilities</b>			
Lease liabilities		1,196,141	1,377,209
Accounts payable, deposits received and accrued charges	10	10,695,071	11,694,873
Amounts due to fellow subsidiaries		278,252	–
Amounts due to related companies		166,063	140,842
Taxation		492,536	752,201
Loan from non-controlling interests		6,862	27,703
Short-term bank loans and current portion of long-term bank loans	11	2,226,402	3,648,671
Bank overdrafts		83,801	199,201
		15,145,128	17,840,700

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31 December	
		2022 HK\$'000	2021 HK\$'000
<b>Non-current liabilities</b>			
Loans from non-controlling interests		209,144	205,594
Long-term bank loans	11	6,586,447	2,261,839
Lease liabilities		1,453,234	2,384,652
Deferred taxation		614,209	406,072
Retirement benefit obligations		52,110	50,028
Other non-current liabilities		24,096	176,775
		8,939,240	5,484,960
<b>ASSETS LESS LIABILITIES</b>		21,249,705	24,836,716
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's shareholders</b>			
Share capital		903,712	903,655
Share premium		4,074,169	4,072,917
Retained profits and other reserves		13,451,213	16,071,908
		18,429,094	21,048,480
Put options written on non-controlling interests		–	(4,593)
		18,429,094	21,043,887
Non-controlling interests		2,820,611	3,792,829
<b>TOTAL EQUITY</b>		21,249,705	24,836,716

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

The financial information and the related notes in respect of this results announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on this results announcement.

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

Pursuant to the conditional offer from S.F. Holding to acquire part of the issued shares of the Company in 2021, as part of the transaction, the Group entered into sale agreements with Kerry Holdings Limited ("KHL"), and sold the entire interest of the Hong Kong warehouse companies ("Hong Kong Warehouses") and the Taiwan business companies ("Taiwan Operation") (together the "Discontinued Operations") to KHL. The disposals of the Hong Kong Warehouses and Taiwan Operations were completed on 4 October 2021 and 27 September 2021 respectively.

The related financial information of the Discontinued Operations is required under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" to be presented separately as discontinued operations of the Group in the consolidated financial statement for the year ended 31 December 2021. Their results has been presented separately as one-line item below profit for the year from continuing operations as "discontinued operations" in the comparative figures in the consolidated income statement.

Further details of financial information of the Discontinued Operations are set out in note 14.

## (I) ADOPTION OF AMENDMENTS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are effective for the Group's accounting period beginning on 1 January 2022:

- Amendments to HKFRS 3, HKAS 16 and HKAS 37, 'Narrow-scope amendments'
- Amendments to HKFRS 16, 'Covid-19-Related Rent Concessions'
- Annual improvements to HKFRSs 2018–2020 cycle
- Revised Accounting Guideline 5, 'Merger accounting for common control combinations'

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

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

The following new standards and amendments to existing standards, interpretation and accounting guideline have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2023, but the Group has not early adopted them:

	<b>Applicable for accounting periods beginning on/after</b>
Amendments to HKAS 1 and HKFRS Practice Statement 2, 'Disclosure of accounting policies'	1 January 2023
Amendments to HKAS 8, 'Definition of accounting estimates'	1 January 2023
Amendments to HKAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	1 January 2023
HKFRS 17, 'Insurance contracts'	1 January 2023
Amendments to HKFRS 17, 'Insurance contracts'	1 January 2023
Amendments to HKAS 17, 'Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information'	1 January 2023
Amendments to HKAS 1, 'Classification of liabilities as current or non-current'	1 January 2024
Amendments to HKAS 1, 'Non-current liabilities with covenants'	1 January 2024
Amendment to HKFRS 16, 'Lease liability in a sale and leaseback'	1 January 2024
Hong Kong Interpretation 5 (Revised), 'Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause'	1 January 2024
Amendments to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined

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

## 2. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

An analysis of the Group's financial results by operating segment and geographical area for the year ended 31 December 2022, together with comparative figures for the year ended 31 December 2021, as reclassified, is as follows:

	Continuing operations								Discontinued operations after elimination				
	Integrated logistics		E-commerce & Express		International freight forwarding		Elimination		Consolidation		Consolidation		
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>													
Turnover	13,155,880	12,875,164	6,090,091	6,927,411	67,403,492	59,152,149	-	-	86,649,463	78,954,724	2,816,415	86,649,463	81,771,139
Inter-segment revenue	984,624	790,659	1,026,102	951,254	12,489,225	18,976,168	(14,499,951)	(20,718,081)	-	-	-	-	-
	14,140,504	13,665,823	7,116,193	7,878,665	79,892,717	78,128,317	(14,499,951)	(20,718,081)	86,649,463	78,954,724	2,816,415	86,649,463	81,771,139
<i>Turnover by Geographic</i>													
Hong Kong	4,694,841	3,920,969	1,644,065	1,980,243	3,605,919	5,849,253	(1,333,234)	(2,913,384)	8,611,591	8,837,081	167,992	8,611,591	9,005,073
Mainland of China	6,647,517	7,098,102	-	-	21,678,918	29,233,302	(4,884,959)	(10,153,866)	23,441,476	26,177,538	-	23,441,476	26,177,538
Taiwan	-	-	-	-	-	-	-	-	-	-	2,648,423	-	2,648,423
Asia	2,657,175	2,510,513	5,328,309	5,870,367	12,940,465	13,138,273	(5,831,322)	(6,689,664)	15,094,627	14,829,489	-	15,094,627	14,829,489
Americas	-	-	-	-	29,231,522	18,169,112	(1,861,306)	(318,841)	27,370,216	17,850,271	-	27,370,216	17,850,271
EMEA	-	-	143,819	28,055	10,730,388	10,464,096	(542,925)	(598,911)	10,331,282	9,893,240	-	10,331,282	9,893,240
Oceania	140,971	136,239	-	-	1,705,505	1,274,281	(46,205)	(43,415)	1,800,271	1,367,105	-	1,800,271	1,367,105
	14,140,504	13,665,823	7,116,193	7,878,665	79,892,717	78,128,317	(14,499,951)	(20,718,081)	86,649,463	78,954,724	2,816,415	86,649,463	81,771,139
<b>Segment profit/(loss)</b>													
Hong Kong	756,171	455,147	19,356	63,171	127,747	553,532	-	-	903,274	1,071,850	413,763	903,274	1,485,613
Mainland of China	342,414	353,045	-	-	1,196,494	1,606,282	-	-	1,538,908	1,959,327	-	1,538,908	1,959,327
Taiwan	-	-	-	-	-	-	-	-	-	-	374,835	-	374,835
Asia	267,271	219,084	(863,477)	(25,257)	879,850	739,823	-	-	283,644	933,650	-	283,644	933,650
Americas	-	-	(49)	-	1,978,421	1,541,551	-	-	1,978,372	1,541,551	-	1,978,372	1,541,551
EMEA	-	-	18,357	3,101	399,025	295,060	-	-	417,382	298,161	-	417,382	298,161
Oceania	9,221	45,854	-	-	121,476	88,807	-	-	130,697	134,661	-	130,697	134,661
	1,375,077	1,073,130	(825,813)	41,015	4,703,013	4,825,055	-	-	5,252,277	5,939,200	788,598	5,252,277	6,727,798
<b>Less: Unallocated administration expenses</b>									(462,041)	(497,539)	(1,592)	(462,041)	(499,131)
<b>Core operating profit</b>									4,790,236	5,441,661	787,006	4,790,236	6,228,667
Interest income									72,791	46,544	168	72,791	46,712
Finance costs									(392,968)	(250,756)	(39,360)	(392,968)	(290,116)
Share of results of associates and joint ventures									166,894	157,958	661	166,894	158,619
Gain on disposal of associates*									397,611	-	-	397,611	-
Profit before taxation*									5,034,564	5,395,407	748,475	5,034,564	6,143,882
Taxation*									(1,221,588)	(1,224,690)	(140,785)	(1,221,588)	(1,365,475)
Profit for the year*									3,812,976	4,170,717	607,690	3,812,976	4,778,407
Non-controlling interests*									(240,801)	(950,934)	(135,666)	(240,801)	(1,086,600)
<b>CORE NET PROFIT</b>									3,572,175	3,219,783	472,024	3,572,175	3,691,807
Change in fair value of investment properties									9,315	298,850	1,969,920	9,315	2,268,770
Deferred tax of change in fair value of investment properties									(2,273)	(74,477)	-	(2,273)	(74,477)
Less: Non-controlling interests' share of change in fair value of investment properties and its related deferred tax									(26)	(5,343)	-	(26)	(5,343)
Gain on disposal of Hong Kong Warehouses and Taiwan Operation									-	-	2,187,896	-	2,187,896
Goodwill impairment									-	(130,000)	-	-	(130,000)
<b>Profit attributable to Company's shareholder</b>									3,579,191	3,308,813	4,629,840	3,579,191	7,938,653
Depreciation and amortisation	1,209,830	1,035,633	614,928	628,682	384,012	352,199			2,208,770	2,016,514	244,681	2,208,770	2,261,195

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

\* Excluding the change in fair value of investment properties and its related deferred tax, gain on disposal of Hong Kong Warehouses and Taiwan Operation, and goodwill impairment



Management has determined the operating segments based on the reports reviewed by the executive directors. The executive directors assess the performance of the three principal activities in continuing operations of the Group, in 2022 namely integrated logistics, e-commerce & express and international freight forwarding, in each geographical area. The disposed Hong Kong Warehouse and Taiwan Business were presented under "Discontinued Operation".

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

E-commerce & Express segment derives revenue primarily from e-commerce businesses and domestic parcel delivery services.

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

During the year, the Group has re-determined a new operating segment namely e-commerce & express, which was originally included in the integrated logistics segment in previous years. After the disposal of the Hong Kong Warehouse segment, with the combination of the continuing business expansion of e-commerce & express segment, for segment presentation purpose, e-commerce & express segment is presented as an operating segment for the current segmental analysis of operations. Prior period corresponding segment information that is presented for comparative purpose has been restated. The reclassification has no impact on the profit for the current and comparative period of the Group for the year ended 31 December 2022 and 31 December 2021 nor on the assets and liabilities of the Group as of 31 December 2022 and 31 December 2021.

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

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

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

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

By operating segment	2022				2021			
	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Rental income HK\$'000	Total HK\$'000	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Rental income HK\$'000	Total HK\$'000
Revenue from contracts with customers								
Integrated logistics	1,484,566	11,538,675	132,639	13,155,880	1,267,411	11,482,393	125,360	12,875,164
E-commerce & Express	-	6,090,091	-	6,090,091	-	6,927,411	-	6,927,411
International freight forwarding	-	67,403,492	-	67,403,492	-	59,152,149	-	59,152,149
Discontinued operations	-	-	-	-	7,676	2,669,827	138,912	2,816,415
	1,484,566	85,032,258	132,639	86,649,463	1,275,087	80,231,780	264,272	81,771,139

By geographical area	2022				2021			
	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Rental income HK\$'000	Total HK\$'000	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Rental income HK\$'000	Total HK\$'000
Revenue from contracts with customers								
Hong Kong	1,303,897	7,307,694	-	8,611,591	1,181,081	7,656,000	-	8,837,081
Mainland of China	156,367	23,194,832	90,277	23,441,476	49,023	26,036,410	92,105	26,177,538
Asia	24,302	15,027,963	42,362	15,094,627	37,307	14,758,927	33,255	14,829,489
America	-	27,370,216	-	27,370,216	-	17,850,271	-	17,850,271
EMEA	-	10,331,282	-	10,331,282	-	9,893,240	-	9,893,240
Oceania	-	1,800,271	-	1,800,271	-	1,367,105	-	1,367,105
Discontinued operations	-	-	-	-	7,676	2,669,827	138,912	2,816,415
	1,484,566	85,032,258	132,639	86,649,463	1,275,087	80,231,780	264,272	81,771,139

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

	Segment non-current assets <sup>#</sup>	
	2022 HK\$'000	2021 HK\$'000
Hong Kong	1,665,857	2,062,027
Mainland of China	7,068,214	7,788,141
Asia	7,512,809	8,129,462
Americas	2,870,537	1,055,752
EMEA	1,153,674	1,209,174
Oceania	137,839	153,854
	20,408,930	20,398,410

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

### 3. OTHER INCOME AND NET (LOSSES)/GAINS

	2022 HK\$'000	2021 HK\$'000
<b>Continuing operations</b>		
Interest income from banks	71,870	43,724
Interest income from associates	921	2,820
Interest income from convertible bonds	–	2,416
Gain on disposal of property, plant and equipment	9,281	29,179
Gain/(loss) on disposal of subsidiaries	21,355	(22,062)
Gain/(loss) on disposal of associates (note)	429,941	(29)
Fair value change of financial assets at fair value through profit or loss	(5,191)	54,497
Gain on disposal of right-of-use assets and derecognition of lease liabilities	55,820	650
Goodwill impairment	–	(130,000)
Net loss from settlement of put option written on non-controlling interest	(14,148)	–
	569,849	(18,805)

Note:

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

### 4. EXPENSES BY NATURE

Expenses included in direct operating expenses and administrative expenses are analysed as follows:

	2022 HK\$'000	2021 HK\$'000
<b>Continuing operations</b>		
Auditors' remuneration	39,630	42,792
Business tax and other taxes	21,556	23,327
Cost of goods sold	1,251,023	1,050,617
Freight and transportation costs	69,568,904	61,660,586
Depreciation of property, plant and equipment	786,864	737,508
Depreciation of right-of-use assets	1,265,226	1,140,800
Amortisation of intangible assets	156,680	138,206
Provision for impairment of receivables	138,790	108,283
Reversal of provision for impairment of receivables	(31,793)	(1,270)
Rental expenses on land and buildings	597,786	245,928
Employee benefit expenses (note)	7,316,097	7,428,200

Note:

Government grants amounting to HK\$37,111,000 (2021: HK\$11,281,000) have been recognised and deducted in employee benefit expenses for the year ended 31 December 2022.

## 5. FINANCE EXPENSES

	2022 HK\$'000	2021 HK\$'000
<b>Continuing operations</b>		
Interest expenses on bank loans and overdrafts	299,355	134,821
Interest expenses on lease liabilities	93,613	115,935
	392,968	250,756

## 6. TAXATION

	2022 HK\$'000	2021 HK\$'000
<b>Continuing operations</b>		
Hong Kong profits tax		
– Current	221,266	301,000
– Over provision in prior years	(1,105)	(18,808)
– Deferred	(19,417)	33
	200,744	282,225
PRC taxation		
– Current	260,883	240,004
– Under provision in prior years	22,529	8,166
– Deferred	2,108	68,001
	285,520	316,171
Overseas taxation		
– Current	754,738	794,632
– Over provision in prior years and tax refunds (note)	(42,072)	(136,975)
– Deferred	56,897	43,114
	769,563	700,771
	1,255,827	1,299,167

Note:

In March 2020, US passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES ACT") which allows a five-year carryback of federal net operating losses generated in the tax years beginning in 2018, 2019 and 2020, and received a refund claim of approximately US\$12,000,000 (approximately HK\$93,000,000) in 2021.

### HONG KONG AND OVERSEAS PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) for the year ended 31 December 2022 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% (2021: 25%) on the estimated assessable profit for the year.

## WITHHOLDING TAX ON DISTRIBUTED/UNDISTRIBUTED PROFITS

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

The Group's share of associates' and joint ventures' taxation for the year ended 31 December 2022 is HK\$37,189,000 (2021: HK\$25,495,000) and included in the share of results of associates and joint ventures in the consolidated income statement.

## 7. DIVIDENDS

A final dividend in respect of the year ended 31 December 2022 of 38 HK cents per share, amounting to a total dividend of HK\$686,821,000, is to be proposed at the annual general meeting on Monday, 22 May 2023. These financial statements do not reflect this dividend payable.

	2022 HK\$'000	2021 HK\$'000
Interim dividend paid of 28 HK cents (2021: 21.1 HK cents) per ordinary share	506,079	381,341
Special dividend paid of Nil (2021: 728 HK cents) per ordinary share	–	13,157,178
Proposed final dividend of 38 HK cents (2021: 50 HK cents) per ordinary share	686,821	903,655
	<u>1,192,900</u>	<u>14,442,174</u>

## 8. EARNINGS PER SHARE

### BASIC

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

	2022	2021
Adjusted weighted average number of ordinary shares in issue	1,807,383,897	1,803,147,927
Profit attributable to the Company's shareholders (HK\$'000)		
From continuing operations	3,579,191	3,308,813
From discontinued operation	–	4,629,840
Basic earnings per share (HK\$)		
From continuing operations	1.98	1.84
From discontinued operation	–	2.57

## DILUTED

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

	2022	2021
Adjusted weighted average number of ordinary shares in issue	1,807,383,897	1,803,147,927
Adjustment for share options	257,232	2,840,424
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,807,641,129	1,805,988,351
Profit attributable to the Company's shareholders (HK\$'000)		
From continuing operations	3,579,191	3,308,813
From discontinued operation	–	4,629,840
Diluted earnings per share (HK\$)		
From continued operations	1.98	1.83
From discontinued operation	–	2.56

## 9. ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

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

	2022 HK\$'000	2021 HK\$'000
Below 1 month	5,922,246	7,654,779
Between 1 month and 3 months	3,219,285	4,332,734
Over 3 months	1,056,663	859,476
Total accounts receivables, net	10,198,194	12,846,989
Prepayments, deposits and other receivables	3,208,715	3,815,948
	13,406,909	16,662,937

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

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

	2022 HK\$'000	2021 HK\$'000
Below 1 month	2,763,461	3,605,375
Between 1 month and 3 months	904,035	1,558,885
Over 3 months	864,304	1,110,650
Total accounts payables	4,531,800	6,274,910
Deposits received, accrued charges and other payables	6,163,271	5,419,963
	10,695,071	11,694,873

## 11. BANK LOANS

	2022 HK\$'000	2021 HK\$'000
Non-current		
– unsecured	6,485,426	2,231,081
– secured	101,021	30,758
	6,586,447	2,261,839
Current		
– unsecured	2,111,300	3,436,366
– secured	115,102	212,305
	2,226,402	3,648,671
Total bank loans	8,812,849	5,910,510

As at 31 December 2022, the Group's bank loans were repayable as follows:

	2022 HK\$'000	2021 HK\$'000
Within 1 year	2,226,402	3,648,671
Between 1 and 2 years	2,770,797	131,619
Between 3 and 5 years	3,731,710	2,130,220
Repayable within 5 years	8,728,909	5,910,510
Over 5 years	83,940	–
	8,812,849	5,910,510

## 12. COMMITMENTS

At 31 December 2022, 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:

	2022 HK\$'000	2021 HK\$'000
Contracted but not provided for	2,053,791	1,428,165

Note:

On 9 June 2022, Kerry Freight Services (China) Limited (as the "Buyer"), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "KA Agreement") with Summer Way International Limited (as the "Seller"). Subject to the terms and conditions of KA Agreement, the Seller has conditionally agreed to sell and the Buyer has conditionally agreed to acquire the remaining 39% interest in K-Apex Logistics (HK) Co., Limited ("K-Apex HK"), an indirect 61% owned subsidiary of the Company. The acquisition of 18% additional interest in K-Apex HK was completed on 10 June 2022. Closing of the remaining 21% interest ("Remaining Shares") is subject to a condition under the KA Agreement (the "Condition"), that has not been satisfied by 10 June 2022, having been fulfilled and/or waived before the consideration in respect of the Remaining Shares is payable. Before the Condition is fulfilled and/or waived, both the Buyer and the Seller have the right (but not the obligation) to opt not to proceed with closing of the Remaining Shares by giving written notice to other party. As at 31 December 2022, the Condition has not been satisfied.

### 13. PLEDGE OF ASSETS

At 31 December 2022, the Group's total bank loans of HK\$8,812,849,000 (2021: HK\$5,910,510,000) included an aggregate amount of HK\$216,123,000 (2021: HK\$243,063,000) which is secured. The Group's total bank overdrafts of HK\$83,801,000 (2021: HK\$199,201,000) included an aggregate amount of HK\$20,187,000 (2021: HK\$45,791,000) 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\$786,875,000 (2021: HK\$1,303,673,000);
- (ii) assignments of insurance proceeds of certain properties; and
- (iii) certain balances of restricted and pledged deposits.

### 14. DISCONTINUED OPERATIONS

Pursuant to the conditional offer from S.F. Holding to acquire part of the issued shares of the Company in 2021, as part of the transaction, the Group entered into sale agreements with KHL, and sold the entire interest of the Hong Kong Warehouses and Taiwan Operation to KHL. The results of the Hong Kong Warehouses and Taiwan Operation together with the gain on disposal are accounted for as discontinued operations under HKFRS 5 "Non-current assets held for sale and discontinued operations". Analysis of the results relating to the Discontinued Operations is presented below.

	2022 HK\$'000	2021 HK\$'000
Revenue	–	2,816,415
Direct operating expenses	–	(1,714,970)
Other gains	–	7,575
Administrative expenses	–	(321,846)
Change in fair value of investment properties	–	1,969,920
Finance expenses	–	(39,360)
Share of results of associated companies	–	661
Profit before taxation	–	2,718,395
Taxation	–	(140,785)
Gain on disposal of Hong Kong Warehouses and Taiwan Operation	–	2,187,896
Profit for the year from discontinued operations	–	4,765,506



## RESULTS OVERVIEW

The Group recorded an increase in revenue of 10% to HK\$86,649 million in 2022 (2021: HK\$78,955 million, excluding revenue from discontinued operations). Core operating profit dropped by 12% to HK\$4,790 million (2021: HK\$5,441 million, excluding profit from discontinued operations). Core net profit rose 11% year-on-year to HK\$3,572 million (2021: HK\$3,220 million, excluding profit from discontinued operations). Profit attributable to the Shareholders was HK\$3,579 million (2021: HK\$3,309 million, excluding profit from discontinued operations), which represents a year-on-year growth of 8%. Year-on-year drop on profit attributable to the Shareholders is 55% if profit from discontinued operations in 2021 is also included.

	2022 HK\$ million	2021 HK\$ million	
Segment profit/(loss)			
IL	1,375	1,073	+28%
E&E	(826)	41	N/A
IFF	4,703	4,825	-3%
	5,252	5,939	
Unallocated administrative expenses and others	(462)	(498)	
Core operating profit	4,790	5,441	-12%
Core net profit	3,572	3,220	+11%
Changes in fair value of investment properties, net of deferred tax	7	219	
Goodwill impairment	-	(130)	
Profit attributable to the Shareholders, excluding profit from discontinued operations	3,579	3,309	+8%
Profit from discontinued operations	-	4,630	
Profit attributable to the Shareholders	3,579	7,939	-55%

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### MARKET OVERVIEW

2022 was a turbulent year. It started with strong global demand and ended with many uncertainties. For the logistics industry, it was a pendulum swinging from one extreme to the other with severe supply-demand fluctuations. Inflation and interest rates continued to accelerate worldwide. Coupled with the lingering impact of the pandemic and the war in Ukraine, the decline in product demand was further intensified, leading to upstream-downstream imbalance along the entire supply chains.

The global product demand and purchase orders shrank sharply in 2022 2H due to the overstocking crisis caused by over-ordering earlier on alongside consumers shifting their spending from goods to services as the pandemic turned epidemic. Disruptions to global value chains have sped up the diversification and reshoring of production to boost supply chain resilience. The macro volatility and economic uncertainty in 2022 2H were worse than forecast.

At the start of 2022, KLN Group maintained the growth momentum from the previous year and achieved strong growth in 2022 1H. Nevertheless, the global economy has rapidly weakened since 2022 2H. Asia exports slumped on account of rising freight capacity, falling freight rates and sluggish external demand.

Despite a tough 2022, KLN Group maintained a 10% growth in revenue and a 11% increase in core net profit in its continuing operations riding on its unparalleled network in Asia, diversified global service offerings and cross-selling synergies with S.F. Holding in various arenas.

#### INTEGRATED LOGISTICS

The segment profit of the IL division recorded a 28% growth supported by the increase in demand for pandemic-related services in Hong Kong as well as the rebound of production activities in Asia. Following the subsequent reopening of the Mainland of China, the IL segment is expected to maintain its growth momentum in 2023 riding on a rebound in retail sales and household consumption.

#### E-COMMERCE AND EXPRESS

The E&E division registered a drastic decline in its segment profit due to the intense competition Kerry Express Thailand faced in 2022. A series of restructuring and lean programmes has been launched to improve profitability. The loss is expected to narrow in 2023.

#### INTERNATIONAL FREIGHT FORWARDING

The IFF division reported only a 3% drop in segment profit in 2022 despite an extremely volatile market. Asia exports plunged in 2022 2H as global demand for finished products and purchase orders started falling. Coupled with a swift increase in both ocean and air freight capacity, freight rates tumbled from unprecedented highs within a short period of time, putting the global freight forwarding sector under tremendous pressure.

Extraordinary events and world affairs continued to reshape the global supply chains. Higher freight capacity and low cargo volume were spread across countries, posing increasing challenges to the freight forwarding industry. Nonetheless, the IFF business was able to maintain its profit margin at a similar level as the previous year and will continue to actively look for new business opportunities.

## INTEGRATION WITH S.F. HOLDING

The business integration and development between KLN Group and S.F. Holding is progressing smoothly and successfully, strengthening KLN Group's IL, IFF and express service capabilities, particularly those within Asia.

To enhance KLN Group's air freight capacity and last-mile delivery capabilities, KLN Group is expanding its own-controlled air freight network and seeking new business potentials with S.F. Airlines by developing new products, services and trade routes. KLN Group's cross-border express network in Southeast Asia has also gained ground. The synergies thus created are further increasing KLN Group's competitiveness and diversity of global solutions it offers across the region.

## SUSTAINABILITY

KLN Group is committed to achieving its net zero carbon emissions goal across its worldwide operations and value chain by 2050. To accomplish the goal, the Group has been providing green logistics solutions, minimising its environmental footprint and operating in an environmentally friendly manner. While continuously monitoring its greenhouse gas emissions and assessing its progress, the Group has been actively exploring the possibilities of developing Science Based Targets initiative (SBTi) aligned targets. In anticipation of the mandatory Task Force on Climate-related Financial Disclosures (TCFD) by 2025, KLN Group is taking proactive steps to prepare for reporting in accordance with the TCFD recommendations at the earliest possible date.

## OUTLOOK

The global economy is poised to experience a deeper slowdown in 2023 with greater market volatility, uncertainties and risks for the year. While the road back to macroeconomic stabilisation and full recovery will be long and bumpy, Asia exports will rebound gradually in 2023 Q2 at the earliest, in an optimistic scenario.

2023 will be one of the most challenging years for the global logistics market in more than a decade. War, geopolitics, inflation and overcapacity, coupled with workforce transformation and new policies and regulations, will continue to drive reconfiguration, reshoring and digitalisation in the global supply chains.

Considering that KLN Group achieved record results in 2022 1H, the Group expects a considerable disparity for 2023 in comparison. Given the volatile and complicated economic conditions, measures have been in place to cope with the downturn. KLN Group is putting more efforts into maintaining cost management, customer wins and operational optimisation in its existing businesses as well as driving supply chain digitalisation across its network. With its solid foundation, diversified business portfolio and proven capabilities in handling crises, the Group has overcome many forms of adversities in the past and will continue to stay vigilant and carefully manage risks on all fronts moving forward.

The changes in the global logistics landscape have also prompted the Group to explore new business strategies on how to navigate this new reality. While remaining focused on its core business strategies, KLN Group will make use of the synergies with S.F. Holding to pursue new market opportunities, develop more emerging trade lanes and redesign existing service offerings, in addition to harnessing untapped potentials in target verticals, namely, pharmaceutical, medical and wellness. S.F. Holding's air, road and express capabilities, now resources available to KLN Group, are set to further bolster KLN Group's competitive edge by complementing its unique market position and unrivalled network in Asia.

In the same vein that KLN Group has come out ahead during the pandemic with its innovative and customised multimodal solutions, the Group will continue to take an active part in the global supply chain reshuffling as the logistics landscape evolves, while adapting to shifting market conditions to serve its customers' ever-changing needs.

## 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 joint ventures. 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 2022, total foreign currency borrowings amounted to the equivalent of HK\$2,753 million (including HK\$1,336 million denominated in Renminbi and HK\$758 million denominated in USD), which represented approximately 31% of the Group's total bank loans of HK\$8,813 million.

Out of the Group's total bank loans as at 31 December 2022, HK\$2,226 million (representing approximately 25%) was repayable within one year, HK\$2,771 million (representing approximately 32%) in the second year, HK\$3,732 million (representing approximately 42%) in the third to fifth years and HK\$84 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\$216 million as at 31 December 2022, the securities provided include legal charges over certain non-current assets with aggregate net book value of HK\$787 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 interest rates are going up and are expected to rise continuously, the Group is reviewing the loan portfolio and replacing the existing facilities by fixed rate loans where appropriate, and will continue to monitor the market development and minimize the Group's interest risk exposure.

As at 31 December 2022, the gearing ratio for the Group was 48.3% (31 December 2021: 29.0%). The ratio was calculated as total bank loans and overdrafts, divided by equity attributable to the Shareholders excluding put options written on non-controlling interests.

As at 31 December 2022, the Group had total undrawn bank loan and overdraft facilities of HK\$7,523 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 2022, the Group had no material contingent liabilities.

## STAFF AND REMUNERATION POLICIES

As at 31 December 2022, the Group had approximately 43,900 employees. The remuneration to employees includes salaries maintained at competitive levels while bonuses are granted on a discretionary basis. The Group provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees. Other employee benefits include provident fund, insurance, medical, sponsorship for educational or training programmes, share option schemes and share award scheme.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### COMPLIANCE WITH THE CG CODE

The Company has applied the principles and code provisions as set out in Part 2 of the CG Code and its corporate governance practices are based on such principles and code provisions. The Directors consider that for the year ended 31 December 2022, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2022.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

### SHARE OPTIONS

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

As at 31 December 2022, a total of 638,200 options granted under the Pre-IPO Share Option Scheme were outstanding and no option granted under the Post-IPO Share Option Scheme was outstanding.

## AUDIT AND COMPLIANCE COMMITTEE

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

ACC has considered and reviewed the annual results and the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management and the independent auditor. ACC considers that the annual financial results for the year ended 31 December 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2022 is scheduled to be held on Monday, 22 May 2023 at 2:30 p.m. A notice convening the annual general meeting will be issued and disseminated to the Shareholders in due course.

## CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from Wednesday, 17 May 2023 to Monday, 22 May 2023 in order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Monday, 22 May 2023. All share transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, 16 May 2023.

The Registers of Members will also be closed on Monday, 29 May 2023 in order to determine the entitlement of the Shareholders to the final dividend. All share transfers accompanied by the relevant share certificates and transfer forms must be lodged with Tricor Investor Services Limited, at the above address before 4:30 p.m. on Thursday, 25 May 2023. The final dividend is payable on or around Thursday, 8 June 2023 to the Shareholders whose names appear on the Registers of Members on Monday, 29 May 2023, subject to the consideration and approval of the Shareholders at the forthcoming annual general meeting of the Company.

## PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The annual report for the year containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## APPRECIATION

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

## DEFINITIONS

“1H” or “2H”	first half or second half
“ACC”	the audit and compliance committee of the Company
“Asia”	Asia continent, for the purpose of this announcement only, excludes Greater China and Middle East
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company” or “KLN”	Kerry Logistics Network Limited, incorporated in the British Virgin Islands and continued into Bermuda to become an exempted company with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“E&E”	e-commerce & express
“EMEA”	Europe, Middle East and Africa
“Greater China”	for the purpose of this announcement only, the Mainland of China, Hong Kong, Macau and Taiwan
“Group” or “KLN Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFF”	international freight forwarding
“IL”	integrated logistics

“Kerry Express Thailand”	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 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 of China”	the PRC and, for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Oceania”	for the purpose of this announcement only, Australia and New Zealand
“Ordinary Share(s)” or “Share(s)”	share(s) of nominal value of HK\$0.50 each of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company
“Post-IPO Share Option Scheme”	post-IPO share option scheme of the Company
“PRC”	the People’s Republic of China
“Pre-IPO Share Option Scheme”	pre-IPO share option scheme of the Company
“Q2”	second quarter
“Registers of Members”	registers of members of the Company
“S.F. Holding”	S.F. Holding Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002352.SZ), is a subsidiary of Shenzhen Mingde
“Shareholders”	the holders of the Shares
“Shenzhen Mingde”	Shenzhen Mingde Holding Development Co., Ltd., one of the Controlling Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning ascribed to it under the Listing Rules



“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
“%”	per cent

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

Hong Kong, 28 March 2023

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

*Chairman, Non-executive Director:*

*Mr WANG Wei*

*Vice Chairman, Non-executive Director:*

*Mr KUOK Khoon Hua*

*Executive Directors:*

*Mr MA Wing Kai William and Mr CHEUNG Ping Chuen Vicky*

*Non-executive Directors:*

*Mr CHAN Fei, Mr HO Chit and Ms CHEN Keren*

*Independent Non-executive Directors:*

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