



Ref. No: KEX06/2024

Date: 8 February 2024

Subject: Notification on Receipt of the Tender Offer for the Securities (Form 247-4) of Kerry Express (Thailand) Public Company Limited

To: President
The Stock Exchange of Thailand

Enclosure: Copy of the Tender Offer for the Securities (Form 247-4) of Kerry Express (Thailand) Public Company Limited

We, Kerry Express (Thailand) Public Company Limited (**the “Company”**), hereby notify you that on 8 February 2024, the Company has received a copy of the Tender Offer for the Securities of the Company (Form 247-4) made by SF International Holding (Thailand) Co., Ltd (an indirect subsidiary of S.F. Holding Co., Ltd, a company listed on the Shenzhen Stock Exchange), as the offeror. The details of which are set out in the enclosure.

Please be informed accordingly.

Yours sincerely,

[Signed]

(Mr. Ng Kin Hang Alex)
Chief Executive Officer

- Translation -

Tender Offer for Securities

(Form 247-4)

Of

Kerry Express (Thailand) Public Company Limited

The Offeror

SF International Holding (Thailand) Co., Ltd.

Tender Offer Preparer and Tender Offer Agent

Bualuang Securities Public Company Limited

"This English language translation of the Tender Offer has been prepared solely for the convenience of the foreign shareholders of Kerry Express (Thailand) Public Company Limited and should not be relied upon as the definitive and official document of the Offeror. The Thai language version of the Tender Offer is the definitive and official document of the Offeror and shall prevail in all respects in the event of any inconsistency with this English language translation."

(Translation)

No. IB/009/67

8 February 2024

Subject: Submission of Tender Offer for the Securities of Kerry Express (Thailand) Public Company Limited

To: Secretary-General, The Office of The Securities and Exchange Commission

President, The Stock Exchange of Thailand

Board of Directors of Kerry Express (Thailand) Public Company Limited

Securities Holders of Kerry Express (Thailand) Public Company Limited

Enclosed: Tender Offer for the Securities of Kerry Express (Thailand) Public Company Limited (Form 247-4)

Kerry Logistics Network Limited ("**KLN**"), a listed company on the Hong Kong Stock Exchange, announced the Distribution in Specie ("**DIS**") of all shares of Kerry Express (Thailand) Public Company Limited (the "**Business**" or "**KEX**") that KLN owns through KLN Logistics (Thailand) Limited ("**KLNTH**"), which amounts to 907,200,000 shares of KEX, equivalent to 52.06% of total issued and paid-up shares of KEX, on 29 December 2023. The announced DIS is conditional upon KLN obtaining the waiver from the Securities and Exchange Commission (the "**SEC**") to waive KLN's obligation to launch tender offer for all KEX shares (the "**Waiver**").

Subsequently, Flourish Harmony Holdings Company Limited ("**Flourish**"), an indirect wholly-owned subsidiary of S.F. Holding Co., Ltd. ("**SF**"), a listed company on the Shenzhen Stock Exchange, which is one of the shareholders of KLN, will proportionately receive 467,373,855 shares of KEX, equivalent to 26.82% of total issued and paid-up KEX shares upon the completion of the DIS. On the same day of the DIS completion, Flourish will transfer 467,373,855 KEX shares representing 26.82% of KEX shares and KEX's voting rights to SF International Holding (Thailand) Co., Ltd. ("**SF Thailand**" or the "**Offeror**"), an indirect subsidiary of SF in which SF owns 49.00% of total issued and paid-up shares and has 65.77% of voting rights. Therefore, SF Thailand is obliged to make a mandatory tender offer for all of the remaining securities of the Business in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended)

As of 5 February 2024, KLN has obtained the Waiver from the SEC and the DIS has become unconditional, and Flourish and the Offeror have entered into the Share Purchase Agreement which both parties agree that Flourish will sell 467,373,855 KEX shares to the Offeror on the same day of the DIS completion (the "**SPA**"). As such, the Offeror's tender offer obligation is also in effect. Bualuang Securities Public Company Limited, as the tender offer preparer, would like to submit the Tender Offer for the securities of the Business (Form 247-4) to the Office of the SEC, the Stock Exchange of Thailand, the Business, and the securities holders of the Business to support its considerations of this tender offer.

Yours Sincerely,

- *Vararatana Jutimitta* -

(Mr. Vararatana Jutimitta)
Senior Managing Director

- *Soravis Krairiksh* -

(Mr. Soravis Krairiksh)
Managing Director

Bualuang Securities Public Company Limited
Tender Offer Preparer

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5 Financial Statements of S.F. Holding Co., Ltd.

Tender Offer to Purchase Securities of Kerry Express (Thailand) Public Company Limited
(This Tender Offer and Offer Period are NOT final and may be later amended)

To Holders of Securities in Kerry Express (Thailand) Public Company Limited

We, SF International Holding (Thailand) Co., Ltd. ("**SF Thailand**" or the "**Offeror**"), hereby offer to purchase all of the securities of Kerry Express (Thailand) Public Company Limited ("**KEX**" or the "**Business**") which are held by or entitled to other shareholders (except for any shares entitled to Flourish, which will be transferred to SF Thailand on the same day of the DIS completion) after the completion of Distribution in Specie ("**DIS**") of KEX shares by Kerry Logistics Network Limited ("**KLN**") and exclude the shares which are currently held by the Offeror of 1,000 shares, in total amount of 1,275,202,145 KEX shares, equivalent to 73.18% of total KEX shares and equivalent to 73.18% of total voting rights of KEX, in accordance with the following terms and conditions (the "**Tender Offer**" or the "**MTO**"):

Part 1

Key Terms of the Tender Offer

1. Date of Submission of the Tender Offer

8 February 2024

2. Name of the Offeror

SF International Holding (Thailand) Co., Ltd.

3. Name of the Tender Offer Preparer

Bualuang Securities Public Company Limited (the "**Tender Offer Preparer**" or "**Tender Offer Agent**").

4. Objectives of the Tender Offer

KLN, a listed company on the Hong Kong Stock Exchange, announced the DIS of all the KEX shares that KLN owns through KLN Logistics (Thailand) Limited ("**KLNTH**"), amounting to 907,200,000 shares of KEX, equivalent to 52.06% of total issued and paid-up shares, on 29 December 2023. The announced DIS was conditional upon KLN obtaining the waiver from the Securities and Exchange Commission to waive KLN's obligation to launch tender offer for all KEX shares (the "**Waiver**").

Subsequently, Flourish Harmony Holdings Company Limited ("**Flourish**"), an indirect wholly owned subsidiary of S.F. Holding Co., Ltd. ("**SF**"), a listed company on the Shenzhen Stock Exchange, which is one of the shareholders of KLN will proportionately receive 467,373,855 shares of KEX, equivalent to 26.82% of total issued and paid-up shares and voting rights of KEX upon the completion of the DIS. On the same day of the DIS completion, Flourish will transfer 467,373,855 KEX shares representing 26.82% of KEX shares and KEX's voting rights to SF Thailand, an indirect subsidiary of SF in which SF owns 49.00% of total issued and paid-up shares and has 65.77% of voting rights. As of 5 February 2024, KLN

has obtained the waiver from the Securities and Exchange Commission (the “SEC”) and the DIS has become unconditional, and Flourish and the Offeror have entered into the Share Purchase Agreement according to which both parties have agreed that Flourish will sell 467,373,855 KEX shares to the Offeror on the same day of the DIS completion (the “SPA”). As such, the Offeror’s tender offer obligation is also in effect. Therefore, SF Thailand is obliged to make a mandatory tender offer for all of the remaining securities of the Business in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended) *(Please see details of DIS from KLN’s announcement in Part 2 – Details of the Securities Offeror – Clause 5.4.1 The distribution in specie of KEX Shares by Kerry Logistics Network Limited and please see details of the SPA in Part 2 – Clause 4.1 Summarize the material information of any contract/agreement/memorandum of understanding, entered into by the Offeror or the related parties prior to making the Tender Offer for the purpose of acquiring securities of the business, regardless of whether or not such contract / agreement / memorandum of understanding is entered into for the tender of securities in the Tender Offer).*

With respect to the conditions upon which SEC granted the Waiver, the Offeror and KLN have already considered that the conditions and price of this Tender Offer are not less favorable than those that would have been extended by KLN had SEC not granted the Waiver and KLN proceeded with the tender offers per relevant SEC requirements, as the Offer Price of THB 5.50 per share is not lower than the price which was specified in the KLN’s public announcement on the DIS transaction and will not be lower than the price which will be specified in the share purchase agreement for KEX shares between KLN and KLNTH for purposes of the DIS.

Note: DIS is the distribution of assets in their current form to its shareholders. In this case, the assets that will be distributed are the KEX shares.

5. Type and Amount of the Offered Securities

As at the date of submission of the Tender Offer documents to the Office of the SEC, the Business has only one class of shares, namely ordinary shares. The Business has a total of 1,742,577,000 (One Billion Seven Hundred Forty-two Million Five Hundred and Seventy-seven Thousand) issued and paid-up ordinary shares in which 1 ordinary share has 1 voting right. Currently, Flourish is indirectly entitled to 26.82% of KEX shares through KLNTH as a result of the DIS announcement and after the DIS process and the immediate transfer of relevant shares from Flourish, SF Thailand will obtain 467,373,855 shares, equivalent to 26.82% of total issued and paid-up shares and voting rights in the Business. As a result of the DIS and the entering into the SPA, the Offeror is obliged to make a Tender Offer of all securities of KEX which are held by or entitled to other shareholders (except for any shares entitled to Flourish and the shares which are currently held by the Offeror of 1,000 shares) in total amount of 1,275,202,145 KEX shares, equivalent to 73.18% of total KEX shares and equivalent to 73.18% of voting rights.

6. Offer Price

The Offer Price of the Business' share is THB 5.50 (five baht fifty satang) per share (the "Offer Price"). In addition, shareholders who accept the Tender Offer (each an "Offeree"), are subject to payment of a brokerage fee of 0.25% of the Offer Price, plus value added tax ("VAT") of 7% of the brokerage fee. Therefore, the net price to be received by the Offeree will be THB 5.4852875 (five point four eight five two eight seven five Baht) per share.

Such Offer Price is:

- the final offer which will not be changed (subject to the conditions specified in Clause 8).
 not the final offer and the Offeror may change the Offer Price.

In the calculation of the payment for each Offeree, Bualuang Securities Public Company Limited will take the offered price multiplied by the number of offered ordinary shares, and round any fraction of the payment to 2 decimal places, and a numeral in the third decimal place that is less than 5 will be rounded down, but the numeral that is equal to 5 or greater will be rounded up.

Pursuant to the Revenue Code of Thailand, unless specifically exempted under the terms of an applicable double tax treaty, if the Offeree is a foreign juristic person not operating any business in Thailand and residing in a country which does not have a double tax treaty with Thailand or residing in a country that has a double tax treaty with Thailand but such treaty does not exempt withholding tax on capital gains from the sale of shares in Thailand, such Offeree is subject to a 15% withholding tax on capital gains on sale of securities which is the difference between the Offer Price and the price at which the Offeree originally paid to acquire the tendered shares. The price at which such Offeree originally paid to acquire the tendered shares must be declared to the Tender Offer Agent by completing the Form for Confirmation of Cost of Tendered Securities in Attachment 3(4) for ordinary shares and in Attachment 5(4) for Non-Voting Depository Receipts ("NVDR").

In the event that any Offeree fails to declare the aforementioned information, the Tender Offer Agent will determine the amount of withholding tax calculated by multiplying the Offer Price by the total number of tendered shares or NVDR of the Business and will deduct the withholding tax accordingly.

Note: An Offeree which is a Thai juristic person will be responsible to withhold 3.00% tax on the brokerage fee and must issue a Withholding Tax Certificate to Bualuang Securities Public Company Limited which is the Tender Offer Agent.

7. Tender Offer Period

The Tender Offer period will last for a total of 28 business days from 13 February 2024 to 22 March 2024 inclusive (the "Offer Period"), during the office hours of the Tender Offer Agent from 9:00 a.m. to 4:00 p.m.

Such Offer Period is:

- the final period which will not be extended (subject to the conditions specified in Clause 8).
 not the final period and the Offeror may extend the period.

Upon the Offeror's consideration, the period set forth may be extended; however, the total Offer Period shall not exceed 45 business days.

In this regard, in the case where there is an announcement of extra public holidays during the Tender Offer period, the Offeror will extend the Tender Offer period to meet the requirement of at least 25 business days but not exceed 45 business days.

8. Conditions of Change to the Tender Offer

- No condition
- Conditions of change in the Tender Offer are as follows:
 - The Offeror may reduce the Offer Price or extend the Offer Period in the case of any event or action that occurs during the Offer Period which causes severe damage to the status or assets of the Business.
 - The Offeror may change the offer or extend the Offer Period to compete with another offeror who has submitted a tender offer for shares of the Business during the Offer Period.

9. Conditions for Cancellation of the Tender Offer

The Offeror may cancel the Tender Offer upon the occurrence of one or more of the following events:

- 9.1. any event or action occurring after the submission of the Tender Offer to the SEC but within the Offer Period which causes or may cause severe damage to the financial status or the assets of the Business, where such event or action has not resulted solely from the actions of the Offeror or actions for which the Offeror is responsible; or
- 9.2. any action conducted by the Business after the submission of the Tender Offer to the SEC but within the Offer Period which causes or may cause a significant decrease in the value of the Business's shares; or
- 9.3. any action conducted by the Business as defined in the Notification of the Capital Markets Supervisory Board No. TorChor. 14/2554 Re: Actions or exempt of actions that may affect the result of Tender Offer.

10. Tender Offer Revocation Period

The Offeree is able to revoke its acceptance of the Tender Offer at the office of the Tender Offer Agent on any business day between 13 February 2024 to 12 March 2024 during the hours of 9:00 a.m. to 4:00 p.m. inclusive (totaling 20 business days) (the "**Tender Offer Revocation Period**"). If any of the Offerees wishes to revoke its acceptance of the Tender Offer, they must follow the Tender Offer Revocation Procedures as specified in Attachment 3.

11. Allocation of Shares if the Tendered Shares are more or less than the Offered Shares (Applicable Only to the Case of Partial Tender Offer Pursuant to Chapter 5 of the Notification of Capital Markets Supervisory Board No. TorChor. 12/2554)

- Not applicable -

12. Source of Funds for the Tender Offer

Under the rules and regulations pursuant to the Tender Offer, the Offeror is obliged to make a mandatory tender offer for all securities of the Business, excluding the 467,373,855 ordinary shares which the Offeror will receive from the DIS (upon Flourish transferring such shares to the Offeror) and the 1,000 ordinary shares which are currently held by the Offeror. Therefore, the Offeror is obliged to make a mandatory tender offer for all remaining ordinary shares of the Business of 1,275,202,145 shares having aggregate amount of funds required for the mandatory tender offer being THB 7,013,611,797.50 (Seven billion thirteen million six hundred eleven thousand seven hundred ninety-seven baht fifty satang).

As of 28 January 2024, the Offeror had cash deposit in an escrow account with Standard Chartered Bank (Hong Kong) Limited with current balance of HKD 1,700,000,000.00 (One billion seven hundred million Hong Kong Dollars) or approximately THB 7,680,940,000.00¹ (Seven billion six hundred eighty million nine hundred forty thousand Baht) (the “Funds”) to be solely used for the purpose of conducting this mandatory tender offer. The Funds are assured to remain available for the settlement of the Tender Offer, according to the terms and conditions of the escrow agreement. The Offeror together with Bualuang Securities Public Company Limited, as a Tender Offer Preparer, will instruct to transfer the Funds into the Tender Offer Preparer’s bank account for settlement of the Tender Offer.

Bualuang Securities Public Company Limited, as the Tender Offer Preparer, has verified the source of funds for the Tender Offer and viewed that the funds in the escrow account for the Tender Offer purpose are sufficient for conducting this Tender Offer. *(Please refer to Appendix 1 – Confirmation Letter on Source of Funds Available for the Tender Offer)*

13. Tender Offer Agent Information

Name	Bualuang Securities Public Company Limited
Address	29 th Floor, Silom Complex Building, 191 Silom Road, Silom, Bangrak, Bangkok 10500
Contact Person	1. Mrs. Thanamas Pungpo 2. Ms. Malee Viriyahiranpaiboon 3. Ms. Benjawan Phasuk 4. Ms. Jarupa Sae-Jang 5. Ms. Suwalee Silaon 6. Ms. Manisa Varakdee 7. Ms. Piyaporn Kwannoi 8. Ms. Kittima Laimor (Operations Department)
Telephone No.	0-2618-1141-43, 46-47 or 0-2618-1122, 1133, 1129
Facsimile No.	0-2618-1120

¹ The source of funds in Thai Baht currency is calculated by using the average buying exchange rates as of 29 January 2024 quoted by the Bank of Thailand, which is equivalent to THB 4.5182 to HKD 1

14. Payment Date

The Offeror will make a payment to each of the Offerees in respect of the shares tendered by each of them in the Tender Offer within 2 business days from the last day of the Tender Offer Period, which is by 26 March 2024 provided that all Acceptance Forms submitted by the Offeree in respect of the shares tendered by the Offeree in the Tender Offer must be correct and complete, and the transfer of the shares tendered by the Offeree must have been completed. In the case of an extension of the Tender Offer Period, the Offerees would receive the payment within 2 business days from the last day of the extended Tender Offer Period.

Part 2

Information of the Offeror

1. The Offeror Information

1.1 General Information

Name	SF International Holding (Thailand) Co., Ltd.
Address	No. 89, Chao Phraya Tower Building, Floor 2, Unit 211-214, Soi Wat Suan Plu, Charoen Krung Road, Bangrak Sub-District, Bangrak District, Bangkok, Thailand
Company Registration No.	0105566230937
Nature of Business	Holding company

1.2 Business Information and Other Information

1.2.1 Nature of business operation

The Offeror

SF International Holding (Thailand) Co., Ltd. ("**SF Thailand**" or the "**Offeror**") is a company incorporated in Thailand which is an indirect subsidiary of S.F. Holding Co., Ltd. ("**SF**"). SF Thailand has no business operation as it is a company newly established on 8 December 2023.

S.F. Holding Co., Ltd. ("SF") (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

SF is a corporation organized under the laws of the People's Republic of China and whose shares are listed on the Shenzhen Stock Exchange (stock code SZSE: 002352). The business of SF was originated in Guangdong Province, China providing express delivery services in the Pearl River Delta, and its services network has further expanded to cover other parts of China since 1996 and overseas markets since 2010. Through three decades in operation, SF has, through expansion into new business segments and collaborations with reputable international logistics service providers, expanded into various links within the logistics services value chain. SF has also expanded the geographical footprint to cover not only the rest of China, but also the global market. SF has become a leading global integrated logistics company, the largest player in China and Asia, and the fourth largest player globally, in terms of revenue in 2022, with clear market leadership in five segments in China and four segments in Asia, offering a complete portfolio of logistics services.

The major categories of SF's service offerings are summarized as follows:

	Express and Freight Delivery Services
 <p>Time-definite express services</p>	<p>Door-to-door delivery services through air and ground transportation serving diverse scenarios.</p> <ul style="list-style-type: none"> • Major products: SF speedy express, which includes intra-city half-day express delivery services, same-day delivery services and exclusive expedited delivery services, and SF standard express; • Sets the industry benchmark for collection and dispatch frequency: up to seven collections and eight dispatches each day, irrespective of holidays; • Swift response time: couriers guaranteed to arrive at the sender's location within one hour of order placement; • Diverse scenarios: maintains focus on consumer goods while simultaneously supporting business parcel and industrial delivery.
 <p>Economy express services</p>	<p>Cost-effective and quality-guaranteed door-to-door delivery services to e-commerce platforms and merchants.</p> <ul style="list-style-type: none"> • Balances cost and speed: provides an optimal blend of affordability and efficiency, targeting customers who require better services without strict time sensitivity; • Utilizes marginal capacity: efficiently leverages the marginal capacity of its time-definite express services to meet customer demand; • Targeted approach: specifically caters to mid-to high-end e-commerce customers, offering services that align with their premium positioning.
 <p>Freight delivery services</p>	<p>Delivery of bulky and heavy items for manufacturers and merchants across various industries, serving both to-B and to-C scenarios.</p> <ul style="list-style-type: none"> • Convenience: door-to-door services as opposed to the more common store-to-store model; • Time-sensitive: provides more time-definite delivery services compared to other freight delivery service providers, with a guaranteed delivery time for freight delivery; • Diverse scenarios: versatility and applicability in various scenarios, extends its reach from manufacturing scenarios to encompass a wide range of consumer scenarios.
 <p>Cold chain and pharmaceuticals logistics services</p>	<p>Customized cold chain logistics services tailor-made for customers mainly from the food, agricultural products and pharmaceuticals sectors.</p> <ul style="list-style-type: none"> • Nationwide network coverage: its nationwide coverage for cold chain and pharmaceuticals logistics facilitates integrated delivery capabilities across diverse sectors, such as supermarket, agriculture, and catering services with the broadest line-haul routes in the PRC in 2022 with a nationwide presence; • Reliable quality control: real-time control over temperature and humidity; • Industry pacesetter: actively participate in setting national and industry standards for cold chain and pharmaceuticals logistics, and creates many industry firsts.

	Intra-city on-demand Delivery Services
 <p>Intra-city on-demand delivery services</p>	<p>On-demand city-wide delivery services with an average delivery time of approximately 30 minutes, addressing customers' needs across various industries and product categories.</p> <ul style="list-style-type: none"> • Main focus scenarios: food and beverage, groceries, 3C electronics, and apparel.
	Supply Chain and International Services
 <p>Supply chain services</p>	<p>High-quality integrated supply chain solutions to customers in various industries, covering full spectrum of the supply chain.</p> <ul style="list-style-type: none"> • Industry-tailored supply chain solutions: industry coverage primarily includes e-commerce, telecommunications and technology, apparel, consumer goods, renewable energy, new consumer and IVD and biological testing industries; • Covers both B2B and B2C models.
 <p>International delivery services</p>	<p>Comprehensive international delivery services with global reach, primarily include:</p> <ul style="list-style-type: none"> • International express delivery services: time-definite international express services to serve urgent delivery needs across borders; • Cross-border e-commerce delivery services: cost-effective delivery services, catering to logistics needs of cross-border e-commerce platforms; • Overseas local express delivery services: local express delivery services mainly in Southeast Asia countries.
 <p>International freight forwarding services</p>	<p>Freight forwarding services, offering comprehensive freight transportation solutions mainly to cross-border merchants.</p>

Referring to the prospectus of SF (which SF has submitted for the purpose of listing its shares in the Hong Kong Stock Exchange) and the annual report of SF, further details can be reviewed at <https://www1.hkexnews.hk/app/sehk/2023/105644/documents/sehk23082100442.pdf> and <https://www.sf-express.com>, respectively.

1.2.2 Registered capital and paid-up capital

The Offeror

As of 8 December 2023, SF Thailand has total registered and paid-up capital of THB 1,000,000 (One Million Thai Baht), consisting of 5,100 (Five Thousand One Hundred) preference shares and 4,900 (Four Thousand Nine Hundred) ordinary shares, with a par value of THB 100 (One Hundred Thai Baht) per share.

SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

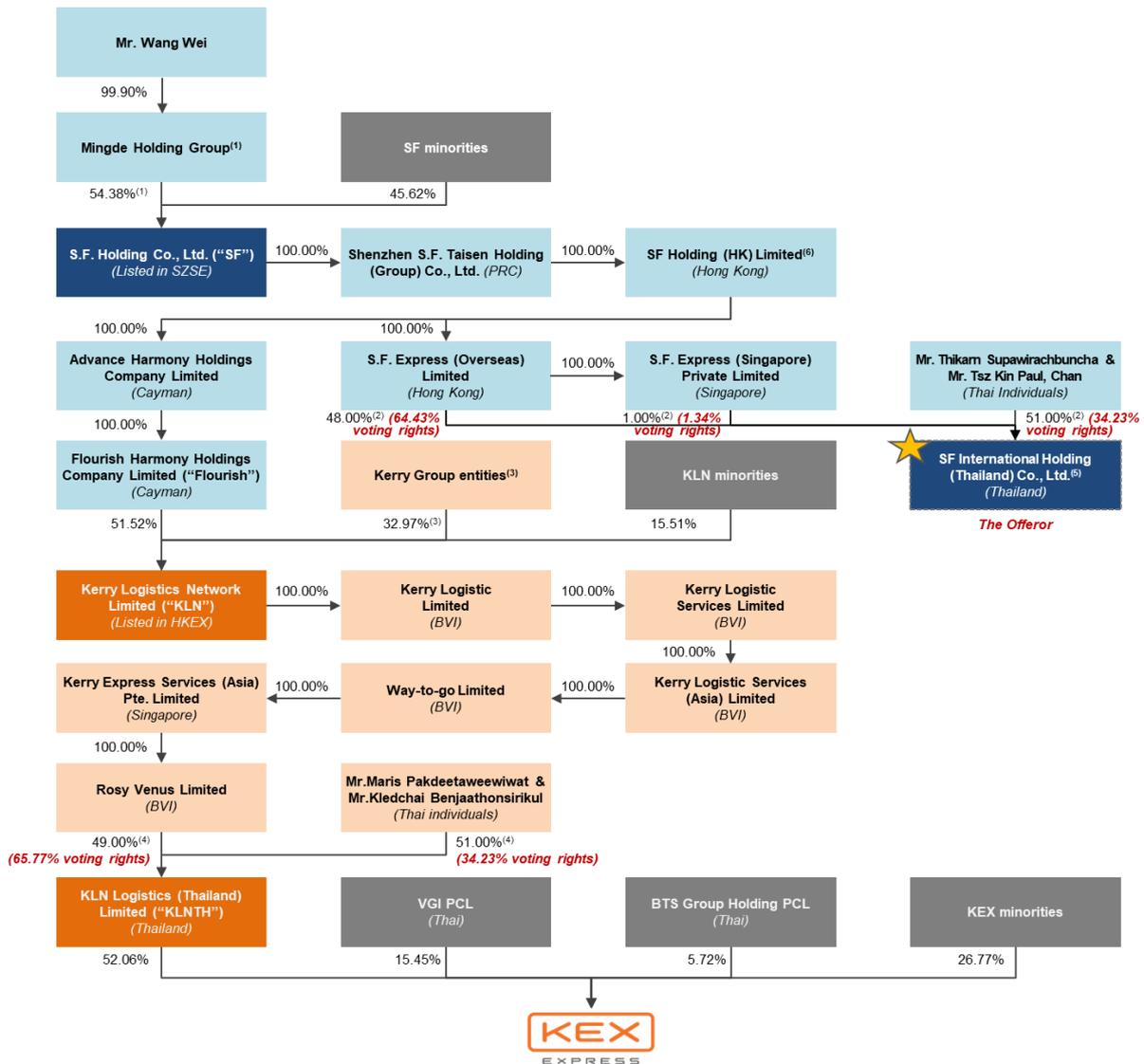
As of 30 September 2023, SF has total registered and paid-up capital of RMB 4,895,202,373 (Four Billion Eight Hundred Ninety-Five Million Two Hundred and Two Thousand Three Hundred Seventy-Three), consisting of 4,895,202,373 (Four Billion Eight Hundred Ninety-Five Million Two Hundred and Two Thousand Three Hundred Seventy-Three) ordinary shares, with a par value of RMB 1.00 (One RMB) per share.

1.2.3 List of Shareholders

The Offeror

SF, the parent company of the Offeror, currently holds KEX shares indirectly. The shareholding structure of the Offeror and KEX are as follows:

Current shareholding structure



Note:

- (1) Including (a) 52.34% held by Shenzhen Mingde Holding Development Co., Ltd. ("**Shenzhen Mingde**"), a company which is directly owned 99.90% by Mr. Wang Wei and 0.10% by Mr. Lin Zheyang, with 4.09% out of 52.34% of SF shares held by Shenzhen Mingde pledged to the EB pledge agent and placed in security and trust account "Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account" and (b) 2.04% held by Shenzhen Weishun Enterprise Management Co., Ltd., a wholly-owned subsidiary of Shenzhen Mingde.
- (2) S.F. Express (Overseas) Limited and S.F. Express (Singapore) Private Limited hold ordinary shares of the Offeror of 4,800 shares and 100 shares, respectively. Mr. Thikarn Supawirachbuncha and Mr. Tsz Kin Paul, Chan hold preference shares of the Offeror of 2,600 shares and 2,500 shares, respectively. The ordinary share of the Offeror has 1 vote for 1 ordinary share, and the preference share of the Offeror has 1 vote for 2 preference shares.
- (3) Including (a) 20.84% held by Kerry Properties Limited, (b) 10.69% held by wholly-owned subsidiaries of Kerry Holdings Limited, (c) 1.32% held by other wholly-owned subsidiaries of Kerry Group Limited and (d) 0.12% held by a wholly-owned subsidiary of Shangri-la Asia Limited.
- (4) Rosy Venus Limited holds ordinary shares of KLNTH of 49,000 shares. Mr. Maris Pakdeetaweewiwat and Mr. Kledchai Benjaathonsirikul hold preference shares of KLNTH of 49,000 shares and 2,000 shares, respectively. The ordinary share of KLNTH has 1 vote for 1 ordinary share, and the preference share of KLNTH has 1 vote for 2 preference shares.
- (5) The Offeror currently holds ordinary shares of KEX of 1,000 shares, which represent 0.00% of total KEX shares.
- (6) Currently, SF Holding (HK) Limited holds perpetual convertible securities ("**Convertible Securities**") issued by KLN in amount of HKD 780,000,000, with the rights to convert the Convertible Securities into newly issued ordinary shares of KLN at the conversion price of HKD 18.80 per share (subject to certain adjustments). Assuming full conversion at original conversion price, the Convertible Securities will be converted into 41,489,361 ordinary shares of KLN, representing approximately 2.24% of total issued shares of KLN as enlarged by the allotment and issue of such conversion shares. At present, SF Holding (HK) Limited has no intention to convert the Convertible Securities.

The Offeror will receive 467,373,855 KEX shares (representing 26.82% of total KEX shares) from the DIS and will become a major direct shareholder of KEX. Moreover, KLN's shareholders (except Flourish Harmony Holdings Company Limited ("**Flourish**")) have the rights to elect whether to receive KEX shares from the DIS or authorize KLNTH to accept this MTO and receive cash instead. *(Please see details of DIS from KLN's announcement in Part 2 – Details of the Securities Offeror – Clause 5.4.1 The distribution in specie of KEX Shares by Kerry Logistics Network Limited and Please see details of the SPA in Part 2 – Clause 4.1 Summarize the material information of any contract/agreement/memorandum of understanding, entered into by the Offeror or the related parties prior to making the Tender Offer for the purpose of acquiring securities of the business, regardless of whether or not such contract / agreement / memorandum of understanding is entered into for the tender of securities in the Tender Offer).*

Shareholders of the Offeror as of 8 December 2023 are set out in the following table.

No.	Shareholder	Number of Shares (Shares)	%
1.	S.F. Express (Overseas) Limited ⁽¹⁾⁽⁵⁾	4,800	48.00%
2.	Mr. Thikarn Supawirachbuncha ⁽⁶⁾	2,600	26.00%
3.	Mr. Tsz Kin Paul, Chan ⁽⁶⁾	2,500	25.00%
4.	S.F. Express (Singapore) Private Limited ⁽⁴⁾⁽⁵⁾	100	1.00%
Total		10,000	100.00%

Note:

- (1) As of 20 November 2023, S.F. Express (Overseas) Limited has 1 shareholder which is SF Holding (HK) Limited⁽²⁾, a company incorporated in Hong Kong. SF Holding (HK) Limited holds 1 ordinary share, which represent 100.00% of S.F. Express (Overseas) Limited.
- (2) As of 20 November 2023, SF Holding (HK) Limited has 1 shareholder which is Shenzhen S.F. Taisen Holding (Group) Co., Ltd.⁽³⁾, a company incorporated in the People's Republic of China. Shenzhen S.F. Taisen Holding (Group) Co., Ltd. holds 10,000 ordinary shares, which represent 100.00% of SF Holding (HK) Limited.
- (3) As of 20 November 2023, Shenzhen S.F. Taisen Holding (Group) Co., Ltd. has 1 shareholder which is S.F. Holding Co., Ltd., a company incorporated in the People's Republic of China. S.F. Holding Co., Ltd. holds 100.00% ownership of Shenzhen S.F. Taisen Holding (Group) Co., Ltd.
- (4) As of 20 November 2023, S.F. Express (Singapore) Private Limited has 1 shareholder which is S.F. Express (Overseas) Limited⁽¹⁾, a company incorporated in Hong Kong. S.F. Express (Overseas) Limited holds 8,248,826 ordinary shares, which represent 100.00% of S.F. Express (Singapore) Private Limited.
- (5) S.F. Express (Overseas) Limited and S.F. Express (Singapore) Private Limited hold ordinary shares of the Offeror. The ordinary share of the Offeror has 1 vote for 1 ordinary share, and the preference share of the Offeror has 1 vote for 2 preference shares.
- (6) Mr. Thikam Supawirachbuncha and Mr. Tsz Kin Paul, Chan hold preference shares of the Offeror. The ordinary share of the Offeror has 1 vote for 1 ordinary share, and the preference share of the Offeror has 1 vote for 2 preference shares.

SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

The following table sets out the list of top 10 major shareholders of SF as of 30 September 2023

No.	Shareholder	Number of Shares (Shares)	%
1	Shenzhen Mingde Holding Development Co., Ltd. ⁽¹⁾⁽²⁾	2,361,927,139	48.25%
2	Hong Kong Securities Clearing Company Ltd.	245,019,458	5.01%
3	Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account ⁽²⁾	200,000,000	4.09%
4	Shenzhen Zhaoguang Investment Co., Ltd.	189,716,864	3.88%
5	Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)	100,914,904	2.06%
6	Shenzhen Weishun Enterprise Management Co., Ltd. ⁽²⁾	100,000,000	2.04%
7	Lin Zheyang	40,000,000	0.82%
8	Liu Jilu	35,793,780	0.73%
9	NSF Portfolio #112	20,581,472	0.42%
10	Hua Life Insurance Co., Ltd. – self-owned funds	18,522,420	0.38%
11	Others	1,582,726,336	32.33%
	Total	4,895,202,373	100.00%

Note:

- (1) Mr. Wang Wei and Lin Zheyang holds 99.90% ownership and 0.10% ownership respectively, of Shenzhen Mingde Holding Development Co., Ltd.
- (2) Shenzhen Mingde Holding Development Co., Ltd. directly or indirectly holds a total of 2,661,927,139 shares in SF, accounting for 54.38% of SF's total share capital of which 2,361,927,139 shares are directly held, 100,000,000 shares are held through its wholly-owned subsidiary Shenzhen Weishun Enterprise Management Co., Ltd., and 200,000,000 shares are held through the "Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account", a special account for guarantee and trust opened for the issuance of exchangeable bonds (EB).

1.2.4 List of Board of Directors**The Offeror**

As of 8 December 2023, the Offeror has 3 directors which are set out below.

No.	Name	Position
1.	Mr. Zhou Minglong	Director
2.	Mr. Fu Jie	Director
3.	Mr. Thikarn Supawirachbuncha	Director

SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

The members of the board of directors of SF as of 30 September 2023 are set out below.

No.	Name	Position
1.	Mr. Wang Wei	Chairman / General manager
2.	Mr. Ho Chit	Director / Deputy general manager / Financial head
3.	Ms. Wang Xin	Director
4.	Mr. Zhang Dong	Director
5.	Mr. Chan Charles Sheung Wai	Independent director
6.	Mr. Lee Carmelo Ka Sze	Independent director
7.	Dr. Ding Yi	Independent director

1.2.5 Summary of the financial status and performance of the Offeror**The Offeror**

The Offeror was newly established on 8 December 2023, and thus the Offeror has not prepared its financial statements as at the date of the tender offer.

SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

Key financial statements and operating results of SF from the audited financial statements for the years ended 31 December 2020, 2021 and 2022 and the unaudited financial statements for the nine-month period ended 30 September 2023 whose details are as follows:

(Unit: RMB million)

Consolidated Financial Statement	For the year ended 31 December			For the nine months period ended 30 September
	2020	2021	2022	2023
Total assets	111,160.0	209,900.0	216,842.7	222,415.9
Total liabilities	54,400.3	111,984.7	118,556.7	121,365.5
Authorized share capital	4,556.4	4,906.2	4,895.2	4,895.2
Issued and paid-up share capital	4,556.4	4,906.2	4,895.2	4,895.2
Total equity	56,759.7	97,915.2	98,286.0	101,050.5
Equity attributable to owners of the parent	56,443.0	82,943.2	86,263.7	90,747.2
Non-controlling interests	316.7	14,972.0	12,022.3	10,303.2
Total revenues ⁽¹⁾	153,986.9	207,186.6	267,490.4	189,011.6
Total expenses ⁽²⁾	147,054.8	203,267.4	260,486.8	183,017.1
Profit for the year	6,932.0	3,919.2	7,003.6	5,994.5
Profit attributable to owners of the parent	7,326.1	4,269.1	6,173.8	6,264.5
Basic earnings per share (RMB) ⁽³⁾	1.6	0.9	1.3	1.3
Dividend per share (RMB) ⁽⁴⁾	0.3	0.3	0.2 ⁽⁵⁾	0.2
Book value per share (RMB) ⁽³⁾	12.6	18.0	17.7	18.7

Source: Financial Statement of SF

Note: ⁽¹⁾ Total revenue comprises operating revenue (such as express & logistics and supply chain services, sales of goods), revenue from disposal of materials etc.

⁽²⁾ Total expenses comprise cost of services, taxes and surcharges, selling and distribution expenses, general and administrative expenses, research and development expenses, financial cost, credit impairment losses, income tax expenses etc.

⁽³⁾ Calculated by the weighted average number of ordinary shares during 2020 – 2022 and 9-month period ended 30 September 2023 which are 4,464.06 million shares, 4,603.73 million shares, 4,868.68 million shares and 4,851.68 million shares, respectively.

⁽⁴⁾ Dividend per share is announced in each year based on the performance of previous year.

⁽⁵⁾ For the year ended 31 December 2022, SF had a share buyback of RMB 2,040.12 million.

1.2.6 Material encumbrance

The Offeror

- None -

SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

As of 31 December 2022 and 30 September 2023, SF's material encumbrance, which included borrowings, debentures and contingent liabilities, are set out as follows.

Unit: RMB million	As of 31 December 2022	As of 30 September 2023
Short-term borrowings	22,162.13	24,482.67
Long-term borrowings	7,472.01	11,483.22
Debentures	18,927.51	19,306.78

Source: SF's financial statements

Commitment and Contingent Liabilities

As of 31 December 2022, SF had commitments in capital expenditure, which included the investment of buildings, machinery, equipment, etc., of RMB 3,571.6 million

As of 31 December 2022, SF had investment contracts that had been signed but not fulfilled or not absolutely fulfilled, of RMB 1,811.6 million.

As of 31 December 2022, SF and its subsidiaries provided loan guarantees to related parties, whose total guarantee amount were RMB 895.4 million.

1.2.7 Information relating to criminal records (during last 5 years)

The Offeror

- None -

SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

- None -

1.2.8 Pending legal disputes

The Offeror

- None -

SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

As of 31 December 2022, SF had outstanding litigation matters in the amount of RMB 486.90 million. These litigation matters included traffic accident cases and transportation claims with small amounts involved,

regarding which SF had already purchased commercial insurance for operating vehicles, transportation, and other business activities.

2. The Tender Offer Preparer Information

Name	Bualuang Securities Public Company Limited
Address	29 th Floor, Silom Complex Off. Building, 191 Silom Road, Silom, Bangrak, Bangkok 10500
Telephone No.	0-2618-1141-43, 46-47 or 0-2618-1122, 1133, 1129
Facsimile No.	0-2618-1120

3. Other Advisor Information (if any)

Name	Siam Premier International Law Office Limited
Responsible	Legal advisor
Address	The Offices at Central World, 26/F 999/9 Rama 1 Road, Pathumwan, Bangkok 10330
Telephone No.	0-2646-1888
Facsimile No.	0-2646-1919

4. Relationship between the Offeror and the Business, Major Shareholders or Directors of the Business

4.1 Summarize the material information of any contract/agreement/memorandum of understanding, entered into by the Offeror or the related parties prior to making the Tender Offer for the purpose of acquiring securities of the business, regardless of whether or not such contract / agreement / memorandum of understanding is entered into for the tender of securities in the Tender Offer

The Offeror and Flourish have entered into a share purchase agreement of which the key terms are summarized as follows:

Contract Parties	SF International Holding (Thailand) Co., Ltd. (as the Purchaser); and Flourish Harmony Holdings Company Limited (as the Seller)
Date of Agreement	5 February 2024
Sale Shares	Ordinary shares of KEX amounting to 467,373,855 shares (representing 26.82 percent of total KEX shares) (the "Sale Shares")
Completion Date	After Flourish becomes a legal owner of the Sale Shares on the date of completion of the DIS or any other date to be mutually agreed in writing by the Parties (the "Completion Date")
Purchase Price (per share)	The lower of: (a) the last closing price of KEX shares on the Completion Date and (b) the price of the Tender Offer at 5.50 Baht per share

Conditions Precedent	None
Governing Law	Thai law
Advisor in the Agreement Preparation	Siam Premier International Law Office Limited

4.2 Shareholding, whether direct or indirect, by the Offeror or the Offeror's authorized persons in the Business or major shareholders of the Business

4.2.1 Shareholding in the Business

Currently, the Offeror directly holds 1,000 shares of the Business, which represent 0.00% of total KEX shares. However, the Offeror will receive 467,373,855 KEX shares (representing 26.82% of total KEX shares) from the DIS and will become a major direct shareholder of KEX.

4.2.2 Shareholding in the Major Shareholder of the Business

Mr. Thikarn Supawirachbuncha, shareholder and director of the Offeror, currently holds 53,000 KLN shares (representing 0.00% of total KLN shares) from KLN's share award benefits. KLN currently indirectly holds 4,900 ordinary shares of KLNTH (representing 49.00% of total KLNTH shares and 65.77% of voting rights of KLNTH). KLNTH, the major shareholder of the Business, currently holds 907,200,000 KEX shares (representing 52.06% of total KEX shares).

SF, the ultimate parent company of the Offeror, currently holds KEX shares indirectly through KLNTH, an indirect subsidiary of SF, which holds 907,200,000 KEX shares (representing 52.06% of total KEX shares)

(Please see more information regarding shareholding structure in Part 2 – Details of the Securities Offeror – Clause 1.2.3 List of Shareholders)

4.3 Shareholding, whether direct or indirect, by the Business, major shareholders or directors of the Business in the Offeror (in case the Offeror is a juristic person)

4.3.1 Shareholding by the Business in the Offeror

- None -

4.3.2 Shareholding by the Major Shareholder of the Business in the Offeror

SF, the ultimate shareholder of the Business, currently indirectly holds 4,900 ordinary shares of the Offeror through S.F. Express (Overseas) Limited and S.F. Express (Singapore) Private Limited (representing 49.00% of total shares of the Offeror and 65.77% of voting rights of the Offeror)

(Please see more information regarding shareholding structure in Part 2 – Details of the Securities Offeror – Clause 1.2.3 List of Shareholders)

4.3.3 Shareholding by Directors of the Business in the Offeror

- None -

4.4 Other relationships

4.4.1 Common Directors and/or Common Management

The Offeror

- None -

SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

- None -

4.4.2 Related Party Transactions between the Offeror and the Business and subsidiaries of the Business

The Offeror

- None –

SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)

Prior to the Tender Offer, SF and its subsidiaries (excluding KEX and its subsidiaries) have related party transactions with the Business and its subsidiaries with the details as shown in the following table.

Type or transaction	Company with related party transactions	Value of related party transactions (THB million)	
		Year ended 31 December 2022	9-month period ended 30 September 2023
Revenue from sale of goods and services	Kerry Logistics (Thailand) Co., Ltd.	1.8	3.0
	KMMT Co., Ltd.	0.1	0.1
	KART (Thailand) Co., Ltd.	0.0	-
	Kerry-APEX (Thailand) Co., Ltd.	0.0	-
	Kerry Logistics (Bangna) Co., Ltd.	-	0.1

Type or transaction	Company with related party transactions	Value of related party transactions (THB million)	
		Year ended 31 December 2022	9-month period ended 30 September 2023
	S.F. Express Co., Ltd.	42.1	109.6
	KEC (Bangkok) Limited	3.1	(2.8) ⁽¹⁾
	Times E-Commerce Co., Ltd.	94.5	19.7
	Kerry Ecommerce Limited	99.8	169.3
Purchases of goods and services	Kerry Logistics (Thailand) Co., Ltd.	0.0	0.0
	Kerry-APEX (Thailand) Co., Ltd.	1.4	1.6
	Kerry Siam Seaport Co., Ltd.	0.0	0.0
	Kerry Logistics (Bangna) Co., Ltd.	137.9	106.6
	S.F. Express Co., Ltd.	0.2	81.8
	KEC (Bangkok) Limited	-	19.4
	Kerry Logistics (Hong Kong) Limited	25.9	18.4
	Times E-Commerce Co., Ltd.	1.5	-
	Kerry Ecommerce Limited	4.8	6.1
Other income	KLN (Thailand) Co., Ltd.	5.8	2.9
	Kerry Express (Cambodia) Co., Ltd.	3.1	-
	ABX Express (M) SDN. BHD.	6.5	0.1
	PT. Kerry Nex Express	2.6	0.3
	Kerry Express (Hong Kong) Limited	2.4	0.0
	Kerry Express (Singapore) PTE. Ltd.	-	1.7
Finance cost	KLN Logistics (Thailand) Limited	-	1.1

Source: SF

Note: ⁽¹⁾ Reversal of prior year's transaction amount due to adjustments made to invoices issued in 2022

5. Other Information for the Securities Holders' Decision Making

5.1 The securities held by the Offeror (as of 19 December 2023)

5.1.1 Ordinary Shares

Name	Class of shares	Number of shares	Percentage of total number of outstanding shares	Percentage of total voting rights
I. The Offeror	Ordinary Shares	1,000	0.00	0.00
II. Persons in the same group of the Offeror	Ordinary Shares	-	-	-
III. Related parties under Section 258 of the Offeror	Ordinary Shares	-	-	-

Name	Class of shares	Number of shares	Percentage of total number of outstanding shares	Percentage of total voting rights
Related parties under Section 258 of SF (The ultimate shareholder who has control or significant influence over the policy-making, management, and operation of the Offeror)				
KLN Logistics (Thailand) Limited	Ordinary Shares	907,200,000	52.06	52.06
	Total	907,201,000	52.06	52.06

Currently, the Offeror directly holds 1,000 shares of the Business, which represent 0.00% of total KEX shares. However, the Offeror will receive 467,373,855 KEX shares (representing 26.82% of total KEX shares) from the DIS and will become a major direct shareholder of KEX. *(Please see more information regarding shareholding structure in Part 2 – Details of the Securities Offeror – Clause 1.2.3 List of Shareholders)*

5.1.2 Convertible Securities

- None -

5.2 Sources of funds used by the Offeror for the Tender Offer

Under the rules and regulations pursuant to the Tender Offer, the Offeror is obliged to make a mandatory tender offer for all securities of the Business, excluding the 467,373,855 ordinary shares which the Offeror will receive from the DIS (upon transferring such shares from Flourish) and the 1,000 ordinary shares which are currently held by the Offeror. Therefore, the Offeror is obliged to make a mandatory tender offer for all remaining ordinary shares of the Business of 1,275,202,145 shares having aggregate amount of funds required for the mandatory tender offer being THB 7,013,611,797.50 (Seven billion thirteen million six hundred eleven thousand seven hundred ninety-seven baht fifty satang).

As of 28 January 2024, the Offeror had cash deposit in an escrow account with Standard Chartered Bank (Hong Kong) Limited with current balance of HKD 1,700,000,000.00 (One billion seven hundred million Hong Kong Dollars) or approximately THB 7,680,940,000.00¹ (Seven billion six hundred eighty million nine hundred forty thousand Baht) (the “Funds”) to be solely used for the purpose of conducting this mandatory tender offer. The Funds are assured to remain available for the settlement of the Tender Offer, according to the terms and conditions of the escrow agreement. The Offeror together with Bualuang Securities Public Company Limited, as a Tender Offer Preparer, will instruct to transfer the Funds into the Tender Offer Preparer’s bank account for settlement of the Tender Offer.

Bualuang Securities Public Company Limited, as the Tender Offer Preparer, has verified the source of funds for the Tender Offer and viewed that the funds in the escrow account for the Tender Offer purpose are sufficient for conducting this Tender Offer. *(Please refer to Appendix 1 – Confirmation Letter on Source of Funds Available for the Tender Offer)*

¹ The source of funds in Thai Baht currency is calculated by using the average buying exchange rates as of 29 January 2024 quoted by the Bank of Thailand, which is equivalent to THB 4.5182 to HKD 1

5.3 Plan to sell shares of the Business

As of the Tender Offer date, the Offeror has no intention to sell or transfer a significant number of the Business' securities during the first 12 months period commencing from the last day of the Tender Offer Period unless one of the following events occurs:

- (i) The Offeror is obligated to do so by any relevant laws or regulations that are effective during such period;
- (ii) The Offeror sells or transfers shares of the Business to person(s) under Section 258 under the SEC Act;
- (iii) For the purpose of corporate restructuring which is resulted from approval by a shareholders' meeting of the Business.

5.4 Other necessary information

5.4.1 The distribution in specie of KEX Shares by Kerry Logistics Network Limited

On 29 December 2023, Kerry Logistics Network Limited ("KLN") made an announcement to the Hong Kong Stock Exchange regarding the declaration of a special interim dividend to be effected by way of a distribution in specie (the "DIS") of 907,200,000 KEX shares (representing approximately 52.06% of KEX's total issued shares) indirectly held by KLN (through KLN Logistics (Thailand) Limited, its subsidiary) to the shareholders whose names appear on the Registers of Members on the Record Date, in proportion to their respective shareholdings in KLN. However, the DIS is subject to KLN obtaining a waiver from SEC in respect of its tender offer obligations arising pursuant to the relevant laws and regulations (the "Condition"). The Condition is expected to be fulfilled, subject to the discretion of the SEC, within 30 days from the date on which KLN submits a complete formal waiver application and supporting documents to the SEC, which is expected to take place in January 2024 at the earliest.

Currently, SF is a controlling shareholder of KLN, indirectly holds (through its indirect wholly-owned subsidiary, Flourish) approximately 51.52% of all issued KLN Shares. Assuming there is no change to such shareholding interest on the Record Date and the Condition is satisfied, Flourish will be entitled to receive 467,373,855 KEX shares under the DIS, equivalent to 26.82% of all KEX shares. As Flourish intends to transfer all of the KEX shares received from the DIS to SF Thailand (the Offeror), the Offeror will be required to make a mandatory tender offer to acquire all issued KEX shares (other than the KEX shares that are held or to be held as a result of the DIS by the Offeror) in total amount of 1,275,202,145 KEX shares, equivalent to 73.18% of total KEX shares. The Offeror has set the price of the Tender Offer at THB 5.50 per share.

Accordingly, all KLN shareholders, except Flourish and/or the Offeror ("**Qualifying Minority Shareholder**") will be entitled to elect (at his absolute discretion): Option 1 (Shares) or Option 2 (Share Sale).

- Option 1 (Shares)** : To authorise KLN and/or the Thai Legal Adviser to complete the transfer of KEX DIS Shares to which the Qualifying Minority Shareholder is entitled, in scripless form, to the Account 600 under such Qualifying Minority Shareholder's name with TSD at completion of the Distribution and confirm not to have their entitled KEX DIS Shares tendered in the KEX Offer in respect of such KEX Offer
- Option 2 (Share Sale)** : To authorise KLN and/or KLNTH to accept the KEX Offer and tender all of the KEX DIS Shares to which the Qualifying Minority Shareholder is entitled under the Distribution in exchange for the Net Proceeds to be received after the KEX Offer Period closes and confirm not to hold any KEX DIS Shares at completion of the Distribution

An Election Form will be despatched with the Circular, which will include further details regarding the Distribution and the options available to the Qualifying Minority Shareholders, after the Record Date for completion and return by Qualifying Minority Shareholders to confirm the option by which the Qualifying Minority Shareholders elect to receive the benefit of the Distribution.

Please see further information and definitions in KLN announcement which was published on website of the Hong Kong Stock Exchange at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1229/2023122900152.pdf>

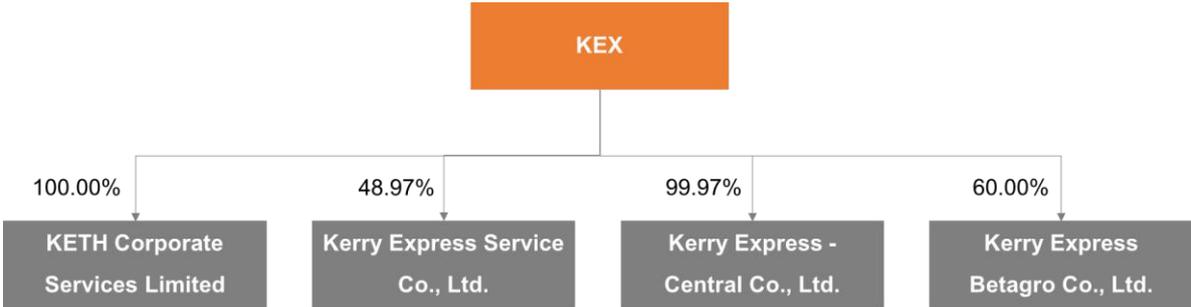
Part 3**Information of the Business****1. Detail of the Business****1.1 General Information**

Name	Kerry Express (Thailand) Public Company Limited
Address	906, 9/F, Chao Phya Tower, 89 Soi Wat Suan Plu, Charoen Krung Road, Bangrak, Bangkok 10500
Telephone No.	0-2238-5558
Facsimile No	0-2237-3752
Company Registration No.	0107563000037
Website	https://th.kerryexpress.com/th/home
Market	SET
Industrial Group	Services
Sector	Transportation & Logistics
Nature of Business	Provide a one-stop-service express delivery service

1.2 General Business Information**Business operation**

Kerry Express (Thailand) Public Company Limited (“**KEX**”) is an express delivery service provider in Thailand, which offers a comprehensive range of integrated parcel delivery services in Thailand, serving the C2C, B2C and B2B segments, providing highly reliable and efficient services to clients across the country. KEX became the first express parcel delivery company to be listed on the Stock Exchange of Thailand on 24 December 2020. KEX has expanded along with Thailand’s growing social commerce and e-commerce sectors, while consistently striving to offer the highest quality of goods, services, and innovations to sustain its forefront position as the leading express delivery brand in Thailand. KEX provides valuable customers, business partners, and all other stakeholders innovative solutions, generate high-value returns, and harness its people’s full potential to drive the organization, society, and the nation towards long-term sustainability.

As of 30 September 2023, KEX's group structure was as follows:



Source: Form 56-1 One Report for the year 2022 of KEX and SET website

The business of KEX is divided into 3 main business segments which include Consumer-to-Consumer (C2C), Business-to-Consumer (B2C), and Business-to-Business (B2B) segments, each of which is summarized as follows:

(1) Consumer to-Consumer (C2C)

KEX offers retailers and individuals express delivery and payment-on-delivery solutions through its extensive network of over 36,000 service points (including parcel shops, parcel lockers, and service points in its retail and individual partners) and other service points (including BTS sky train station service points and Offline-to-Online (O2O) service points). KEX also offers Door-to-Door (D2D) services, where parcels are collected from customers right at their doorsteps.

(2) Business-to-Consumer (B2C)

KEX serves nearly all e-commerce and social platforms and home-shopping channels operating in Thailand. KEX offers integrated e-commerce solutions including cross-border delivery solutions, e-fulfilment services, parcel return management and payment-on delivery solutions.

(3) Business-to-Business (B2B)

KEX serves numerous corporate customers by delivering parcels to offices, branches, and other business locations, namely banks, financial institutions, legal firms, international couriers, retail stores, modern trade companies, direct sales companies, telecom companies, trading firms and general offices.

KEX offers wide range of services which can be divided into the following 6 categories:

- Same-Day Delivery (SD)

Parcels are collected within 2 hours of booking and delivered in the evening of the same day within the same province.

- Delivery-before-Noon (AM)

The collected parcels will be delivered before noon of the next day. KEX's AM service covers all major cities in Thailand.

- Next-Day Delivery (ND)

Being the core focus, KEX's ND service ensures that all parcels dropped off or collected before cut-off time will be delivered the following day. The ND service covers up to 99.9% of Thailand.

- Economy Delivery (2D and 3D)

Parcels are delivered within 2 days or 3 days through Economy Delivery service. It is available nationwide.

- Door-to-Door (D2D)

D2D is a service for C2C customers. KEX's couriers collect parcels from customers' doorsteps.

- Payment Solutions

As the first delivery company in Thailand to provide Payment-on-Delivery solutions, KEX has continued innovating this service and introduced multiple payment solutions including cash, credit card, debit card, and contactless payment (via Kerry Express Wallet, QR payments, Rabbit LINE Pay, PromptPay, and ShopeePay) to facilitate its customers' transactions.

Financial Highlight and the Performance of the Business

The material financial information of KEX in the audited financial statements for the years ended 31 December 2020 to 2022 and the unaudited financial statements for the nine-month period ended 30 September 2023, are detailed as follows:

(Unit: THB million)

Consolidated Financial Statement	For the year ended 31 December			For the 9 months period ended 30 September
	2020	2021	2022	2023
Total assets	19,318.2	17,045.6	12,093.2	8,593.7
Total liabilities	8,470.8	7,728.7	5,595.5	4,818.7
Authorized share capital	890.0	890.0	890.0	890.0
Issued and paid-up share capital	870.0	871.3	871.3	871.3
Total equity	10,847.5	9,316.9	6,497.7	3,775.0
Equity attributable to owners of the parent	10,847.5	9,298.9	6,499.8	3,781.9
Non-controlling interests	-	18.0	(2.2)	(6.9)
Total revenues ⁽¹⁾	19,010.1	18,972.1	17,145.0	8,995.0
Total expenses ⁽²⁾	17,605.0	18,927.1	19,995.0	11,736.8
Profit (loss) for the period	1,405.0	44.9	(2,850.0)	(2,741.9)
Basic earnings per share (Baht) ⁽³⁾	1.1	0.0	(1.6)	(1.6)
Dividend per share (Baht) ⁽³⁾	1.3	1.0	-	-
Book value per share (Baht) ⁽³⁾	8.6	5.4	3.7	2.2

Source: KEX's financial statements

Note: ⁽¹⁾ Total revenues includes Sales and service income and Other income⁽²⁾ Total expenses includes Cost of sales and services, Selling and administrative expenses, Financial cost, and Income tax expense⁽³⁾ Calculated by the weighted average number of ordinary shares during 2020 – 2022 and the 9-month period ended 30 September 2023 which are 1,264.1 million shares, 1,740.0 million shares, 1,742.6 million shares and 1,742.6 million shares, respectively

1.3 The Business' shareholders' list

1.3.1 Shareholding structure before the Tender Offer

List of top 10 shareholders on the latest shareholders register book of the Business as of 20 November 2023, which is the latest book closing date:

Name	Amount of Shares (Shares)	% of issued and paid-up shares	% of total voting rights
1. KLN Logistics (Thailand) Limited ("KLNTH") ⁽¹⁾	907,200,000	52.06%	52.06%
2. VGI Public Company Limited	269,230,900	15.45%	15.45%
3. BTS Group Holdings Public Company Limited	99,636,900	5.72%	5.72%
4. Thai NVDR Company Limited	29,390,881	1.69%	1.69%
5. Mr. Thaveechat Jurangkool	26,969,800	1.55%	1.55%

Name	Amount of Shares (Shares)	% of issued and paid-up shares	% of total voting rights
6. Mr. Kin Hang Ng	20,982,400	1.20%	1.20%
7. Bangkok Bank Public Company Limited	17,000,000	0.98%	0.98%
8. CITI (NOMINEES) LIMITED-CITIC SECURITIES BROKERAGE (HK) LIMITED AC CLIENT	13,243,800	0.76%	0.76%
9. UBS AG SINGAPORE BRANCH	11,500,000	0.66%	0.66%
10. CREDIT SUISSE AG, SINGAPORE BRANCH	11,131,600	0.64%	0.64%
11. Other shareholders	336,290,719	19.30%	19.30%
Total	1,742,577,000	100.00%	100.00%

Source: SET

Note: ⁽¹⁾ KLN Logistics (Thailand) Limited is a limited liability holding company incorporated in Thailand. Its shareholding structure comprises ordinary shares and preference shares (with every two preference shares being equal to one voting right), with, as of 28 April 2023, Rosy Venus Limited, a company incorporated in the British Virgin Islands, holding 49.00% of its total issued shares, Mr. Maris Pakdeetaweewiwat, a Thai national, holding 49.00% of its total issued shares, and Mr. Kledchai Benjaathonsirikul, a Thai national, holding 2.00% of its total issued shares.

Rosy Venus Limited, the controlling shareholder of KLNTH, is a subsidiary of KLN, a listed company on the Hong Kong Stock Exchange.

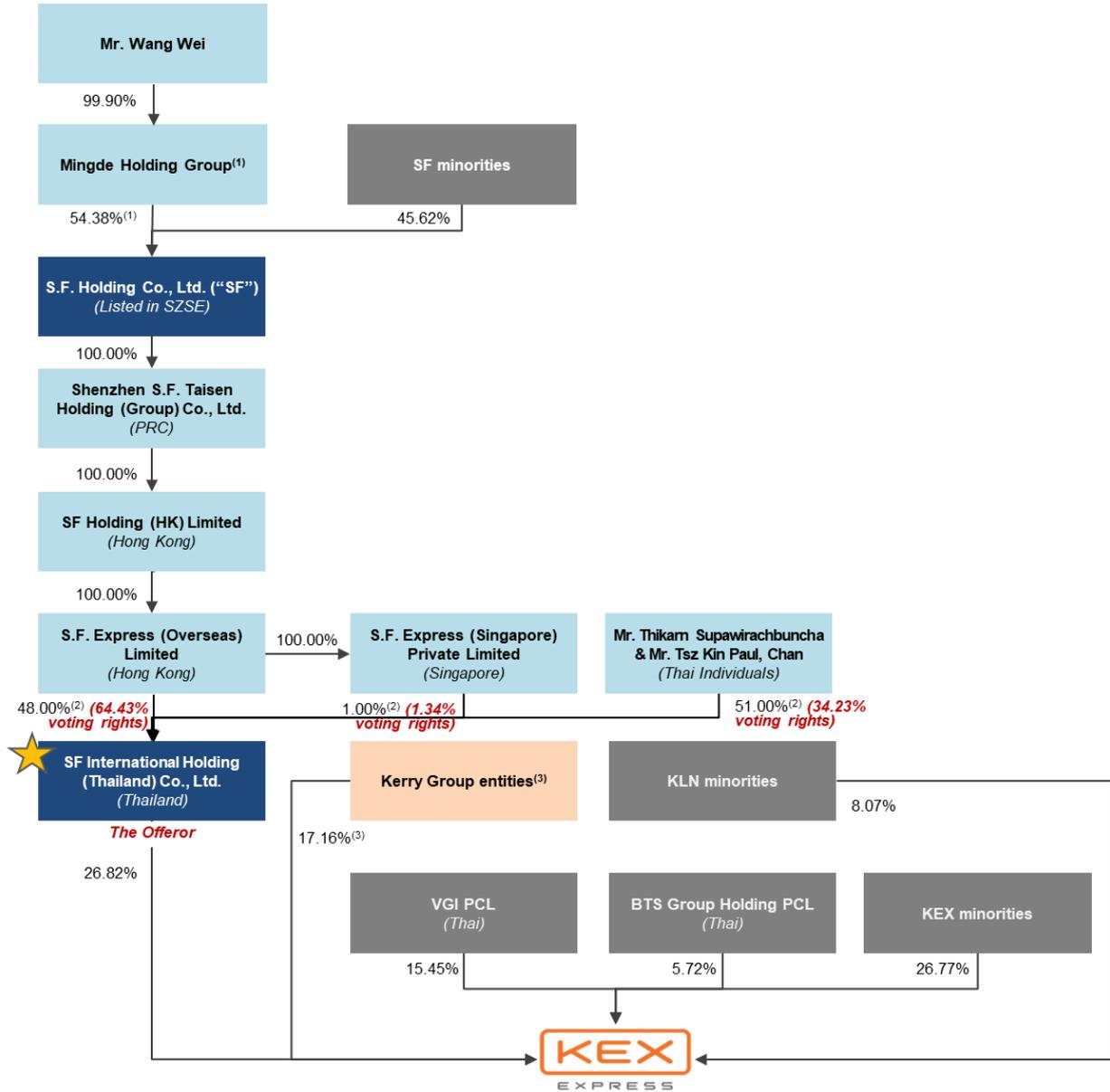
KLN (through Rosy Venus Limited and its other wholly-owned subsidiaries) effectively has 65.77% voting rights in KLNTH. KLN (through Rosy Venus Limited, its other wholly-owned subsidiaries and KLNTH) has 52.06% economic interest in KEX.

The Offeror will receive 467,373,855 KEX shares from the DIS and the SPA, and will become a major shareholder of KEX (*Please see details of DIS from KLN's announcement in Part 2 – Details of the Securities Offeror – Clause 5.4.1 The distribution in specie of KEX Shares by Kerry Logistics Network Limited and Please see details of the SPA in Part 2 – Clause 4.1 Summarize the material information of any contract/agreement/memorandum of understanding, entered into by the Offeror or the related parties prior to making the Tender Offer for the purpose of acquiring securities of the business, regardless of whether or not such contract / agreement / memorandum of understanding is entered into for the tender of securities in the Tender Offer*).

The shareholding structure of the Offeror and KEX after the DIS excluding a result of the Tender Offer are as follows:

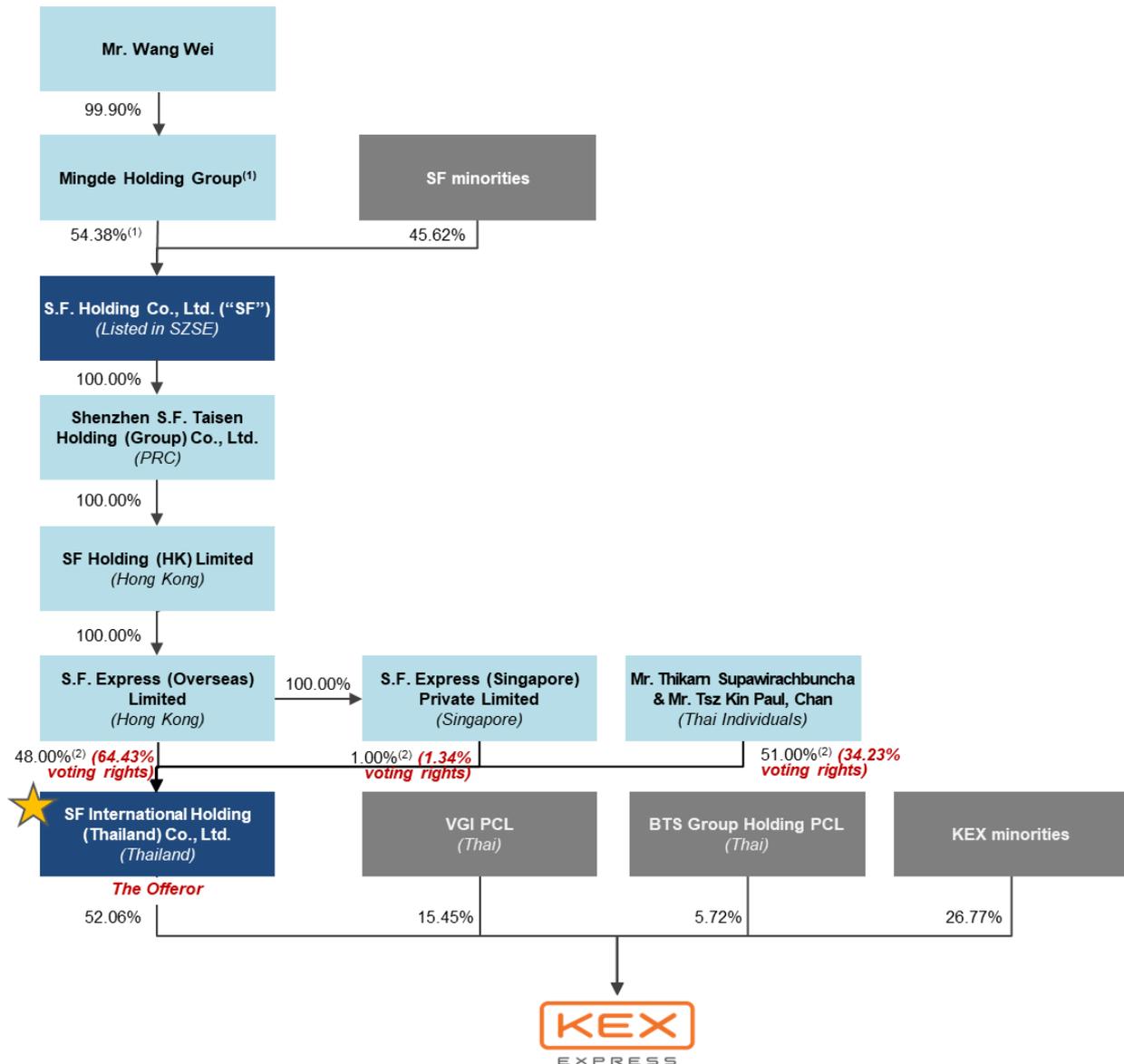
Shareholding structure after completion of DIS excluding a result of the Tender Offer

(assume all KLN's shareholders elect to receive KEX shares from DIS)



Note:

- (1) Including (a) 52.34% held by Shenzhen Mingde Holding Development Co., Ltd. ("**Shenzhen Mingde**"), a company which is directly owned 99.90% by Mr. Wang Wei and 0.10% by Mr. Lin Zheyang, with 4.09% of the 52.34% of SF shares held by Shenzhen Mingde pledged to the EB pledge agent and placed in security and trust account "Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account" and (b) 2.04% held by Shenzhen Weishun Enterprise Management Co., Ltd., a wholly owned subsidiary of Shenzhen Mingde
- (2) S.F. Express (Overseas) Limited and S.F. Express (Singapore) Private Limited hold ordinary shares of the Offeror of 4,800 shares and 100 shares, respectively. Mr. Thikam Supawirachbuncha and Mr. Tsz Kin Paul, Chan hold preference shares of the Offeror of 2,600 shares and 2,500 shares, respectively. The ordinary share of the Offeror has 1 vote for 1 ordinary share, and the preference share of the Offeror has 1 vote for 2 preference shares
- (3) Including (a) 10.85% held by Kerry Properties Limited, (b) 5.56% held by wholly-owned subsidiaries of Kerry Holdings Limited, (c) 0.69% held by other wholly-owned subsidiaries of Kerry Group Limited and (d) 0.06% held by a wholly-owned subsidiary of Shangri-la Asia Limited

Shareholding structure after completion of DIS excluding a result of the Tender Offer*(assume all KLN's shareholders, except Flourish, elect to tender their KEX share entitlements into this MTO)***Note:**

⁽¹⁾ Including (a) 52.34% held by Shenzhen Mingde Holding Development Co., Ltd. ("**Shenzhen Mingde**"), a company which is directly owned 99.90% by Mr. Wang Wei and 0.10% by Mr. Lin Zheyang, with 4.09% of the 52.34% of SF shares held by Shenzhen Mingde pledged to the EB pledge agent and placed in security and trust account "Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account" and (b) 2.04% held by Shenzhen Weishun Enterprise Management Co., Ltd., a wholly owned subsidiary of Shenzhen Mingde

⁽²⁾ S.F. Express (Overseas) Limited and S.F. Express (Singapore) Private Limited hold ordinary shares of the Offeror of 4,800 shares and 100 shares, respectively. Mr. Thikam Supawirachbuncha and Mr. Tsz Kin Paul, Chan hold preference shares of the Offeror of 2,600 shares and 2,500 shares, respectively. The ordinary share of the Offeror has 1 vote for 1 ordinary share, and the preference share of the Offeror has 1 vote for 2 preference shares

1.3.2 Potential shareholding structure after the Tender Offer

The list of shareholders of the Business after the completion of DIS, presuming that all shareholders sell their entire holdings as part of this Tender Offer

Name	Amount (shares)	Percentage when compared to the total number of issued shares of the Business	Percentage when compared to the total voting rights of the Business
The Offeror and persons under section 258 of the Offeror.			
a. The Offeror (SF International Holding (Thailand) Co., Ltd.)	1,742,577,000	100.00%	100.00%
b. Persons under section 258 of the Offeror	-	-	-

1.4 The Board of Director as of Tender Offer date and potential structure after making the Tender Offer

1.4.1 The Board of Directors of the Business as of 2 February 2024

No.	Name	Position
1.	Mr. Kledchai Benjaathonsirikul	Chairman of the Board of Directors
2.	Mr. Ng Kin Hang Alex	Director / Chief Executive Officer
3.	Mr. Kavin Kanjanapas	Director
4.	Mr. Chalush Chinthammit	Director
5.	Mr. Choi Chun Sang Michael	Director / Deputy Chief Executive Officer
6.	Mr. Warawut Natpradith	Director / Chief Operations Officer
7.	Mr. Prasan Chuaphanich	Independent Director / Chairman of the Audit Committee
8.	Ms. Yeo Hwee Leng Eileen	Independent Director / Audit Committee
9.	Mr. Kamthorn Tatiyakavee	Independent Director / Audit Committee

Source: KEX's annual report

1.4.2 The Board of Directors of the Business after the Tender Offer

As of the date of submission of the Tender Offer, the Offeror has no intention to change the Business' Board of Directors structure or alter the Board of Directors during the period of 12 months after the end of the Tender Offer Period. However, during such period, the Offeror may consider making necessary changes, proposing new directors to replace outgoing directors, as it deems appropriate, depending on the result of the Tender Offer and the control level of the Offeror in the Business after the Tender Offer which is still uncertain, while also factoring in the prevailing market environment as well as the development plans and business operation of KEX. Any changes to the structure of the Board of Directors will be carried out in compliance with relevant laws, regulations, and articles of association of the Business, including Board of Directors' resolutions, and/or shareholders' resolutions of the Business (as applicable).

1.5 Highest and Lowest price of the Business's Share in Each Quarter for the last 3 years

Year	Period	Highest and Lowest Price (THB per share)	
		Highest price	Lowest price
2021	Jan – Mar	61.00	49.25
	Apr – Jun	52.25	38.00
	Jul – Sep	43.00	37.50
	Oct – Dec	40.00	30.25
2022	Jan – Mar	30.00	20.90
	Apr – Jun	24.50	18.90
	Jul – Sep	26.75	18.80
	Oct – Dec	19.90	17.40
2023	Jan – Mar	19.10	15.00
	Apr – Jun	17.20	9.80
	Jul – Sep	10.20	6.70
	Oct – Dec	6.70	3.86
2024	Jan - 2 Feb	6.80	5.20

Source: SETSMART

2. Post-Tender Offer Action Plan**2.1 Business Status**

As of the date of submission of the Tender Offer, the Offeror has no intention to delist the Business from being a listed company in the SET during the period of 12 months after the end of the Tender Offer Period except for the case that the Offeror has duties to comply with relevant laws, rules and regulations that are effective at that time.

2.2 Policy and Management Plan**2.2.1 The objectives for conducting the business of the Business**

As of the date of submission of the Tender Offer, the Offeror has no intention to make any material changes to the business objectives as well as the core business operation of the Business, during the period of 12 months after the end of the Tender Offer Period.

2.2.2 Business Management Plan

As of the date of submission of the Tender Offer, the Offeror has no intention to make any material changes to the business management plan of the Business during the period of 12 months after the end of the Tender Offer Period. Moreover, the Offeror, SF and its subsidiaries currently do not operate any businesses similar to KEX's core business in Thailand, and have intention not to operate any businesses similar to KEX's

core business in Thailand as from the date of the completion of the DIS as long as the Offeror and SF and/or subsidiaries of SF hold directly or indirectly more than 10% of the total shares in KEX, and shares of KEX remain listed on the Stock Exchange of Thailand.

However, during such period, the Offeror may consider improving the Business' operation, the plan on which will be subject to further detailed study on current business plan of the Business, and may consider amending the business plan to be appropriate for current and future competitive landscape as well as future development strategy. If there is any amendment in the business plan, the Offeror will proceed in compliance with relevant laws and regulations including the approval from resolution(s) of the board of directors' meeting(s) and/or resolution(s) of the shareholders' meeting(s) of the Business (as the case may be). However, this plan is subject to the result of the Tender Offer and the control level of the Offeror in the Business after the Tender Offer which is still uncertain.

In addition, KEX currently has a brand licensing agreement with Kuok Registrations Limited ("**KRL**"), an indirectly wholly-owned subsidiary of Kerry Group Limited, to use the "Kerry Express" brand and related trademarks in connection with its operations in Thailand. Under this agreement, in the event that KLN and its subsidiaries cease to control in any way or cease to hold, directly or indirectly, 50% or more of the voting rights in KEX ("**Cessation of Control**"), KRL shall have 60 days to decide whether or not to terminate the brand licensing agreement and if KRL opts for termination, it shall give KEX 9-months' written notice prior to the termination of the agreement. Therefore, this brand licensing agreement may be terminated by KRL in 9 months after the completion of the DIS and submission of termination notice by KRL to KEX, as KLNTH will no longer be a shareholder of KEX upon DIS completion. However, before the Cessation of Control or the giving of termination notice takes place, KEX has already taken the initiative to commence discussion with KRL on extension of the license to use the "Kerry Express" brand and related trademarks. In this connection, SF is using its best endeavours to facilitate the discussions between KEX and KRL. During the course of discussion, KRL and KEX have executed a letter of intent indicating on a 'non-binding and subject to contract' basis that notwithstanding the prospective Cessation of Control upon completion of the DIS, KRL would extend the term of the brand licensing agreement to beyond the said 9-months' notice period to a period of no longer than 2 years from the completion of the DIS subject to certain approval processes to facilitate any orderly rebranding exercise.

In the event that KRL decides to terminate the brand licensing agreement as aforementioned for reason of the DIS, the Offeror has intention to assist the Business in negotiating with KRL to extend the right to use the "Kerry Express" brand and related trademarks for KEX's operation in Thailand, as it deems appropriate and the most beneficial to KEX. However, the extension of the existing brand licensing agreement or the entering into a new brand licensing agreement with the respect to the "Kerry Express" brand and related trademarks is subject to the result of negotiation and it is uncertain as to whether KEX can retain the right to use the "Kerry Express" brand and related trademarks under similar terms or at all upon the expiry of the notice period by KRL as per the terms of the existing brand licensing agreement.

2.2.3 Investment Plan

As of the date of submission of the Tender Offer, the Offeror has no intention to make any material changes to the investment plan of the Business other than the current investment plan according to the normal operation of the Business during the period of 12 months after the end of the Tender Offer Period.

However, during such period, the Offeror may consider that the Business makes adjustment on its investment plan if the appropriate business opportunity or investment opportunity arises. The Offeror will consider the current investment plan of the Business in detail and may consider amending such investment plan as appropriate. If there is any amendment in the investment plan, the Offeror will proceed in compliance with relevant laws and regulations including the approval from resolution(s) of the board of directors' meeting(s) and/or resolution(s) of the shareholders' meeting(s) of the Business (as the case may be). However, this plan is subject to the result of the Tender Offer and the control level of the Offeror in the Business after the Tender Offer which is still uncertain.

2.2.4 Organizational Restructuring Plan

Board of Directors: As of the date of submission of the Tender Offer, the Offeror has no intention to change the Business' Board of Directors structure or alter the Board of Directors during the period of 12 months after the end of the Tender Offer Period. However, during such period, the Offeror may consider making necessary changes, proposing new directors to replace outgoing directors, as it deems appropriate, depending on the result of the Tender Offer and the control level of the Offeror in the Business after the Tender Offer which is still uncertain, while also factoring in the prevailing market environment as well as the development plans and business operation of KEX. Any changes to the structure or Board of Directors will be carried out in compliance with relevant laws, regulations, and articles of association of the Business, including Board of Directors' resolutions and/or shareholders' resolutions of the Business (as applicable).

Management: As of the date of submission of the Tender Offer, the Offeror has no intention to change the management of the Business during the period of 12 months after the end of the Tender Offer Period. However, during such period, the Offeror may consider making necessary changes, restructuring or changing the management of the Business if deemed appropriate and/or necessary to enhance the effectiveness and efficiency of the business operation. However, the change of management is subject to the result of the Tender Offer and the control level of the Offeror in the Business after the Tender Offer which is still uncertain, while also factoring in the prevailing market environment as well as the development plans and business operation of KEX.

2.2.5 Disposition Plan for Core Assets of the Business or Subsidiaries

As of the date of submission of the Tender Offer, the Offeror has no intention to dispose of the core assets of the Business or its subsidiaries which would significantly impact the Business' operation during the period of 12 months after the end of the Tender Offer Period. This excludes any disposal of assets which are part of normal business operations and are in compliance with relevant regulations, including but not limited to regulations of the SEC and the SET.

2.2.6 Financial Restructuring Plan

As of the date of submission of the Tender Offer, the Offeror has no intention to make significant changes to the financial structure of the Business during the period of 12 months after the end of the Tender Offer Period. However, during such period, the Offeror may carefully consider the financial structure and policies of the Business and thoroughly study the financial management plan of the Business. The Offeror may accordingly adjust the financial structure of the Business to ensure suitability and efficiency, and may include seeking additional funds from debts and/or equity to support business operations and/or further investment of the Business. The Business will comply with relevant regulations, including but not limited to the criteria set forth by the SEC and the SET (where applicable). However, the change of financial structure is subject to the result of the Tender Offer and the control level of the Offeror in the Business after the Tender Offer which is still uncertain.

2.2.7 Dividend Policy

As of the date of submission of the Tender Offer, the Offeror has no intention to make significant changes to the Business's dividend policy during the period of 12 months after the end of the Tender Offer Period. However, the Offeror may change the Business's dividend policy in the future if necessary or in the event of significant changes in the financial status or business conditions of the Business, or for other necessary alterations, or to enhance efficiency and competitiveness of the Business in the future. The Offeror will ensure that any changes are approved by the Board of Directors and/or shareholders of the Business (if required), to comply with articles of association of the Business, laws, and relevant guidelines and regulations.

2.3 Connected Transaction

Currently, the Business has established policies, regulations, and approval processes for connected transactions in accordance with the rules and requirements of the SET and the SEC to prevent conflicts of interest in relation to connected transactions between the Business and its subsidiaries, affiliated companies, related parties, and/or individuals that may pose conflicts. Presently, the Business has connected transactions with SF and its subsidiaries who have control or significant influence over the policy-making, management, and operation of the Offeror, specifically as outlined in Section 2, Clause 4.4.2 regarding connected transactions. However, such connected transactions are in line with the Business conditions and/or financial status of the Business, taking into account the necessity and reasonableness of the transactions and their significance to the Business's operations and benefits. The Offeror foresees that, after the completion of the Tender Offer, the trajectory of connected transactions between the Business and the Offeror or persons under Section 258 of the Offeror will align with the normal course of business for the Business.

Part 4

Additional Information of the Tender Offer

1. Acceptance Procedures

To accept the Tender Offer, the Offeree must comply with Attachment 2 (1) or Attachment 4 (1), whichever the case may be, with the following procedure:

1.1 Completely fill in and clearly sign, the “**Tender Offer Acceptance Form of Kerry Express (Thailand) Public Company Limited**” or “**Tender Offer Acceptance Form – NVDR of Kerry Express (Thailand) Public Company Limited**” (“**Acceptance Form**”), as the case may be

1.1.1 In the case of offering for sales of the ordinary shares of Kerry Express (Thailand) Public Company Limited, use “**Tender Offer Acceptance Form of Kerry Express (Thailand) Public Company Limited**” as referred to Attachment 2 (2)

1.1.2 In the case of offering for sales of the Non-Voting Depository Receipt (“**NVDR**”), use “**Tender Offer Acceptance Form – NVDR of Kerry Express (Thailand) Public Company Limited**” as referred to Attachment 4 (2)

Remark:

1) The Offeree must convert the securities to match the nationality of the Offeree before expressing the intent to sell to the Tender Offer Agent. The Tender Offer Agent will not accept any securities from offerees whose nationality does not match.

1.2 Enclose the following supporting documents:

1.2.1 **If shares are held in share certificate form (Scrip)**, (1) all of the share certificate(s) must be endorsed with the signature of the Offeree in the column labeled “Signature of the Transferor” at the back of each share certificate (The Tender Offer Agent will accept only the share certificate which bears the same name as the Offeree or is endorsed with the signature of the share certificate holder at the back of each share certificate together with the completed supporting documents of the Offeree) and (2) submit the endorsed share certificate(s) along with following documents **to the Tender Offer Agent.**

(a) Acceptance Form as in Clause 1.1;

(b) **2 Copies** of supporting documents stated in Clause 1.2.5, whichever the case may be; and

(c) A copy of the first page of the savings account book or a copy of the current account statement, whichever as the case maybe, showing details of bank account, certified as true copy, for receiving payments;

- (d) In the case there exists name, title, or surname discrepancy between that which appears on the share certificate and that which appears on the Identification Card, the Civil Servant Identification Card or the State Enterprise Official Identification Card, the Offeree has to fill in the “**Application for Amending Securities Holder Records**” of Thailand Securities Depository Co., Ltd. (“**TSD**”) (as referred to Attachment 2 (5)) to be submitted with a copy of evidence of such correction issued by the government authority, certified as true copy. The new information must conform to the Identification Card, the Civil Servant Identification Card or the State Enterprise Employee Card.
- **In the case that the Offeree is a trustee**, the Offeree has to submit a copy of the court order evidencing the appointment of the trustee issued not more than 1 year from the submission date of the Acceptance Form, a copy of death certificate, a copy of Identification Card of the trustee, and a copy of house registration of the trustee, certified as true copies, together with the share certificate endorsed by the trustee.
 - **For the case that the Offeree is a minor child**, his/her guardian (father and mother) must endorse the share certificate and attach a certified true copy of the guardian’s identification card, and a certified true copy of the house registration of the guardian and the minor child.

The Tender Offer Agent requests for the Offeree’s cooperation to submit the Acceptance Form together with supporting documents **at least 2 business days prior to the last day of the Offer Period** since the Tender Offer Agent needs to further verify and deposit the share certificate with TSD, the registrar.

Remark In the case that the tendered shares are held in share certificate form, the Acceptance Form will be completed only if any share certificate is verified and deposited by TSD. If the certificate is rejected by TSD, the Tender Offer Agent reserves the right to refuse the Offeree’s Tender Offer Acceptance Form and the Tender Offer Agent will notify the Offeree to collect the rejected share certificate(s).

1.2.2 If shares are held in scripless form and deposited with the TSD, the Offeree must contact the broker with which the Offeree deposits the tendered shares to express their intention to tender and the Offeree can submit the Acceptance Form together with the supporting documents to the broker of the Offeree and such broker will collect and deliver the Acceptance Form and supporting documents to the Tender Offer Agent.

- (a) Acceptance Form as in Clause 1.1;
- (b) Supporting documents stated in Clause 1.2.5, whichever the case may be; and

- (c) A copy of the first page of the savings account book or a copy of the current account statement, whichever as the case maybe, showing details of bank account, certified as true copy, for receiving payments

and such broker must transfer the said tendered shares into the following account:

- For Local Securities and Foreign Securities
“บริษัทหลักทรัพย์ บัวหลวง จำกัด (มหาชน) เพื่อค้ำเสนอซื้อ”
“Bualuang Securities Public Company Limited For Tender Offer”
Account number 224-000000036-0

1.2.3 In case of Shares Deposited with TSD under the Issuer Account No. 600, (1) completely fill in “**Application for Securities Transfer between the Issuer Account and the Depository Participant Account Form**” (Attachment 2 (6)), along with following documents **to the Tender Offer Agent.**

- (a) Acceptance Form as in Clause 1.1;
- (b) **2 Copies** of supporting documents stated in Clause 1.2.5, whichever the case may be; and
- (c) A copy of the first page of the savings account book or a copy of the current account statement, whichever as the case maybe, showing details of bank account, certified as true copy, for receiving payments;

The Tender Offer Agent requests for the Offeree’s cooperation to submit the Acceptance Form together with supporting documents **at least 2 business days prior to the last day of the Offer Period** since the Tender Offer Agent needs to send the Application for Securities Transfer between the Issuer Account and the Depository Participant Account form with supporting documents to TSD for verification and transfer the Offeree’s securities from the issuer account to the account of Tender Offer Agent.

1.2.4 In case of NVDR, (1) the Offeree will have to transfer the NVDR to the account “Bualuang Securities Public Company Limited For Tender Offer” account number 224-000000036-0. The Tender Offer Agent requests the Offeree’s cooperation to submit the evidence of transferring NVDR and (2) submit the following documents to **the Tender Offer Agent.**

- (a) Acceptance Form as in Clause 1.1;
- (b) Supporting documents stated in Clause 1.2.5, whichever the case may be; and
- (c) A copy of the first page of the savings account book or a copy of the current account statement, whichever as the case maybe, showing details of bank account, certified as true copy, for receiving payments.

The Tender Offer Agent requests for the Offeree’s cooperation to submit the Acceptance Form together with supporting documents **at least 2 business days prior to the last day of the Offer**

Period, as the Tender Offer Agent has to transfer the ordinary shares and NVDR with Thai NVDR Co., Ltd. in order to proceed with the Acceptance Procedure.

1.2.5 Supporting documents of the Offeree

a) Thai Individual:

- (1) A certified true copy of a valid Identification Card, Civil Servant Identification Card or State Enterprise Employee Card (in case of a Civil Servant Identification Card or State Enterprise Employee Card, a certified true copy of the house registration which contains 13 digits of the individual's identification number or a certified true copy of any legal document which contains 13 digits of the individual's identification is also required).
- (2) If the Offeree is a minor child, the Offeree must attach a consent of his/her guardian (father and mother), a certified true copy of the guardian's identification card, and a certified true copy of the guardian's and the minor child's house registration.

b) Foreign Individual:

- (1) A certified true copy of his/her valid Alien Certificate or Passport.

c) Thai Juristic Person:

- (1) A copy of an affidavit with the latest information issued by the Ministry of Commerce not more than 6-month prior to the submission date of the Acceptance Form, certified as true copy by authorized person(s) of the juristic person, together with the company seal (if any); and
- (2) A certified true copy of a valid Identification Card, Civil Servant Identification Card, or State Enterprise Employee Card of the authorized person(s); in case of a Civil Servant Identification or State Enterprise Employee Card, a certified true copy of his/her house registration is also required. In the case the authorized person(s) is a foreigner, a certified true copy of his/her Alien Certificate or Passport is required as stated in Clause 1.2.5 a) or b), whichever the case may be.

d) Foreign Juristic Person:

- (1) A copy of a certificate of incorporation or an affidavit and a certificate letter, issued by the officer of the juristic person or the government authority of the country in which the juristic person is located, certifying the name of the juristic person, the authorized person(s), the location of the head office and power or conditions of signing authorization and issued not more than 1 year prior to the submission date of the Acceptance Form, list of the authorized person(s), specimen signature(s) and the Power of Attorney Form (if

any), all of which are certified as true copy by authorized person(s) of the juristic person;
and

- (2) Documents of authorized person(s) certified as true copy as stated in Clause 1.2.5 a) or b), whichever the case may be.

All documents certified as true copies must be certified by the Notary Public or any other authorized organization of the country in which the documents are made or certified, and the signature and seal of the Notary Public or any other authorized organization shall be certified by an official of the Thai Embassy or Consulate in the country in which the documents are prepared or certified, all of which must be valid within 1 year prior to the submission date of the Acceptance Form.

In case of appointing a custodian as an authorized person(s), there shall be a power of attorney for the custodian. The above document in Clause 1.1 and 1.2 will then be signed by the custodian attaching together with the custodian's specimen signature(s) and (a) certified true copy(ies) of (a) valid identification card(s) of such authorized person(s).

For a foreign juristic person not carrying on business in Thailand and residing in the country that does not have double tax treaty with Thailand or residing in the country that has double tax treaty with Thailand but such treaty was not exempted from withholding tax on capital gain from the sale of shares in Thailand.

- The Offeree is required to declare the cost basis of tendered shares for withholding tax purposes by completing the "**Form for Declaration of Cost of Tendered Securities**" as the Attachment 2 (4) for ordinary shares and Attachment 4 (4) for NVDR, whichever the case may be, and/or together with evidence that demonstrates the cost basis.
- If the Offeree fails to declare the cost basis for ordinary shares or NVDR, whichever the case may be, the amount of withholding tax 15 percent will be determined by multiplying the Offer Price with amount of tendered ordinary shares or NVDR tendered by the Offeree.

1.2.6 In the case the Offeree is unable to submit the Acceptance Form in person

For Ordinary Shares

Submit the Power of Attorney Form as referred to Attachment 2 (3) affixed with Baht 30 stamp duty together with a certified true copy of document of the authorized representative and the Offeree as stated in Clause 1.2.5, whichever the case may be.

For NVDR

Submit the Power of Attorney Form as referred to Attachment 4 (3) affixed with Baht 30 stamp duty together with a certified true copy of document of the authorized representative and the Offeree as stated in Clause 1.2.5, whichever the case may be.

1.2.7 Other documents that the Offeror and/or the Tender Offer Agent may require.

Should there be any questions regarding the Acceptance Procedure, please contact the Tender Offer Agent at the address specified in Clause 1.3.3.1.

1.3 Acceptance**1.3.1 Acceptance via Online system**

The Offeree who holds shares in scripless form and deposits with TSD through the securities company can express their intention to tender shares via online system of Bualuang Securities Public Company Limited (“Bualuang”) (www.bualuang.co.th). The Offeree needs to proceed the acceptance of tender offer via online system from 13 February 2024 to 22 March 2024. The Tender Offer Agent requests for the Offeree’s cooperation to complete online tender offer **by 20 March 2024 or within 2 business days prior to the last day of the Offer Period**. After accepting for sale of tendered shares through online system, the Offeree must inform their investment consultant to transfer such tendered shares to BLS tender offer securities account.

In this case, the sale of tendered shares will be completed after the Tender Offer Agent receives shares in scripless form in the amount that the Offeree intends to offer for sale within specified period. In the case that the Tender Offer Agent cannot receive tendered shares within specified period, the Tender Offer Agent will consider that the transaction is not complete and such transaction will be automatically canceled.

1.3.2 Acceptance via Phone Call

The Offeree who has trading account with Bualuang Securities Public Company Limited can express their intention to tender shares via phone call with Bualuang’s investment consultant (“**IC**”). The Offeree needs to proceed the acceptance of tender offer via phone call from 13 February 2024 to 22 March 2024. The Tender Offer Agent requests for the Offeree’s cooperation to complete phone call tender offer **by 20 March 2024 or within 2 business days prior to the last day of the Offer Period**.

1.3.3 Submission of the Acceptance Form**1.3.3.1 In Case of Share Certificate Form (Scrip)**

In the case the ordinary shares are held in share certificate form, the Offeree can submit the completed Acceptance Form together with supporting documents between 9:00 a.m. to 4:00

p.m. in every business day of the Tender Offer Agent from 13 February 2024 to 22 March 2024. The Tender Offer Agent requests for the Offeree's cooperation to submit the Acceptance Form and supporting documents **by 20 March 2024 or within 2 business days prior to the last day of the Offer Period** since the Tender Offer Agent needs to verify and deposit the share certificate with TSD, the registrar. If such share certificate is rejected by TSD, the Tender Offer Agent reserves the right to refuse the Offeree's Tender Offer Acceptance Form and the Tender Offer Agent will notify the Offeree to collect the rejected share certificate(s).

The Offeree can submit the documents to the Tender Offer Agent at the following address:

Bualuang Securities Public Company Limited

Mrs. Thanamas Pungpo, Ms. Malee Viriyahiranpaiboon,
Ms. Benjawan Phasuk, Ms. Jarupa Sae-Jang, Ms. Suwalee Silaon,
Ms. Manisa Varakdee, Ms. Piyaporn Kwannoi, or Ms. Kittima Laimor
Operations Department
23rd floor Silom Complex Building
191 Silom Road, Bangrak District, Bangkok 10500
Tel: 0-2618-1141-43, 46-47, or 0-2618-1122, 1133, 1129
Fax: 0-2618-1120

The Offeror and the Tender Offer Agent will not accept any documents if the Offeree submits by mail.

1.3.3.2 In Case of Scripless Form

In the case that the Offeree holds shares in scripless form and deposits with TSD through the securities company; such company is the Offeree's broker where the Offeree has opened the trading account, the Offeree can submit the completed Acceptance Form together with supporting documents to such securities company within the period of time specified by the securities company. The securities company will then collect and deliver to the Tender Offer Agent within the Offer Period.

1.3.3.3 In Case of Shares Deposited with TSD under the Issuer Account No. 600

The Offeree can submit the completed Acceptance Form, supporting documents and completely fill in "**Application for Securities Transfer between the Issuer Account and the Depository Participant Account Form**" (Attachment 2 (6)) to the Tender Offer Agent.

The Tender Offer Agent will send the Application for Securities Transfer between the Issuer Account and the Depository Participant Account with supporting documents to TSD for verification and transfer the Offeree's securities from the issuer account to the account of Tender Offer Agent. In order for the Offeree to sell the shares within the Offer Period, the

Offeree, whose shares are deposited in the issuer account no. 600, shall submit the Acceptance Form along with supporting documents between 9:00 a.m. to 4:00 p.m. in every business day of the Tender Offer Agent from 13 February 2024 to 22 March 2024. The Tender Offer Agent requests for the Offeree's cooperation to submit the Acceptance Form and supporting documents **by 20 March 2024 or within 2 business days prior to the last day of the Offer Period** to provide sufficient time for the Tender Offer Agent to verify and process the securities transfer with the TSD as the securities registrar. If the Securities Transfer between the Issuer Account and the Depository Participant Account Form is rejected by TSD, the Tender Offer Agent reserves the right to refuse the Offeree's Tender Offer Acceptance Form.

1.3.3.4 In case of NVDR

The Offeree must proceed in accordance with the Acceptance Procedures for NVDR as specified in Attachment 4 (1). The Tender Offer Agent requests for the NVDR holders' cooperation to submit the Acceptance Form together with supporting documents between 9:00 a.m. to 4:00 p.m. in every business day of the Tender Offer Agent from 13 February 2024 to 22 March 2024. The Tender Offer Agent requests for the Offeree's cooperation to submit the Acceptance Form and supporting documents **by 20 March 2024 or within 2 business days prior to the last day of the Offer Period** since the Tender Offer Agent will need to further transfer NVDR with the Thai NVDR Co., Ltd. in order to proceed with the Acceptance Procedures.

- 1.4 In the case that the securities of Kerry Express (Thailand) Public Company Limited to be tendered are pledged or held against any other guarantees/liabilities, the Offeree must take action to release the pledge or any other encumbrances before responding to the Acceptance Procedure.
- 1.5 In the case that the Offeree does not comply with the Acceptance Procedure or fail to submit the completed documents that lead to problem, impediment, or restraint to the procedure, the Offeror and/or the Tender Offer Agent hereby reserves the right to change the Acceptance Procedure as appropriate in order to fairly facilitate the Offeree. The Offeror and/or the Tender Offer Agent's discretions for any cases are final. The Offeree has no right to argue, claim for any damages or claim for the Offeror or the Tender Offer Agent's responsibility for any damages from the actions.

2. Purchase Procedures

The Offeror is obligated to acquire all of the remaining ordinary shares of the Business (except for any shares entitled to Flourish and the shares which are currently held by the Offeror of 1,000 shares) that are tendered by the Offeree in the Tender Offer, except for the case that the Offeror cancel the Tender Offer as stated in Clause 9 of Part 1.

3. Settlement and Payment Procedures

3.1 Payment Date

The Offeree who does not revoke the intention to tender within the Offer Period will receive the payment for tendered securities after 2 business days from the last day of the Offer Period, which is on 26 March 2024. All Acceptance Forms submitted by the Offeree in respect of the tendered shares in the Tender Offer must be correct, complete and the transfer of the tendered shares must have been completed.

In the case that the Offeree delivers share certificate, the Acceptance Form will be completed only if any share certificate is verified and deposited by TSD. If the certificate is rejected by TSD, the Tender Offer Agent will notify the Offeree to collect the rejected share certificate(s).

3.2 Payment Procedures

The Offeree will receive payment via an automatic transfer to the Offeree's saving account or current account through 8 banks, which are: Bangkok Bank Public Company Limited ("BBL"), Krung Thai Bank Public Company Limited ("KTB"), Bank of Ayudhya Public Company Limited ("BAY"), Kasikornbank Public Company Limited ("KBANK"), CIMB Thai Bank Public Company Limited ("CIMBT"), TMBThanachart Bank Public Company Limited ("TTB"), The Siam Commercial Bank Public Company Limited ("SCB"), and United Overseas Bank (Thai) Public Company Limited ("UOB"). **The name of the account holder must be the same as that of the Offeree stated in the Acceptance Form. The Offeree must enclose with the Acceptance Form a copy of the first page of the savings account book or a copy of the current account statement, showing details of the bank account, certified as true copy, as the case may be.**

The Offeree will receive the payment from money transfer to the bank account within 5:00 p.m. after 2 business days from the last day of the Offer Period, which is on 26 March 2024.

In the event that the Offeree cannot receive a payment via money transfer to the Offeree's bank account as detailed above, the payment will be made by issuing a crossed cheque of Bangkok Bank Public Company Limited Headquarter dated 26 March 2024 made payable to the Offeree and delivering the cheque by registered postal mail to the address specified in the Acceptance Form. The Tender Offer Agent will deliver or allow the Offeree to receive the cheque on the second business day from the last day of the Offer Period, which is on 26 March 2024. As a result, the Offeree may receive the cheque payment later than the money transfer payment.

In the case where the tendered shares are in share certificate form, the Tender Offer Agent will make payments to the Offeree only after such share certificates have been verified and deposited with TSD. If TSD rejects the share certificates, the Tender Offer Agent will not make or be obliged to make any payment to the Offeree and will notify the Offeree to collect all submitted documents from the Tender Offer Agent at the address stated in Clause 1.3.3.1.

Remark: For the payment of Thai Juristic Person and Foreign Juristic Person, the details will be as follows:

Calculation for Thai Juristic Person

Number of tendered shares	XXXX	'(1)
Tender offer price per share	XX.XX	'(2)
Tender offer amount	XXX.XX	'(3)=(1)*(2)
Brokerage fee	XX.XX	'(4)=(3)*0.25%
VAT	X.XX	'(5)=(4)*7%
Thai Juristic Person is eligible for withholding tax reduction for payment to the Revenue Department	X.XX	'(6)=(4)*3%
Net tender offer amount	XXX.XX	'(7)=(3)-(4)-(5)+(6)

Calculation for Foreign Juristic Person

Number of tendered shares	XXXX	'(1)
Tender offer price per share	XX.XX	'(2)
Tender offer amount	XXX.XX	'(3)=(1)*(2)
Brokerage fee	XX.XX	'(4)=(3)*0.25%
VAT	X.XX	'(5)=(4)*7%
Cost of tendered shares	XX.XX	'(6)=(1)*cost of tendered share specified in cost declaration form ¹
Capital gains from the sale of tendered shares	XX.XX	'(7)=(3)-(6) in case (3) more than (6)
Withholding tax on the capital gains	X.XX	'(8)=(7)*15%
Net tender offer amount	XXX.XX	'(9)=(3)-(4)-(5)-(8)

Remark: ¹ In the event that the Offeree does not declare the cost or fails to submit proper evidence along with the form of declaration of cost of ordinary shares or NVDR, as the case may be, the Tender Offer Agent will determine the withholding tax of 15% based on the entire proceeds of sales of the securities.

4. Rights of Securities Holders Who Have Expressed Their Intention to Tender Their Securities

The Offeror will make payments to the Offerees via the Tender Offer Agent within 2 business days from the last day of the Offer Period, which is on 26 March 2024 according to payment procedure that the Offeree expresses intention under Clause 3 above.

If an event occurs, which results in changes of the Offer Price as stated in Clause 8 of Part 1, the Offeror will carry out the following procedures:

- (1) In the case that the Offer Price is reduced, the Offeror will make payments at the reduced Offer Price to every Offeree except for shares that the Offerees have irrevocably tendered such shares prior to the date that the Offeror announces the reduction of the Offer Price in which case the Offeror will make payment for such shares at the original Offer Price.
- (2) In the case that the Offer Price is increased, the Offeror will make payments for all securities at the increased Offer Price.

5. Conditions for Revocation of the Intention to Tender

For the Offeree who wishes to revoke the intention to tender, the Offeree must proceed in the following:

5.1 The last day to revoke an intention to tender securities

The Offeree can revoke his/her intention from 13 February 2024 to 12 March 2024, during 9:00 a.m. to 4:00 p.m. on every business day, totaling 20 business days.

5.2 Revocation Procedures

The Offeree who intends to revoke the tendered shares must comply with the procedures in Attachment 3 (1) as follows:

5.1.1 Completely fill in and clearly sign the “**Tender Offer Revocation Form of Kerry Express (Thailand) Public Company Limited**” (“**Revocation Form**”) as referred to Attachment 3 (2).

5.1.2 Enclose the following documents:

5.1.2.1 Evidence of the receipt of share certificate or transfer instruction in respect with the transfer of scripless share or the transfer of NVDR and the Acceptance Form.

5.1.2.2 In the case there exists title, name, or surname discrepancy between that which appears on the share certificate and that which appears on the Identification Card, the Civil Servant Identification Card or the State Enterprise Employee Card, the Offeree has to fill in the “**Application for Amending Securities Holder Records**” of TSD (as referred to Attachment 2 (5)) to be submitted with a copy of evidence of such correction issued by the government authority, certified as true copy. The new information must conform to the Identification Card, the Civil Servant Identification Card or the State Enterprise Employee Card, whichever the case may be.

5.1.2.3 In the case the Offeree who intends to revoke his/her intention to tender shares is

a) Thai Individual

- (1) A certified true copy of a valid Identification Card, Civil Servant Identification Card or State Enterprise Employee Card, (in case of a Civil Servant Identification Card

or State Enterprise Employee Card, a certified true copy of the house registration which contains 13 digits of the individual's identification number or a certified true copy of any legal document which contains 13 digits is also required).

- (2) If the Offeree is a minor child, the Offeree must attach a consent of his/her guardian (father and mother), a certified true copy of the guardian's identification card, and a certified true copy of the guardian's and the minor child's house registration.

b) Foreign Individual

- (1) A certified true copy of his/her valid Alien Certificate or Passport.

c) Thai Juristic Person

- (1) A copy of an affidavit with the latest information issued by the Ministry of Commerce not more than 6-month prior to the submission date of the Revocation Form, certified as true copy by authorized person(s) of the juristic person, together with company seal (if any); and
- (2) A certified true copy of a valid Identification Card, Civil Servant Identification Card, or State Enterprise Employee Card of the authorized person(s); in case of a Civil Servant Identification or State Enterprise Employee Card, a certified true copy of his/her house registration is also required. In the case the authorized person(s) is a foreigner, a certified true copy of his/her Alien Certificate or Passport is required as stated in Clause 5.2.2.3 a) or b), whichever the case may be.

d) Foreign Juristic Person

- (1) A copy of a certificate of incorporation, an affidavit and a certificate letter, issued by the officer of the juristic person or the government authority of the country in which the juristic person is located, certifying the name of the juristic person, the authorized person(s), the location of the head office and power or conditions of signing authorization and issued not more than 1 year prior to the submission date of the Revocation Form, all of which are certified as true copy by authorized person(s) of the juristic person, together with document of authorized person(s) certified as true copy as stated in Clause 5.2.2.3 a) or b), whichever the case may be.

All documents must be certified by the Notary Public or any other authorized organization of the country in which the documents are made or certified, and the signature and seal of the Notary Public or any other authorized organization shall be certified by an official of the Thai Embassy or Consulate in the country in which the documents are prepared or certified, all of which must be within 1 year prior to the submission date of the Revocation Form.

In the case that the Offeree is represented by an authorized representative

Submit the Power of Attorney for Tender Offer Revocation document appointing the authorized representative as Attachment 3 (3) affixed with a Baht 30 stamp duty and a certified true copy of each of the document set out in Clause 5.2.2.3 of the authorized person(s) and the authorized representative(s).

In case of appointing a custodian as an authorized person, there shall be a power of attorney for the custodian. The above document in Clause 1.1 and 1.2. will then be signed by the custodian attaching together with the custodian's specimen signature(s) and (a) certified true copy(ies) of (a) valid identification card(s) of such authorized person(s).

- 5.3** Submit the completed “**Revocation Form**” together with the required documents, at the office of the Tender Offer Agent as detail mentioned in Clause 1.3.3.1, within the given period.

The Offeror or the Tender Offer Agent will not accept any documents if the revocation of intention to tender is submitted by mail.

- 5.4** After receiving a completed Revocation Form and the required documents as stated in Clause 5.2, within the specified period, the Tender Offer Agent will proceed as follows:

- Return in share certificates: The Offeree who revoke the acceptance of the tender offer or his or her authorized representative(s) must attach application for withdrawing from TSD together with an identity document and the Offeree must pay a Baht 100 fee to the Tender Offer Agent and the Tender Offer Agent will return the share certificates to the Offeree or the authorized representative(s) within 30 business days following the submission date of the Revocation Form and the relating documents of withdrawing which are correct and completed. Where the Offeree or the authorized representative(s) can collect the share certificates at the Tender Offer Agent office, details are specified in Clause 1.3.3.1.
- Return in scripless form (for transferring shares to the Offeree's broker account): The Offeree will have to pay a Baht 100 security transfer fee and the Tender Offer Agent will transfer the securities through TSD to the Offeree's broker account as specified in the Revocation Form on the business day following the submission date of the Revocation Form.
- Return in scripless form (for transferring shares to the Issuer account for account number 600): The Offeree who revoke the acceptance of the tender offer or his or her authorized representative(s) must attach application for withdrawing from TSD together with an identity document and the Offerees must pay a Baht 100 fee to the Tender Offer Agent and the Tender Offer Agent will return the Securities through TSD to the issuer account as specified in the Revocation Form on the business day following the submission date of the Revocation Form.

- The Offeree who intends to tender the NVDR securities, the Offeree will receive the NVDR securities through TSD from Thai NVDR Co., Ltd.

Remark: The return of shares as a certificate or scripless form shall be in accordance with the form of shares that the Offeree offers. The Offeree is not allowed to change the form of securities.

6. Method of Delivery of Securities in the case the Tender Offer is Cancelled

In the case that the Tender Offer is cancelled due to the condition stated in Clause 9 of Part 1, the Offeror will send the Tender Offer cancellation letter along with the cause of cancellation to the Business and each of the Business' securities holders, whose name appeared on the latest shareholder register book, within the next business day after the expiration period in which the SEC may object the cancellation of the Tender Offer. Also, the Offeror will announce the cancellation of the Tender Offer along with the cause of cancellation via the SET. The Offeree, whose name does not appear on the latest shareholder register book, can obtain updated news on such cancellation of Tender Offer through the SET.

After that, the Tender Offer Agent shall proceed to the Offeree who does not receive the payment for the tendered shares as follows:

- 1) In the case of share certificate: The Tender Offer Agent shall return the share certificate to the Offeree after the Offeree completely and clearly fills the **"Application for Withdrawing from the Participant Account Form"** (Attachment 3 (5)) and then submits the document to the Tender Offer Agent. Afterwards the Offeree shall collect his/her share certificate at the office of the Tender Offer Agent as specified in Clause 1.3.3.1 within 30 business days after the date the Tender Offer is cancelled. (The process for issuing share certificate by TSD may take at least 14 days).
- 2) In the case of scripless or shares deposited with TSD under the issuer account No. 600: The Tender Offer Agent shall return the securities through TSD in order to deposit the securities to the Offeree's broker account as specified in the Acceptance Form or transfer the securities through issuer account for account number 600, whichever the case may be, on the next business day after the date the Tender Offer is cancelled. In the case of transferring securities through issuer account number 600, the Offeree must completely and clearly fills the **"Application for Securities Transfer between the Issuer Account and the Depository Participant Account Form"** (Attachment 3 (4)) and then submit the document to the Tender Offer Agent.
- 3) The Offeree who intends to tender the NVDR shall receive the NVDR through TSD from Thai NVDR Co., Ltd.

Remark: *The return of shares as a certificate or scripless form shall be in accordance with the type of securities that the Offeree has specified in the Acceptance Form. The Offeree is not allowed to change the aforesaid type of securities.*

7. Determination of the Offer Price

7.1 Method of the Offer Price determination

The Offer Price is THB 5.50 per share. The Offer Price is determined by benchmarking the Business' share price with consideration of the historical volume weighted average prices of the Business during the 15 business days prior to the announcement of this Tender Offer (from 7 December 2023 to 28 December 2023.), which is THB 4.44 per share. And such Offer Price is higher than the highest price at which the Offeror, or any related party specified in Section 258, acquired the Business' share during the period of 90 days prior to the date on which the Tender Offer for Securities document is submitted to the SEC (the acquired price is THB 4.34 per share).

7.2 The highest price paid for shares of such class which have been acquired by the Offeror, or any related party specified in Section 258, during the period of 90 days prior to the date on which the Tender Offer for Securities document is submitted to the SEC

The Offeror acquired ordinary shares of the Business on 19 December 2023 at the price of THB 4.34 per share, which is the highest price paid during the period of 90 days prior to the date on which the Tender Offer for Securities document is submitted to the SEC.

8. Acquisition of Securities Prior to the Tender Offer (applicable only to the case of partial Tender Offer pursuant to Chapter 5 of the Notification of Capital Market Supervisory Board No. TorChor. 12/2554)

-Not Applicable-

Part 5**Certify of Accuracy****Certification of Information by the Offeror**

I hereby certify that:

- 1) I intend to conduct this Tender Offer;
- 2) The Offer Price in this tender is in accordance with the provision of the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended)
- 3) I intend to comply with the plan which we have specified in this Tender Offer; and
- 4) Information contained in this Tender Offer is correct and accurate and there is no information contained herein that may lead other persons to misunderstanding in any material aspects and no concealment is made of any material information.

SF International Holding (Thailand) Co., Ltd.

- Mr. Zhou Minglong -

(Mr. Zhou Minglong)

Authorized Director

- Mr. Fu Jie -

(Mr. Fu Jie)

Authorized Director

The Offeror

Certification of Information by the Tender Offer Preparer

We, as the Tender Offer Preparer, have complied with requirements set out in the Notification of the SEC re: Approval for Financial Advisors and Their Scope of Work and hereby certify that:

- (1) We have reviewed and considered that the information about the Offeror disclosed in the Offer is accurate and complete and there is no information that may lead other person to misunderstanding in any material aspects and no concealment is made of any material information.
- (2) We have reviewed the financial evidence and consider that the Offeror can fulfill the obligations under the above Tender Offer;
- (3) We have reviewed the business policy and plan of the Business as stated in Section 2 of Part 3 regarding details of the Business and consider that:
 - (a) The Offeror can comply with the policies and plans of the business operation as mentioned;
 - (b) The assumptions of making the policies and plans of business operation have been prepared reasonably; and
 - (c) The effects and risks on the Business or securities holders are clearly and adequately explained;
- (4) We have examined evidence on the acquisition of the Business securities by the Offeror and/or the Persons under Section 258 of the Offeror during the 90 days before the date of submission of the Tender Offer. We have examined the Tender Offer Price and consider that it conforms to the regulation under the Capital Market Supervisory Board No. TorChor. 12/2554 re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended); and
- (5) We have carefully and prudently studied and reviewed the completeness and accuracy of the information contained in this Tender Offer and view that the information is complete and correct and that there is no information contained herein that may lead other persons to misunderstanding in material aspects and no concealment is made on any material information.

Bualuang Securities Public Company Limited

- Mr.Vararatana Jutimitta -

(Mr.Vararatana Jutimitta)

Senior Managing Director

- Mr.Soravis Krairiksh -

(Mr.Soravis Krairiksh)

Managing Director

Tender Offer Preparer

Attachment 1

Confirmation Letter on Source of Funds Available for the Tender Offer



To Secretary General, the Office of the Securities and Exchange Commission of Thailand

Date 29 Jan 2024

Certificate of Balance

Dear Sir,

As requested by SF International Holding (Thailand) Co., Ltd. ("Offeror"), with reference to the mandatory tender offer ("MTO") of Kerry Express Public Company Limited by the Offeror, we, Standard Chartered Bank (Hong Kong) Limited (the "Bank"), hereby confirm that the Offeror as at close of business on 28 Jan 2024 holds an escrow account with our Bank (as escrow agent) with a current balance of HKD 1,700,000,000.00 (the "Fund").

Subject to terms and conditions of the Escrow Agreement dated 20 Dec 2023 and entered into between the Bank and SF International Holding (Thailand) Co., Ltd. and Bualuang Securities Public Company Limited, the Fund will only be released, upon the Bank receiving instructions for payment (as escrow agent) jointly signed by SF International Holding (Thailand) Co., Ltd. and Bualuang Securities Public Company Limited.

Yours Faithfully,

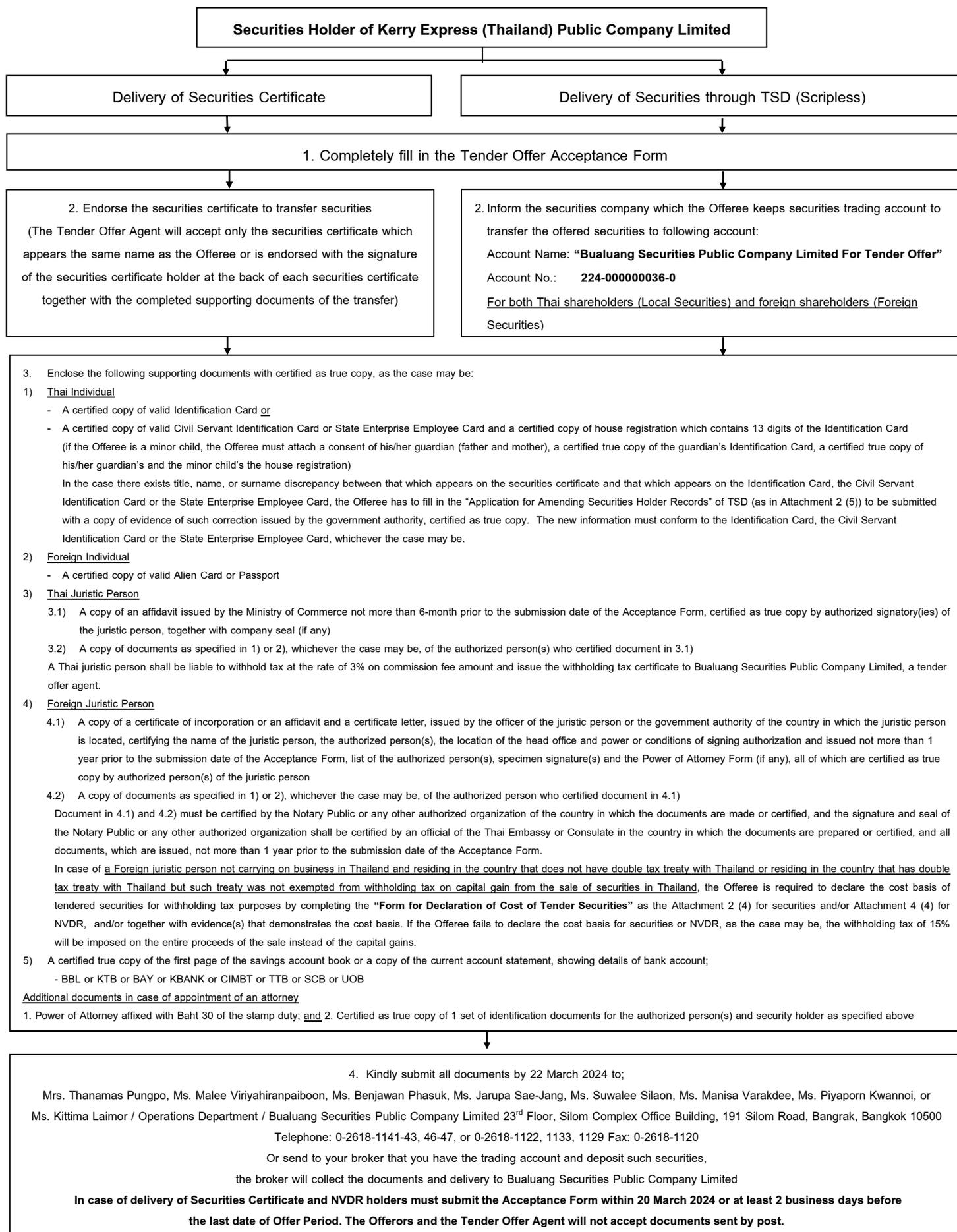
A handwritten signature in black ink, appearing to be 'Walter', with the alphanumeric string 'HK9412' written below it.

For and on behalf of
Standard Chartered Bank (Hong Kong) Limited

Attachment 2

Tender Offer Acceptance Procedure and Forms

Tender Offer Acceptance Procedures



**POWER OF ATTORNEY
For Tender Offer Acceptance**

Stamp Duty
Baht 30

Made at

Date

I/We.....Age..... Nationality

ID Card/Alien Card/Passport ID No.....Residing at (address that can be reached by mail).....

Postal code.....Country..... as the holder of ordinary share of Kerry Express (Thailand) Public Company Limited in the amount of.....

shares hereby authorize.....Age..... Nationality.....

ID Card/Alien Card/Passport ID No..... Residing at (address that can be reached by mail).....

Postal code.....Country..... to act as my/our attorney to sell, transfer, and deliver such securities/NVDR of Kerry Express (Thailand) Public Company Limited through Bualuang Securities Public Company Limited ("Tender Offer Agent") and to be authorized to do and execute all such other matters in connection with the aforesaid mentioned on my/our behalf until its completion.

Any act taken by my/our attorney shall be deemed to be taken by myself/ourselves in every respect.

Sign Grantor
(.....)

Sign Attorney
(.....)

Sign Witness
(.....)

Sign Witness
(.....)

Note: Please attach herewith a certified true copy of ID Card/Alien Card/Passport of the Grantor or a Certificate of Incorporation, a copy of ID Card/Alien Card/Passport of the authorized person(s) in the case of a Juristic Person and a certified true copy of ID Card/Alien Card/Passport of the authorized person(s).

Form for Declaration of Cost of Tendered Securities

(Only for Foreign Juristic Person not carrying on business in Thailand and residing in a country that has no double tax treaty with Thailand or residing in a country that has double tax treaty with Thailand, but such treaty does not exempt the Foreign Juristic Person from withholding tax on the capital gains realized from the sale of securities in Thailand)

Date

To: Bualuang Securities Public Company Limited ("Tender Offer Agent")

I/We (Mr./Mrs./Miss/Company).....

Nationality..... Tax Identification No. (if any).....

would like to declare the acquisition cost of my/our Kerry Express (Thailand) Public Company Limited's ordinary shares to be tendered and offered for sale as follows:

Transfer Date	Shares Certificate No. / Transfer Slip No.	No. of Shares/NVDR	Cost per Share (Baht)
Total			

I/We hereby attach, as the evidence(s) of the cost of the securities for the purpose of withholding tax calculation.

I/We hereby certify that the above statements are true and correct in all respects.

Signature.....the Offeree
(.....)

Remark: In the event that the Offeree which is a foreign juristic person does not declare the cost or fail to submit proper evidence along with the Form of Declaration of Cost of Tendered Securities, the Tender Offer Agent will determine the withholding tax of 15% based on the entire proceeds of sales of the securities.

TSD-301

Application for Amending Securities Holder Records



Highly Confidential

I/We _____ national I.D. card/passport/company Registration number _____

hereby request for Thailand Securities Depository Co., Ltd. ("TSD") to amend the following information of the securities holder:

Type of information	Specify Original Information (Pre-Amendment)	Specify the Information Requiring Amendment
<input type="checkbox"/> Honoric (Mr./Mrs./Miss)	➤	➤
<input type="checkbox"/> First name - last name	➤	➤
<input type="checkbox"/> For general contacts	➤	➤
<input type="checkbox"/> Mailing address for the delivery of proxy and meeting invitation documents (principal address) where there is a share balance on the XM date	<input type="checkbox"/> Use the newly changed address above <input type="checkbox"/> Specify the address* _____ * This is the address pursuant to the register notified to TSD or securities depositing member company (broker/custodian) which will then affect the selection of the principal address	
<input type="checkbox"/> Postal code	➤	➤
<input type="checkbox"/> Home/Office telephone No.	➤	➤
<input type="checkbox"/> Mobile phone	➤	➤
<input type="checkbox"/> email address This email address is used for getting the result of amendment from TSD	➤	➤
<input type="checkbox"/> Other.....	➤	➤

◆ Amendment of the information will be effective when TSD has received request at least 5 business days prior to the book closing date.

In an event you deposit the securities with the securities depositing member company (broker/custodian), please contact your securities depositing member company directly for the amendment of any information.

◆ Mailing address for the delivery of documents should be convenient for the purpose of document receipt via registered mail, but the address must not be specified as a post office box as stipulated by the Department of Business Development, Ministry of Commerce.

I/We hereby certify that the aforementioned statements are true. Should TSD incur any damage or potential damage as a result of the undertaking specified above, I/We shall be fully responsible for any damage caused and shall compensate TSD in full.

I/We have thoroughly read all the details specified in the privacy notice of the Stock Exchange of Thailand group ("SET Group") (<https://www.set.or.th/privacy-notice.html>) and acknowledged that my/our personal data, and any third party's personal data I/We have provided to TSD (if any) will be processed and protected under such privacy notice. In this regard, I/We hereby confirm and represent that I/We have procured such third party to read all the details specified in such privacy notice and have duly obtained a proper and lawful consent from such third party to provide the personal data of the third party to TSD.

In addition, I/We hereby acknowledge that in case of any special action (such as where fingerprint is used instead of signature) which additional information that may contain sensitive personal data is required to be submitted to TSD and such additional information is necessary for the provision of TSD service, not providing such additional information may render TSD to be unable to provide TSD service to me/us. Hence, by signing this application, I/we agree and consent that such sensitive personal data to be processed by TSD in connection with the purpose of the provision of TSD service.

Signature _____ Securities holder
(_____) Phone no. _____

If a proxy has been assigned, please sign as both the securities holder and the grantor

I/We hereby authorize _____ as my/our representative, with full authority to file this application.

Stamp Duty
THB 10

Signature _____ Grantor Signature _____ Grantee
(_____) (_____) Phone no. _____

For official use only

Date _____ Transaction no. _____ Checker _____

I have already checked all original identification documents

Signature _____ Officer _____

TSD301_V. 5/2023_EN_1/9/2023

บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด
เลขที่ 93 ถนนรัชดาภิเษก แขวงดินแดง
เขตดินแดง กรุงเทพฯ 10400

Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road, Dindaeng,
Dindaeng, Bangkok 10400 Thailand



SET Contact Center
www.set.or.th/contactcenter
+662 009 9999 กด 01

TSD-301



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Supporting Documents for the Application for Amending Securities Holder Records

1. Application for amending of securities holder records with the details filled in and signed by the securities holder correctly and completely.
2. Amendment supporting documents in case of change to title/name/surname please attach:
 - ◆ certificate of change to title, name or surname, marriage certificate, divorce certificate, as the case may be; and
 - ◆ Original securities certificate (original name/surname prior to the amendment) together with the application for the issuance of new securities certificate requesting registrar to issue a new securities certificate (new name/surname as per the amendment application).
3. Identification documents of securities holder and authorized person (if any) pursuant to the type of person with the details as per the table below.
 - In case of other types of person, please ask for additional information at SET Contact Center accordingly to the contact channels further below in the application form or <https://media.set.or.th/rulebook/form/SupportingDocumentsforIndividuals-JuristicPersons.pdf>
4. Copy of identification documents submitted to TSD may contain sensitive personal data which is not necessary for the provision of TSD service, and TSD has no intention of collecting such sensitive personal data. As a result, the document owners may proceed to cross out any part in order to cover up any sensitive personal data before submitting the identification documents containing such sensitive personal data to TSD. In case that no action is taken to cover up such sensitive personal data, TSD shall deem that you have given your consent to TSD to the collection of such sensitive personal data.

Type of person	Identification Documents only to support the request to change name/ surname	Documents for other types of requests
Individual person - Thai Nationality	<ol style="list-style-type: none"> 1. In case the securities holder contacts TSD personally, the original Thai national identification card (Thai ID Card) or digital identification cards and the certification form for the civil history register via digital system (Tor.Ror12/2) of the securities holder must be presented. 2. In case the securities holder does not contact TSD personally, the securities holder must authorize a person to act on his/her behalf, and such person must present the original Thai ID Cards of the securities holder and its copy which has been certified as true and correct copy of the original document by the document owner. <ul style="list-style-type: none"> * If the original Thai ID Card of the securities holder cannot be presented, please attach the original of the certification document issued by the sub-district or district office, identifying to use those certified true copies instead of the original Thai ID Card (issued not more than 90 days before the date of submission as part of this application). 3. In case filing this application via registered mail, please attach. <ul style="list-style-type: none"> - Copies of Thai ID Card of the securities holder which has been certified as true and correct copy of the original document by the document owner. 	A Copy of Thai ID Card of the securities holder which has been certified as true and correct copy of the original document by the document owner.
Individual person - Other Nationalities	<ol style="list-style-type: none"> 1. In case the securities holder contacts TSD personally, the original alien identification card or passport of the transferor and the transferee must be presented. 2. In case the securities holder does not contact TSD personally, the securities holder appointed contact person must present the original alien identification card or passport and its copy which has been certified as true and correct copy of the original document by the document owner. <ul style="list-style-type: none"> * If the original passport cannot be presented or this application is being submitted by registered mail, <ul style="list-style-type: none"> - The copy of the passport must be notarized by a notary public, and such notarization must be certified by the Thai embassy or consulate. ◆ Such certification must be issued not more than 1 year before the date of submission as part of this application. * If the original signatory's alien identity card cannot be presented or this application is being submitted by registered mail, <ul style="list-style-type: none"> - Certificate of civil registration (issued not more than 90 days before the date of submission as part of this application) 	A Copy of alien identification card / passport which has been certified as true and correct copy of the original document by the document owner.
Juristic person - Thai Nationality	<ol style="list-style-type: none"> 1.1. A copy of an affidavit issued by the Ministry of Commerce (issued no more than 1 year from the date of issuance) certified by the authorized director(s) of such juristic person. 2. A copy of the Thai ID Card/alien identity card/passport of each authorized director who signs on behalf of the juristic person which has been certified as true and correct copy of the original document by the document owner. 	
Juristic person - Other Nationalities	<ol style="list-style-type: none"> 1. A copy of the juristic person registration certificate issued by the regulating government agency in the country where such juristic person is domiciled. 2. A copy of the company's affidavit enumerating its directors authorized to bind the company and conditions relating thereto, showing the juristic person's headquarters location and authority of the signatory. This affidavit must be issued by an authorized official of the juristic person or the governmental agency in the country where such juristic person is domiciled. 3. A copy of the Thai ID Card/alien identity card/passport of each authorized director who signs on behalf of the juristic person which has been certified as true and correct copy of the original document by the document owner. <p>All documents for "Other Nationalities" above, must have been:</p> <ol style="list-style-type: none"> (1) notarized by the notary public or certified by any competent authority in the country where such documents were prepared or certified for the certification of the signature of the person who prepared or certified such documents. (The certification must be issued not more than 1 year before the date of submission as part of this application.) (2) certified by the Thai Embassy or Thai Consulate in the country where such documents were prepared or certified for the notarization or certification performed by the public notary or such competent authority under (1). (The certification must be issued not more than 1 year before the date of submission as part of this application.) <ul style="list-style-type: none"> ■ The documents prepared in any other foreign languages other than English must be translated into English. 	

Remark : 1. Sensitive Data means the information which can be considered as the personal data as prescribed in section 26 of the PDPA, for instance, religious belief, blood type, etc.

2. TSD will consider the above documents when receiving the complete documents and clear information such as the copy of identification documents or signature.

TSD301_V. 5/2023_EN_1/9/2023

บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด
เลขที่ 93 ถนนรัชดาภิเษก แขวงดินแดง
เขตดินแดง กรุงเทพฯ 10400

Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road, Dindaeng,
Dindaeng, Bangkok 10400 Thailand



SET Contact Center
www.set.or.th/contactcenter
+662 009 9999 กด 01

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TSD-403

Submitted the documents to broker / custodian

Application for Securities Transfer between the issuer account and the depository participant account



For official use only
 Date _____
 Transaction no. _____
 Checker _____

I/We _____ would like to transfer securities of company/mutual fund _____ for a total of _____ shares/units amount in letters _____ shares/units. (Please select the type of he securities transfer)

<p><input type="radio"/> From issuer account to broker/custodian account</p> <p>• Broker or custodian name _____</p> <p>• Customer account name _____</p> <p>• Customer account no. _____</p> <p>Signature _____ Securities Holder (_____)</p> <p>Phone number _____</p>	<p><input type="radio"/> From broker/custodian account to issuer account</p> <p><u>Information on securities holder:</u></p> <p>• National I.D. card/Passport/Company Registration number _____ Nationality _____ Mobile Phone _____ email address _____ Mailing address _____ Postcode _____</p> <p>For an individual Person <i>(If you answer "Yes" for any of the questions, you are an American person pursuant to FATCA law, thus please fill in W-9)</i></p> <p>1. Being a American citizen or born in the United States of America <input type="checkbox"/> Yes <input type="checkbox"/> No 2. Having American as a second nationality <input type="checkbox"/> Yes <input type="checkbox"/> No 3. Having permanent residence in the United States of America <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>For a juristic person</p> <p>1. Being a juristic person registered in the United States of America (if "Yes", please fill in W-9) <input type="checkbox"/> Yes <input type="checkbox"/> No 2. Being a financial institution under FATCA requirements (specify type <input type="radio"/> PFFI, <input type="radio"/> RDCFFI) <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If "Yes", please fill in GIIN □□□□□□.□□□□□□.□□□□□□</i></p> <p>3. Being a juristic person with income from investment/indirect income of at least 50 percent of the total income or having income-generating asset of at least 50 percent of the total asset within the latest financial year (if "Yes", please fill in W-8BEN-E) <input type="checkbox"/> Yes <input type="checkbox"/> No ■ For unit trusts, should withholding tax be deducted? <input type="checkbox"/> Yes, withholding tax is deducted <input type="checkbox"/> No, withholding tax is not deducted</p> <p>In addition, I acknowledge that TSD may /consent, I agree to comply as requested within the time stipulated by TSD. I have thoroughly read all the details specified in the privacy notice of the Stock Exchange of Thailand group ("SET Group") (https://www.set.or.th/privacy-notice.html) and acknowledged that my personal data, and any third party's personal data I have provided to TSD (if any) will be processed and protected under such privacy notice. In this regard, I hereby confirm and represent that I have procured such third party to read all the details specified in such privacy notice and have duly obtained a proper and lawful consent from such third party to provide the personal data of the third party to TSD. In addition, I hereby acknowledge that in case of any special action (such as where fingerprint is used instead of signature) which additional information that may contain sensitive personal data is required to be submitted to TSD and such additional information is necessary for the provision of TSD service, not providing such additional information may render TSD to be unable to provide TSD service to me/us. Hence, by signing this application, I/we agree and consent that such sensitive personal data to be processed by TSD in connection with the purpose of the provision of TSD service.</p> <p>Signature _____ Securities holder (_____)</p>
--	--

For securities company or custodian registered with Thailand Securities Depository Co., Ltd.

I, _____ depository participant number _____ have considered and examined the documents and evidence supporting the application for the transfer from the securities owner who deposited the securities in the issuer account and hereby warrant that the transfer/transfer acceptance transaction specified above is true. In case I am authorized to proceed on behalf of the securities owner who is my customer using a copy of the Power of Attorney and the customer's identification documents certified as correct on the customer's behalf for the purpose of taking actions under this application, if any damage may be caused or is caused by such acts to Thailand Securities Depository Co., Ltd. or any other person in any respect, I hereby agree to be liable and to compensate Thailand Securities Depository Co., Ltd. or any other person in full.

Signature _____ Authorized person
(_____)

Highly Confidential

TSD-403



Supporting Documents for the Application for the Securities Transfer between the Issuer Account and the Depository Participant Account

1. Application for the Securities Transfer between the Issuer Account and the Depository Participant Account with the details filled in and signed correctly and completely
2. Identification documents of securities holder and authorized person (if any) pursuant to the type of person with the details as per the table below.
 - In case of other types of person, please ask for additional information at SET Contact Center accordingly to the contact channels further below in the application form or <https://media.set.or.th/rulebook/form/SupportingDocumentsforIndividuals-JuristicPersons.pdf>
3. Copy of identification documents submitted to TSD may contain sensitive personal data which is not necessary for the provision of TSD service, and TSD has no intention of collecting such sensitive personal data. As a result, the document owners may proceed to cross out any part in order to cover up any sensitive personal data before submitting the identification documents containing such sensitive personal data to TSD. In case that no action is taken to cover up such sensitive personal data, TSD shall deem that you have given your consent to TSD to the collection of such sensitive personal data.

Type of person	Identification Documents
Individual Person - Thai Nationality	A Copy of Thai ID Card which has been certified as true and correct copy of the original document by the document owner.
Individual Person - Other Nationalities	A Copy of alien identification card / passport which has been certified as true and correct copy of the original document by the document owner.
Juristic Person - Thai Nationality	<ol style="list-style-type: none"> 1. A copy of the juristic person registration certificate issued by the Ministry of Commerce issued not more than 1 year before the date of submission as part of this application which has been certified as true and correct copy of the original document by the authorized directors. 2. A copy of the Thai ID Card/alien identity card/passport of each authorized director who signs on behalf of the juristic person which has been certified as true and correct copy of the original document by the document owner.
Juristic Person - Other Nationalities	<ol style="list-style-type: none"> 1. A copy of the juristic person registration certificate issued by the regulating government agency in the country where such juristic person is domiciled. 2. A copy of the company's affidavit enumerating its directors authorized to bind the company and conditions relating thereto, showing the juristic person's headquarters location and authority of the signatory. This affidavit must be issued by an authorized official of the juristic person or the governmental agency in the country where such juristic person is domiciled. 3. A copy of the Thai ID Card/alien identity card/passport of each authorized director who signs on behalf of the juristic person which has been certified as true and correct copy of the original document by the document owner. <p><u>All documents for "Other Nationalities" above, must have been:</u></p> <ol style="list-style-type: none"> (1) notarized by the notary public or certified by any competent authority in the country where such documents were prepared or certified for the certification of the signature of the person who prepared or certified such documents. (2) certified by the Thai Embassy or Thai Consulate in the country where such documents were prepared or certified for the notarization or certification performed by the public notary or such competent authority under (1). <p><input type="checkbox"/> The certification must be issued not more than 1 year before the date of submission as part of this application.</p> <p><input type="checkbox"/> The documents prepared in any other foreign languages other than English must be translated into English.</p>

Remark : 1. Sensitive Data means the information which can be considered as the personal data as prescribed in section 26 of the PDPA, for instance, religious belief, blood type, etc.

2. TSD will consider the above documents when receiving the complete documents and clear information such as the copy of identification documents or signature.

TSD403_5/2022_EN : 1/9/2022

Attachment 3

Tender Offer Revocation Procedures and Forms

Tender Offer Revocation Procedures

Securities Holder of Kerry Express (Thailand) Public Company Limited

↓

1. Fill in the Tender Offer Revocation Form and attach the Application for Withdrawing/the Receipt for Securities Certificate/Transfer of Scripless Securities and the Acceptance Form

↓

2. Enclose the following supporting documents with certified as true copy, as the case may be:

1) Thai Individual

- A copy of valid Identification Card or
- A copy of valid Civil Servant Identification Card or State Enterprise Employee Card and a copy of house registration (if the Offeree is a minor child, the Offeree must attach a consent of his/her guardian (father and mother), a certified true copy of the guardian's Identification Card, a certified true copy of his/her guardian's and the minor child's the house registration)

In the case there exists name, title, or surname discrepancy between that which appears on the securities certificate and that which appears on the Identification Card, the Civil Servant Identification Card or the State Enterprise Employee Card, the Offeree has to fill in the "Amending Securities Holder Record" of TSD (as in Attachment 2 (5)) to be submitted with a copy of evidence of such correction issued by the government authority, certified as true copy. The new information must conform to the Identification Card, the Civil Servant Identification Card or the State Enterprise Employee Card, whichever the case may be.

2) Foreign Individual

- A copy of valid Alien Card or Passport

3) Thai Juristic Person

3.1) A copy of the company affidavit, issued by the Ministry of Commerce not more than 6-month prior to the submission date of the Revocation Form, together with company seal (if any) and certified true copy by authorized person(s)

3.2) A copy of documents as specified in 1) or 2), whichever the case may be, of the authorized person(s) who certified document in 3.1)

4) Foreign Juristic Person

4.1) A copy of a certificate of incorporation or an affidavit and a certificate letter, issued by the officer of the juristic person or the government authority of the country in which the juristic person is located, certifying the name of the juristic person, the authorized person(s), the location of the head office and power or conditions of signing authorization and issued not more than 1 year prior to the submission date of the Revocation Form, list of the authorized person(s), specimen signature(s) and the Power of Attorney Form (if any), all of which are certified as true copy by authorized person(s) of the juristic person

4.2) A copy of documents as specified in 1) or 2), whichever the case may be, of the authorized person(s) who certified document in 4.1) Document in 4.1) and 4.2) must be certified by the Notary Public or any other authorized organization of the country in which the documents are made or certified, and the signature and seal of the Notary Public or any other authorized organization shall be certified by an official of the Thai Embassy or Consulate in the country in which the documents are prepared or certified, and all documents, which are issued, not more than 1 year prior to the submission date of the Revocation Form.

5) Attach Baht 100 for security transfer fee per transaction or Baht 100 for security withdrawal fee per transaction, whichever the case may be

Additional documents in case of appointment of an attorney

1. Power of attorney affixed with Baht 30 stamp duty; and
2. Certified as true copy of an additional set of identification documents for the authorized person(s) and security holder as specified above

↓

3. Kindly submit all documents by 12 March 2024 to;

Mrs. Thanamas Pungpo, Ms. Malee Viriyahiranpaiboon, Ms. Benjawan Phasuk, Ms. Jarupa Sae-Jang, Ms. Suwalee Silaon, Ms. Manisa Varakdee,
Ms. Piyaporn Kwanno, or Ms. Kittima Laimor / Operations Department / Bualuang Securities Public Company Limited

23rd Floor, Silom Complex Office Building, 191 Silom Road, Bangrak, Bangkok 10500

Telephone: 0-2618-1141-43, 46-47, or 0-2618-1122, 1133, 1129, Fax: 0-2618-1120

"The Offerors and the Tender Offer Agent will not accept documents sent by post"

Tender Offer Revocation Form of Kerry Express (Thailand) Public Company Limited

To : The Offerors and the Tender Offer Agent ("Bualuang Securities Public Company Limited") Revocation Form No.....
 I/We (Mr. /Mrs. /Miss /Company) Nationality
 Contact Address..... Sub District.....
 District..... Province..... Country.....
 Postal Code..... Contact Telephone..... Facsimile.....

hereby cancel the intention to sell securities or NVDR of Kerry Express (Thailand) Public Company Limited according to the cancellation condition as specified in the Tender Offer document in the amount of shares of Kerry Express (Thailand) Public Company Limited

I/We have submitted the Tender Offer Acceptance Form submitted on (Date).....

Acceptance form no

I/We would like to receive such securities/NVDR return in a form of:

- The share certificate or NVDR which I/we will contact to receive the share certificate by myself/ourselves at Operation Department, Bualuang Securities Public Company Limited, 23rd Floor, Silom Complex Building (within 30 business days on the business day following the submission date of the Tender Offer Revocation Form. The Offerees must attach the application for withdrawing together with identity documents and have to pay a Baht 100 fee to the Tender Offer Agent.) In this case, the process for issue share certificate by TSD may be at least 14 days.
- Scripless shares transfer through TSD and deposit such securities for Participant name.....
 Participant no..... to deposit those securities in securities trading account no.....
 Securities Trading Account Name (on the business day following the submission date of the Tender Offer Revocation Form). I/We hereby pay Baht 100 for securities transferring fee per transaction.
- Securities transfer through issuer account for account number 600

Bualuang Securities Public Company Limited will transfer such securities into the securities trading account or issuer account for account number 600 on the next business day following the date on which the Offeree or the Attorney submits the Tender Offer Revocation Form and complete supporting documents as specified in the Tender Offer document.

I/We hereby agree and accept all of the above terms and conditions.

Signature.....Tender Offeree

(.....)

Date

Delivery of the Securities Certificate/NVDR

Bualuang Securities Public Company Limited, as the Tender Offer Agent, has already returned the securities certificate/NVDR as described above to the Offeree who express the intention to cancel the tender offer and the Offeree has already received the securities certificate/NVDR.

Tender Offer Agent..... Recipient / Offeree.....
 (.....) (.....)

✕

Receipt of Tender Offer Revocation Form of Kerry Express (Thailand) Public Company Limited

Date..... Revocation Form No.....

Bualuang Securities Public Company Limited has received Tender Offer Revocation Form of Securities of Kerry Express (Thailand) Public Company Limited in amount of shares from

(Mr. /Mrs./ Miss /Company) and the Receipt of Tender Offer Acceptance Form No. Such securities will be returned to the Offeree on the business day following the submission date of the Tender Offer Revocation Form in form of:

- Shares certificate or NVDR to be collectible by myself/ourselves at Operation Department, Bualuang Securities Public Company Limited, 23rd Floor, Silom Complex Building
- Scripless securities to be transferred through TSD and deposit such securities for Participant name
 Participant No..... for my/our Securities Trading Account No.....
 Account Name(within the next business day)
- Securities transfer through issuer account for account number 600

Signature..... Recipient / Offeree

**POWER OF ATTORNEY
For Tender Offer Revocation**



Made at

Date

I/We.....Age..... Nationality

ID Card/Alien Card/Passport ID No.....Residing at (address that can be reached by mail)

.....

Postal code.....Country as the holder of ordinary share

of Kerry Express (Thailand) Public Company Limited in the amount of..... shares

hereby authorize.....Age.....Nationality.....

ID Card/Alien Card/Passport ID No. Residing at (address that can be reached by

mail)

Postal code.....Country..... to act as my attorney to cancel

my/our intention to revoke the tender offer of shares of Kerry Express (Thailand) Public Company Limited

through Bualuang Securities Public Company Limited as the Tender Offer Agent and to be authorized to do

and execute all such other matter in connection with the aforesaid mentioned on my/our behalf until its

completion.

Any act taken by my/our attorney shall be deemed to be taken by myself/ourselves in every respect.

Sign Grantor

(.....)

Sign Attorney

(.....)

Sign Witness

(.....)

Sign Witness

(.....)

Note: Please attach herewith a certified true copy of valid ID Card/Alien Card/Passport of the Grantor or a Certificate of Incorporation, a copy of valid ID Card/Alien Card/Passport of the authorized person(s) in the case of a Juristic Person and a copy of valid ID Card/Alien Card/Passport of the authorized person(s).

Highly Confidential

TSD-403

Submitted the documents to broker / custodian

Application for Securities Transfer between the issuer account and the depository participant account



For official use only
 Date _____
 Transaction no. _____
 Checker _____

I/We _____ would like to transfer securities of company/mutual fund _____

for a total of _____ shares/units amount in letters _____ shares/units. (Please select the type of he securities transfer)

<p><input type="radio"/> From issuer account to broker/custodian account</p> <p>• Broker or custodian name _____</p> <p>• Customer account name _____</p> <p>• Customer account no. _____</p> <p>Signature _____ Securities Holder (_____)</p> <p>Phone number _____</p>	<p><input type="radio"/> From broker/custodian account to issuer account</p> <p><u>Information on securities holder:</u></p> <p>• National I.D. card/Passport/Company Registration number _____ Nationality _____ Mobile Phone _____ email address _____ Mailing address _____ Postcode _____</p> <p><u>For an individual Person</u> <i>(If you answer "Yes" for any of the questions, you are an American person pursuant to FATCA law, thus please fill in W-9)</i></p> <p>1. Being a American citizen or born in the United States of America <input type="checkbox"/> Yes <input type="checkbox"/> No 2. Having American as a second nationality <input type="checkbox"/> Yes <input type="checkbox"/> No 3. Having permanent residence in the United States of America <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><u>For a juristic person</u></p> <p>1. Being a juristic person registered in the United States of America (if "Yes", please fill in W-9) <input type="checkbox"/> Yes <input type="checkbox"/> No 2. Being a financial institution under FATCA requirements (specify type <input type="radio"/> PFFI, <input type="radio"/> RDCFFI) <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", please fill in GIIN □□□□□□.□□□□□□.□□.□□□□ 3. Being a juristic person with income from investment/indirect income of at least 50 percent of <input type="checkbox"/> Yes <input type="checkbox"/> No the total income or having income-generating asset of at least 50 percent of the total asset within the latest financial year (if "Yes", please fill in W-8BEN-E) ■ For unit trusts, should withholding tax be deducted? <input type="checkbox"/> Yes, withholding tax is deducted <input type="checkbox"/> No, withholding tax is not deducted</p> <p><small>In addition, I acknowledge that TSD may /consent, I agree to comply as requested within the time stipulated by TSD. I have thoroughly read all the details specified in the privacy notice of the Stock Exchange of Thailand group ("SET Group") (https://www.set.or.th/privacy-notice.html) and acknowledged that my personal data, and any third party's personal data I have provided to TSD (if any) will be processed and protected under such privacy notice. In this regard, I hereby confirm and represent that I have procured such third party to read all the details specified in such privacy notice and have duly obtained a proper and lawful consent from such third party to provide the personal data of the third party to TSD. In addition, I hereby acknowledge that in case of any special action (such as where fingerprint is used instead of signature) which additional information that may contain sensitive personal data is required to be submitted to TSD and such additional information is necessary for the provision of TSD service, not providing such additional information may render TSD to be unable to provide TSD service to me/us. Hence, by signing this application, I/we agree and consent that such sensitive personal data to be processed by TSD in connection with the purpose of the provision of TSD service.</small></p> <p style="text-align: right;">Signature _____ Securities holder (_____)</p>
---	--

For securities company or custodian registered with Thailand Securities Depository Co., Ltd.

I, _____ depository participant number _____ have considered and examined the documents and evidence supporting the application for the transfer from the securities owner who deposited the securities in the issuer account and hereby warrant that the transfer/transfer acceptance transaction specified above is true. In case I am authorized to proceed on behalf of the securities owner who is my customer using a copy of the Power of Attorney and the customer's identification documents certified as correct on the customer's behalf for the purpose of taking actions under this application, if any damage may be caused or is caused by such acts to Thailand Securities Depository Co., Ltd. or any other person in any respect, I hereby agree to be liable and to compensate Thailand Securities Depository Co., Ltd. or any other person in full.

Signature _____ Authorized person
(_____)

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TSD-403



Supporting Documents for the Application for the Securities Transfer between the Issuer Account and the Depository Participant Account

1. Application for the Securities Transfer between the Issuer Account and the Depository Participant Account with the details filled in and signed correctly and completely
2. Identification documents of securities holder and authorized person (if any) pursuant to the type of person with the details as per the table below.
 - In case of other types of person, please ask for additional information at SET Contact Center accordingly to the contact channels further below in the application form or <https://media.set.or.th/rulebook/form/SupportingDocumentsforIndividuals-JuristicPersons.pdf>
3. Copy of identification documents submitted to TSD may contain sensitive personal data which is not necessary for the provision of TSD service, and TSD has no intention of collecting such sensitive personal data. As a result, the document owners may proceed to cross out any part in order to cover up any sensitive personal data before submitting the identification documents containing such sensitive personal data to TSD. In case that no action is taken to cover up such sensitive personal data, TSD shall deem that you have given your consent to TSD to the collection of such sensitive personal data.

Type of person	Identification Documents
Individual Person - Thai Nationality	A Copy of Thai ID Card which has been certified as true and correct copy of the original document by the document owner.
Individual Person - Other Nationalities	A Copy of alien identification card / passport which has been certified as true and correct copy of the original document by the document owner.
Juristic Person - Thai Nationality	<ol style="list-style-type: none"> 1. A copy of the juristic person registration certificate issued by the Ministry of Commerce issued not more than 1 year before the date of submission as part of this application which has been certified as true and correct copy of the original document by the authorized directors. 2. A copy of the Thai ID Card/alien identity card/passport of each authorized director who signs on behalf of the juristic person which has been certified as true and correct copy of the original document by the document owner.
Juristic Person - Other Nationalities	<ol style="list-style-type: none"> 1. A copy of the juristic person registration certificate issued by the regulating government agency in the country where such juristic person is domiciled. 2. A copy of the company's affidavit enumerating its directors authorized to bind the company and conditions relating thereto, showing the juristic person's headquarters location and authority of the signatory. This affidavit must be issued by an authorized official of the juristic person or the governmental agency in the country where such juristic person is domiciled. 3. A copy of the Thai ID Card/alien identity card/passport of each authorized director who signs on behalf of the juristic person which has been certified as true and correct copy of the original document by the document owner. <p><u>All documents for "Other Nationalities" above, must have been:</u></p> <ol style="list-style-type: none"> (1) notarized by the notary public or certified by any competent authority in the country where such documents were prepared or certified for the certification of the signature of the person who prepared or certified such documents. (2) certified by the Thai Embassy or Thai Consulate in the country where such documents were prepared or certified for the notarization or certification performed by the public notary or such competent authority under (1). <p><input type="checkbox"/> The certification must be issued not more than 1 year before the date of submission as part of this application.</p> <p><input type="checkbox"/> The documents prepared in any other foreign languages other than English must be translated into English.</p>

Remark : 1. Sensitive Data means the information which can be considered as the personal data as prescribed in section 26 of the PDPA, for instance, religious belief, blood type, etc.

2. TSD will consider the above documents when receiving the complete documents and clear information such as the copy of identification documents or signature.

TSD403_5/2022_EN : 1/9/2022

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แบบคำขอลถอนหลักทรัพย์ จากบัญชีสมาชิกผู้ฝากหลักทรัพย์
Application for Withdrawing from the participant account



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สำหรับเจ้าหน้าที่ (For official use only)
วันที่ (Date)
ผู้ตรวจรับ (Checker)

- 1. ชื่อผู้ถือหลักทรัพย์ บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด ("TSD") บัญชี
Name of securities holder TSD account
บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด เพื่อผู้ฝาก
THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITOR

2. ชื่อเจ้าของหลักทรัพย์
Name of owner of securities (ตัวบรรจง) (print)
เลขบัตรประจำตัวประชาชนเลขทะเบียนบริษัท
Identification number / Company registration No
สัญชาติ
Nationality
ที่อยู่สำหรับกรจัดส่งเอกสาร
Address
รหัสไปรษณีย์
Postal code
โทรศัพท์บ้าน
Home phone
โทรศัพท์ที่ทำงาน
Office phone
โทรศัพท์เคลื่อนที่
Mobile phone
อีเมล
email address

3. ข้าพเจ้ามีความประสงค์จะขอลถอนหลักทรัพย์จากบัญชีผู้ฝากหลักทรัพย์ ดังมีรายละเอียดปรากฏตามเอกสารแนบ รายละเอียดหลักทรัพย์ที่ประสงค์จะถอนจากบัญชีสมาชิกผู้ฝากหลักทรัพย์ซึ่งแนบมาพร้อมกับแบบคำขอฯ ฉบับนี้
I/We hereby request to withdraw the securities from the participant account as detailed in the document attached herewith.

รวมเป็นจำนวนทั้งสิ้น รายการ
Total number of transactions

- 4. กรณีหลักทรัพย์ประเภทหน่วยลงทุน โปรดระบุเงื่อนไขการหักภาษี ณ ที่จ่าย
In case of unit trusts, please indicate the condition of withholding tax
หักภาษี ณ ที่จ่าย
Withholding tax
ไม่หักภาษี ณ ที่จ่าย
Non-withholding tax

5. ข้าพเจ้าขอรับรองและยืนยันว่า ข้าพเจ้าได้ตรวจสอบข้อมูลที่ปรากฏในแบบคำขอฯ เอกสารแนบ รายละเอียดหลักทรัพย์ที่ประสงค์จะถอนจากบัญชีสมาชิกผู้ฝากหลักทรัพย์ และเอกสารประกอบแล้วเห็นว่าถูกต้องและเป็นไปตาม
ความประสงค์ของข้าพเจ้าทุกประการ

I hereby certify that the information provided in this application, attachment list of securities to be withdrawn from the participant account, and other documents attached herewith is complete, True and correct.

6. ข้าพเจ้าได้อ่านรายละเอียดต่าง ๆ ที่ระบุไว้ในคำประกาศเกี่ยวกับความเป็นส่วนตัวของกลุ่มตลาดหลักทรัพย์แห่งประเทศไทย ("กลุ่มตลาดหลักทรัพย์") เป็นอย่างดีแล้วและ
รับทราบว่าข้อมูลส่วนบุคคลของข้าพเจ้ารวมถึงข้อมูลส่วนบุคคลของบุคคลที่สามที่ข้าพเจ้าเปิดเผยให้แก่ TSD (หากมี) จะถูกประมวลผลและได้รับความคุ้มครองภายใต้คำประกาศเกี่ยวกับความเป็นส่วนตัวดังกล่าว โดยข้าพเจ้า
ขอยืนยันและรับรองว่า ข้าพเจ้าได้ดำเนินการให้บุคคลที่สามได้อ่านรายละเอียดที่ระบุไว้ในคำประกาศเกี่ยวกับความเป็นส่วนตัวดังกล่าวแล้ว รวมทั้งได้รับความยินยอมจากบุคคลที่สามในการให้ข้อมูลส่วนบุคคลของบุคคลที่สาม
นี้แก่ TSD อย่างถูกต้องและเป็นไปตามกฎหมายทุกประการ นอกจากนี้ ข้าพเจ้ารับทราบว่าสำหรับกรณีดำเนินการพิเศษ (เช่น กรณีที่ใช้การพิมพ์ลายนิ้วมือแทนการลงลายมือชื่อ) ซึ่งต้องนำส่งข้อมูลเพิ่มเติมที่อาจมีข้อมูล
ส่วนบุคคลที่มีความอ่อนไหวรวมอยู่ด้วยนั้น โดยข้อมูลเพิ่มเติมดังกล่าวเป็นข้อมูลที่มีความจำเป็นต่อการให้บริการของ TSD ดังนั้น การไม่ได้รับข้อมูลเพิ่มเติมดังกล่าวจึงอาจทำให้ TSD ไม่สามารถให้บริการแก่ข้าพเจ้าได้ และ
โดยการลงนามในแบบคำขอนี้ ข้าพเจ้าตกลงและยินยอมให้ TSD ประมวลผลข้อมูลส่วนบุคคลที่มีความอ่อนไหวนั้น เพื่อการให้บริการของ TSD

I/We have thoroughly read all the details specified in the privacy notice of the Stock Exchange of Thailand group ("SET Group") and acknowledged that my / our personal data, and
any third party's personal data I/We have provided to TSD (if any) will be processed and protected under such privacy notice. In this regard, I hereby confirm and represent that I/We have procured such third party to read all
the details specified in such privacy notice and have duly obtained a proper and lawful consent from such third party to provide the personal data of the third party to TSD. In addition,

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แบบคำขอลงถอนหลักทรัพย์ จากบัญชีสมาชิกผู้ฝากหลักทรัพย์
Application for Withdrawing from the participant account



Highly Confidential

I/We hereby acknowledge that in case of any special action (such as where fingerprint is used instead of signature) which additional information that may contain sensitive personal data is required to be submitted TSD and such additional information is necessary for the provision of TSD service, not providing such additional information may render TSD to be unable to provide TSD service to me/us. Hence, by signing this application, I/We agree and consent that such sensitive personal data to be processed by TSD in connection with the purpose of the provision of TSD service.

7. ถ้าเนาเอกสารแสดงตนสำหรับกรณีดำเนินการโอนหลักทรัพย์ทั่วไปที่นำส่งให้แก่ TSD อาจปรากฏข้อมูลส่วนบุคคลที่มีความอ่อนไหว ซึ่งเป็นข้อมูลที่ไม่จำเป็นต้องใช้ในการให้บริการของ TSD และ TSD ไม่มีความประสงค์ที่จะเก็บข้อมูลส่วนบุคคลที่มีความอ่อนไหวดังกล่าว ดังนั้น เจ้าขอเอกสารสามารถดำเนินการขีดฆ่าเพื่อปกปิดข้อมูลส่วนบุคคลที่มีความอ่อนไหวดังกล่าวก่อนนำส่งเอกสารแสดงตนที่ปรากฏข้อมูลส่วนบุคคลที่มีความอ่อนไหวนั้นให้แก่ TSD ทั้งนี้ ในกรณีที่ไม่ได้ดำเนินการเพื่อปกปิดข้อมูลส่วนบุคคลที่มีความอ่อนไหวดังกล่าว TSD จะถือว่าท่านได้ให้ความยินยอมในการเก็บรวบรวมข้อมูลส่วนบุคคลที่มีความอ่อนไหวดังกล่าว

Copy of identification documents submitted to TSD may contain sensitive personal data which is not necessary for the provision of TSD service, and TSD has no intention of collecting such sensitive personal data. As a result, the document owners may proceed to cross out any part in order to cover up any sensitive personal data before submitting the identification documents containing such sensitive personal data to TSD. In case that no action is taken to cover up such sensitive personal data, TSD shall deem that you have given your consent to TSD to the collection of such sensitive personal data.

ลงชื่อ.....ผู้ถือหลักทรัพย์
Signature (.....) Securities holder

ข้าพเจ้า บริษัท.....สมาชิกผู้ฝากเลขที่.....ขอรับรองว่าข้อมูลดังกล่าวข้างต้นเป็นความจริง อันเนื่องมาจากการที่บริษัท ศูนย์รับฝากหลักทรัพย์ ออกใบหลักทรัพย์ให้แก่เจ้าขอหลักทรัพย์ตามที่ระบุไว้ในคำร้องนี้ ในกรณีที่ข้าพเจ้าได้รับมอบหมายให้ดำเนินการแทนเจ้าขอหลักทรัพย์ซึ่งเป็นลูกค้าของข้าพเจ้าโดยให้สำเนาหนังสือมอบอำนาจและเอกสารแสดงตนของลูกค้า หรือมอบหมายรับรองความถูกต้องแทนลูกค้า เพื่อดำเนินการตามคำร้องนี้หากจะก่อให้เกิดความเสียหายโดยจากการดำเนินการดังกล่าวขึ้นแก่บริษัท ศูนย์รับฝากหลักทรัพย์ หรือบุคคลอื่นใด ไม่ว่าด้วยประการใด ๆ ข้าพเจ้าขอรับผิดชอบและชดเชยให้แก่บริษัท ศูนย์รับฝากหลักทรัพย์ หรือบุคคลอื่นใด จนครบถ้วน
.....depository participant number.....hereby warrant that the above content is true. In relation to the issuance by Thailand Securities Depository Co., Ltd. of the securities certificates to the securities owner as specified in this application. In case I am authorized to proceed on behalf of the securities owner who is my customer using a copy of the Power of Attorney and the customer's identification documents certified as correct on the customer's behalf for the purpose of taking actions under this application, if any damage may be caused or is caused by such acts to Thailand Securities Depository Co., Ltd. or any other person in any respect, I hereby agree to be liable and to compensate Thailand Securities Depository Co., Ltd. or any other person in full.
ลงชื่อ.....ผู้มีอำนาจลงนาม
Signature (.....) Authority

หมายเหตุ 1. ข้อมูลส่วนบุคคลที่มีความอ่อนไหว หมายความว่า ข้อมูลที่มีความหมายตามที่ มาตรา 25 ของ พ.ร.บ.คุ้มครองข้อมูลส่วนบุคคล กำหนดไว้ เช่น ศาสนา ภูมิลำเนา เป็นต้น
Remark Sensitive Data means the information which can be considered as the personal data as prescribed in section 28 of the PDPA, for instance, religious belief, blood type, etc.
2. TSD จะพิจารณาเอกสารข้างต้น เมื่อได้รับเอกสารที่ครบถ้วนและปรากฏข้อมูลชัดเจน เช่น ภาพถ่ายสำเนาบัตรประชาชนที่ชัดเจน หรือการลงลายมือชื่อชัดเจน เป็นต้น
TSD will consider the above documents when receiving the complete documents and clear information such as the copy of identification documents or signature.

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แบบคำขอถอนหลักทรัพย์ จากบัญชีสมาชิกผู้ฝากหลักทรัพย์
Application for Withdrawing from the participant account



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ประเภทบุคคล Type of person	เอกสารแสดงตน Submitted documents for Withdrawing from the participant account
บุคคลธรรมดา - สัญชาติไทย Individual Person - Thai Nationality	สำเนาบัตรประจำตัวประชาชน ลงลายมือชื่อรับรองสำเนาถูกต้องโดยเจ้าของบัตร A copy of the person's Thai national I.D. card, certified true with an original signature.
บุคคลธรรมดา - สัญชาติอื่น Individual Person - Other Nationalities	สำเนาใบต่างตัว หรือสำเนานั่งโต๊ะเดินทาง ลงลายมือชื่อรับรองสำเนาถูกต้องโดยเจ้าของเอกสาร A copy of the signatory's alien identity card or passport, certified true with an original signature
นิติบุคคล - สัญชาติไทย Juristic Person - Thai Nationality	1. สำเนาหนังสือรับรองกระทรวงพาณิชย์ (อายุไม่เกิน 1 ปี นับจากวันที่ออกเอกสาร) ลงลายมือชื่อรับรองโดยกรรมการผู้มีอำนาจลงนามผูกพันนิติบุคคลนั้น A copy of an affidavit issued by the Ministry of Commerce (issued no more than 1 year from the date of issuance) certified by the authorized director(s) of such juristic person. 2. สำเนาบัตรประจำตัวประชาชน/ใบต่างตัวหนังสือเดินทาง ของกรรมการผู้มีอำนาจลงนามผูกพันนิติบุคคลลงลายมือชื่อรับรองสำเนาถูกต้องโดยเจ้าของเอกสาร A copy of the national I.D. card/alien identity card/passport of directors who are authorized to represent the company, certified true with original signatures.
นิติบุคคล - สัญชาติอื่น Juristic Person - Other Nationalities	1. สำเนาหนังสือรับรองการจดทะเบียนบริษัท ซึ่งออกโดยหน่วยงานราชการที่มีอำนาจของประเทศซึ่งนิติบุคคลนั้น มีภูมิลำเนา A copy of the company's registration certificate issued by the regulating government agency. 2. สำเนาหนังสือรับรองรายชื่อกรรมการผู้มีอำนาจลงนามผูกพันนิติบุคคล พร้อมด้วยเงื่อนไขหรืออำนาจในการลงนามผูกพัน และที่ตั้งสำนักงานใหญ่ ซึ่งออกโดยเจ้าหน้าที่ของนิติบุคคลนั้น หรือหน่วยงานราชการที่มีอำนาจของประเทศซึ่งนิติบุคคลนั้นมีภูมิลำเนา A copy of the juristic person's affidavit of incorporation showing directors authorized to bind the company and conditions relating thereto, showing the company's headquarters location and authority of the signatory. This affidavit must be issued by an authorized official of the juristic person or the government agency having jurisdiction over the juristic person. 3. สำเนาบัตรประจำตัวประชาชน หรือหนังสือเดินทางของกรรมการผู้มีอำนาจลงนามผูกพันนิติบุคคลนั้น ซึ่งรับรองความถูกต้องโดยเจ้าของเอกสาร A copy of the passport or other official identity document of each authorized director signing this document, certified true with an original signature. กรณีเอกสารได้จัดทำหรือรับรองความถูกต้องในต่างประเทศ ต้องดำเนินการ ดังนี้ All documents for "Other Nationalities" above, must have been : 1) ให้เจ้าหน้าที่ Notary Public หรือหน่วยงานอื่นใดที่มีอำนาจในประเทศที่เอกสารดังกล่าวได้จัดทำหรือรับรองความถูกต้องทำการรับรองลายมือชื่อของผู้จัดทำหรือผู้ให้คำรับรองความถูกต้องของเอกสารดังกล่าว (การรับรองเอกสารต้องไม่เกิน 1 ปี จนถึงวันที่ยื่นแบบคำขอถอนนายทะเบียน) The notary public or any competent authority in the country where such documents were prepared or certified correct, shall certify the signature of the person who prepared such documents, or who certified the accuracy of such documents. (Certified within the past 1 year before being submitted to TSD.) 2) ให้เจ้าหน้าที่ของสถานทูต ไทยหรือกงสุลไทยในประเทศที่เอกสารดังกล่าวได้จัดทำหรือรับรองความถูกต้องทำการรับรองลายมือชื่อและตราประทับของเจ้าหน้าที่ Notary Public หรือหน่วยงานอื่นใดที่ได้ดำเนินการตาม (1) (การรับรองเอกสารต้องไม่เกิน 1 ปี จนถึงวันที่ยื่นแบบคำขอถอนนายทะเบียน) An official of the Thai Embassy or Thai Consulate in the country where such documents were prepared or certified correct, shall certify the signature and the seal of the notary public or any other authority which performed the act under (1) ▪ เอกสารที่จัดทำขึ้นเป็นภาษาต่างประเทศนอกเหนือจากภาษาอังกฤษจะต้องจัดทำคำแปลอย่างน้อยเป็นภาษาอังกฤษ The documents prepared in any other foreign languages other than English must be translated into English.

หมายเหตุ หนังสือรับรองคุณสมบัติการเป็นผู้ลงทุนในหลักทรัพย์ที่มีข้อจำกัดการโอน (สำหรับหลักทรัพย์ที่มีข้อจำกัดการโอนตามที่ระบุไว้ในข้อกำหนดสิทธิหรือหนังสือชี้ชวนของบริษัทผู้ออกหลักทรัพย์)
Remark Letter of Confirmation of Investor's Qualification in Securities Transfer Restriction. (for securities subject to transfer restriction as specified in the stipulations of rights or prospectus of the securities issuers)

Attachment 4

Tender Offer Acceptance Procedures and Forms for NVDR

Tender Offer Acceptance Procedures for NVDR

NVDR Holder of Kerry Express (Thailand) Public Company Limited

1) Completely fill in the Tender Offer Acceptance Form for NVDR

2) Advise the broker to transfer the Scripless NVDR ordinary shares or warrants to the following account

“Bualuang Securities Public Company Limited for Tender Offer” Account No. 224-000000036-0

3) Enclose the Power of Attorney and the “Declaration for Cost of Tendered Securities” as stated in Attachment 4 (3) and 4 (4)

(if any)

4) Enclose the following supporting documents with certified as true copy, as the case may be:

4.1) Thai Individual

- A certified copy of valid Identification Card or

- A certified copy of valid Civil Servant ID Card or State Enterprise Employee Card and a certified copy of house registration which contains 13 digits of the Identification Card

(if the Offeree is a minor child, the Offeree must attach a consent of his/her guardian (father and mother), a certified true copy of his/her guardian's Identification Card, a certified true copy of the guardian's and the minor child's the house registration)

In case of name, title, or surname discrepancy between that appears on the securities certificate and that appears on the Identification Card, the Civil Servant Identification Card or the State Enterprise Employee Card, the Offeree has to fill in the “Application for Amending Securities Holder Records” of TSD (as in Attachment 2 (5)) to be submitted with a copy of evidence of such correction issued by the government authority, certified as true copy. The new information must conform to the Identification Card, the Civil Servant Identification Card or the State Enterprise Employee Card.

4.2) Foreign Individual

A certified copy of valid Alien Card or Passport.

4.3) Thai Juristic Person

4.3.1 A copy of an affidavit issued by the Ministry of Commerce not more than 6-month prior to the submission date of the Acceptance Form, certified as true copy by authorized director(s) of the juristic person, together with company seal (if any)

4.3.2 Documents stated in No. 4.1) or 4.2) of the person(s) who is duly authorized by the company to certify true copy of document in 4.3.1 above

A Thai juristic person shall be liable to withhold tax at the rate of 3% on brokerage fee amount and issue the withholding tax certificate to Bualuang Securities Public Company Limited, a tender offer agent.

4.4) Foreign Juristic Person

4.4.1 A copy of a certificate of incorporation or an affidavit and a certificate letter, issued by the officer of the juristic person or the government authority of the country in which the juristic person is located, certifying the name of the juristic person, the authorized director(s), the location of the head office and power or conditions of signing authorization and issued not more than 1 year prior to the submission date of the Acceptance Form, list of the authorized director(s), specimen signature(s) and the Power of Attorney Form (if any), all of which are certified as true copy by authorized director(s) of the juristic person

4.4.2 Documents stated in No. 4.1) or 4.2) of the person(s) who is duly authorized by the company to certify true copy of document in 4.4.1 above

Document in 4.4.1 and 4.4.2 must be certified by the Notary Public or any other authorized organization of the country in which the documents are made or certified, and the signature and seal of the Notary Public or any other authorized organization shall be certified by an official of the Thai Embassy or Consulate in the country in which the documents are prepared or certified, and all documents, which are issued, must be valid within 1 year prior to the submission date of the Acceptance Form.

In case of a foreign juristic person not carrying on business in Thailand and residing in the country that does not have double tax treaty with Thailand or residing in the country that has double tax treaty with Thailand but such treaty was not exempted from withholding tax on capital gain from the sale of securities in Thailand, the Offeree is required to declare the cost basis of tendered securities for withholding tax purposes by completing the “**Confirmation of Securities Cost Form**” as the Attachment 2 (4) for securities and Attachment 4 (4) for NVDR, whichever the case may be, and/or together with evidence(s) that demonstrates the cost basis. If the Offeree failed to declare the cost basis for securities or NVDR, as the case may be, the withholding tax of 15% will be imposed on the entire proceeds of the sale.

4.5) A certified true copy of the first page of the savings account book or a copy of the current account statement, showing details of bank account;

BBL, KTB, BAY, KBANK, CIMBT, TTB, SCB and UOB

In case of security holder's authorized representative

1. Power of Attorney affixed with 30 Baht of the stamp duty; and
2. Certified true copy of identification documents of the authorized person and security holder as specified above

5) Kindly submit all documents by 20 March 2024 to:

Mrs. Thanamas Pungpo, Ms. Malee Viriyahiranpaiboon, Ms. Benjawan Phasuk, Ms. Jarupa Sae-Jang, Ms. Suwalee Silaon, Ms. Manisa Varakdee,
Ms. Piyaporn Kwanno, or Ms. Kittima Laimor / Operations Department / Bualuang Securities Public Company Limited

23rd Floor, Silom Complex Office Building, 191 Silom Road, Bangrak, Bangkok 10500

Telephone: 0-2618-1141-43, 46-47, or 0-2618-1122, 1133, 1129, Facsimile: 0-2618-1120

Or send to the broker that you have the trading account and deposit the security.

**“All NVDR holders must submit the Tender Offer Acceptance Form within 20 March 2024 or at least 2 business days before the last date of Offer Period.
The Offerors and the tender offer agent will not accept documents sent by mail.”**

Tender Offer Acceptance Form for NVDR of Kerry Express (Thailand) Public Company Limited

To : The Offerors and the Tender Offer Agent ("Bualuang Securities Public Company Limited") Acceptance Form No.....
 I/We (Mr. /Mrs. /Miss /Company) Nationality
 Contact Address..... Sub District..... District.....
 Province..... Country..... Postal Code..... Contact Telephone..... Facsimile.....

Please specify type of seller of NVDR securities of Kerry Express (Thailand) Public Company Limited

- Thai Individual ID Card / Civil Servant ID Card / State Enterprise Card No.
 Foreign Individual Alien Card / Passport ID No.
 Thai Juristic Person Company Registration No.
 Foreign Juristic Person Incorporate Document No.

I/We hereby accept to tender and sell NVDR of shares (.....) of Kerry Express (Thailand) Public Company Limited at the net price of Baht 5.4852875 per share being the Offer Price of Baht 5.50 per share less brokerage fee (0.25% of the offer price) and VAT (7% of the brokerage fee) subject to the terms and conditions stated in the tender offer document. Therefore, total payment received shall be Baht.....

I/We hereby appoint Bualuang Securities Public Company Limited as my/our attorney to sell, transfer and deliver these NVDR of shares, as well as to arrange the payment procedure and process, including other necessary matters relevant to the Tender Offer.

Transfer Scripless NVDR			
TSD Participant No.	Transfer Slip No.	Transfer Date	No. of NVDR
NVDR ordinary shares			
Total NVDR ordinary shares			

I/We request for payment as conditions specified in the Tender Offer

Payment Condition

Automatic transfer payment to my/our account at: please select one BBL KTB BAY KBANK CIMBT TTB SCB UOB
 Branch.....Type of AccountAccount Number.....
 (The account name has to be the same as the offeree name and please attach a certified true copy of the first page of the savings account book or a copy of the current account statement, showing details of bank account with this form.)

I/We hereby attach the following documents for selling transaction including evidence of NVDR transfer to the account of "Bualuang Securities Public Company Limited for Tender Offer" Account No. 224-00000036-0 and proof of identity in respect to the transferor with certified as true copy as indicated in the details of the Tender Offer document.

I/We certify, represent and warrant that I am/we are the legal and beneficial owner(s) of all such sold NVDRs of Kerry Express (Thailand) Public Company Limited free from any pledge or encumbrance of whatever nature, or third party right ("Encumbrance"); and I/we sell such sold NVDRs as beneficial owner(s) thereof free from any and all Encumbrances. I/We hereby acknowledge that this form will be completed when TSD completes the transfer of such sold NVDRs to the Tender Offer Agent.

Bualuang Securities Public Company Limited, acting as the Company's Tender Offer Agent, would like to inform you that we have collected, used or disclosed your personal data and other person's data provided to Bualuang Securities Public Company Limited by you, such as attorney (if any) for the provision of service according to your wish. Such activities are necessary for the performance of agreement and in accordance with the purpose of the agreement, including beneficial for services provided to you. Your personal data and other person's data provided to Bualuang Securities Public Company Limited by you (if any) shall be deemed the personal data which shall be protected pursuant to the Personal Data Protection Act B.E. 2562. Bualuang Securities Public Company Limited is aware of the important of personal data protection. Bualuang Securities Public Company Limited, therefore, issues the Personal Data Protection Policy to specify the purpose of collection, use or disclosure of personal data, including the rights of data subject which you can read and learn at <https://www.bualuang.co.th/th/personal-data-protection-policy>.

I acknowledge and consent to Bualuang Securities Public Company Limited to proceed as informed herein and certify that such other person has also acknowledged and consented thereto.

Signed Attorney (.....)
 (.....) Date.....
 Signed Tender Offeree

✕

Receipt of Transfer Scripless NVDR and Tender Offer Acceptance Form

Date..... Receipt no.....

Bualuang Securities Public Company Limited has received transfer scripless NVDR and Tender Offer Acceptance Form to purchase NVDR of Kerry Express (Thailand) Public Company Limited together with transfer slip through TSD to transfer.....NVDR from

(Mr./Mrs./Miss/Company)

by: request for payment as conditions specified in the Tender Offer

Automatic transfer to following bank A/C's:

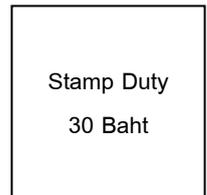
- BBL KTB BAY KBANK CIMBT TTB SCB UOB

Signature.....Tender Offer Agent

For more information please contact; Mrs. Thanamas Pungpo, Ms. Malee Viriyahiranpaiboon, Ms. Benjawan Phasuk, Ms. Jarupa Sae-Jang, Ms. Suwalee Silaon, Ms. Manisa Varakdee, Ms. Piyaporn Kwanno, or Ms. Kittima Laimor, Operation Department / Bualuang Securities Public Company Limited, 23rd Floor, Silom Complex Building, 191 Silom Road, Silom, Bangrak, Bangkok 10500. Tel: 0-2618-1141-43, 46-47, or 0-2618-1122, 1133, 1129, Facsimile: 0-2618-1120

POWER OF ATTORNEY

For Tender Offer Acceptance for NVDR



Made at

Date

I/We.....Age..... Nationality

ID Card/Alien Card/Passport ID No.Residing at (address that can be reached by mail)

.....

Postal code.....Country as the holder of ordinary share of Kerry Express (Thailand) Public Company Limited in the number of..... shares

hereby authorize.....Age.....Nationality.....

ID Card/Alien Card/Passport ID No. Residing at (address that can be reached by mail)

.....

Postal code.....Country..... to act as my/our attorney to sell, transfer, and deliver such securities/NVDR of Kerry Express (Thailand) Public Company Limited through Bualuang Securities Public Company Limited ("Tender Offer Agent") and to be authorized to do and execute all such other matters in connection with the aforesaid mentioned on my/our behalf until its completion.

Any act taken by my/our attorney shall be deemed to be taken by myself/ourselves in every respect.

Sign Grantor

(.....)

Sign Attorney

(.....)

Sign Witness

(.....)

Sign Witness

(.....)

Note: Please attach herewith a certified true copy of ID Card/Alien Card/Passport of the Grantor or a Certificate of Incorporation, a copy of ID Card/Alien Card/Passport of the authorized person(s) in the case of a Juristic Person and a certified true copy of ID Card/Alien Card/Passport of the authorized person(s).

Form for Declaration of Cost of Tendered Securities for NVDR

(Only for Foreign Juristic Person not carrying on business in Thailand and residing in a country that has no double tax treaty with Thailand or residing in a country that has double tax treaty with Thailand, but such treaty does not exempt the Foreign Juristic Person from withholding tax on the capital gains realized from the sale of securities in Thailand)

Date.....

To: Bualuang Securities Public Company Limited ("Tender Offer Agent")

We (Company).....

Residing in Tax Identification No. (if any) would like to declare the acquisition cost of our Kerry Express (Thailand) Public Company Limited securities to be tendered and offered for sale as follows:

Transfer Date	NVDR Certificate No./Transfer Slip No.	No. of Shares/NVDR	Cost per Share (Thai Baht)
Total			

We hereby attach totaling , as the evidence(s) of the cost of the securities for the purpose of withholding tax calculation.

We hereby certify that the above statements are true and correct in all respects.

Signature.....the Offeree

(.....)

Remark: Foreign Juristic Person has to declare cost of securities by submitting the Form for Declaration of Cost of Tendered Securities attached with the evidence of such the cost. If this form is submitted with proper evidence of the cost basis, only the Offeree's gain on the sale (if any) will be subject to withholding tax. If the form is not submitted or proper evidence of the cost basis is not attached with the form, the withholding tax of 15% will be imposed on the entire proceeds of the sale instead of the capital gains.

Attachment 5

Financial Statements of S.F. Holding Co., Ltd.

Applicable Not applicable

During the Reporting Period, the Company did not have any bond-related business.

[English Translation for Reference Only]

Audit Opinion Type	Unqualified Opinion
Audit Report Signing Date	March 28, 2023
Audit Institution Name	PricewaterhouseCoopers Zhong Tian LLP
Audit Report Reference Number	PwC ZT Shen Zi (2023) No. 10050
Registered Accountants' Names	Chen Anqiang, Liu Jingping

Auditor's Report

PwC ZT Shen Zi (2023) No. 10050

To the shareholders of S.F. Holding Co., Ltd.,

Opinion

What we have audited

We have audited the accompanying financial statements of S.F. Holding Co., Ltd. ("S.F. Holding"), which comprise:

- the consolidated and company balance sheets as at 31 December 2022;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of S.F. Holding as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("CASs").

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

We are independent of S.F. Holding in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Evaluation of fair value of the identifiable net assets relating to the acquisition and recognition of goodwill
- Goodwill impairment assessment relating to Kerry Logistics and SF supply Chain Business
- Recognition of revenue from logistics and freight forwarding services

Key audit matters	How our audit addressed the key audit matter
<p>Evaluation of fair value of the identifiable net assets relating to the acquisition and recognition of goodwill (Note 2(29)(a)(vi), Note 4(19) and Note 5(1)(a))</p> <p>On 19 April 2022 (“acquisition date”), S.F. Holding completed the acquisition of 100% equity of Topocean Consolidation Service (Los Angeles) Inc. (“Topocean”) at a consideration of RMB1,677 million, thus obtained the control right and included Topocean and its subsidiaries in the scope of consolidation. As at the acquisition date, S.F. Holding recognised Topocean’s identifiable net assets at fair value, and the fair value of the identifiable net assets exceeded carrying amount by approximately RMB288 million, due to the recognition of intangible assets (mainly customer relationships) and corresponding deferred tax liabilities. The excess of the consideration over the fair value of the identifiable net assets amounting to approximately RMB1,157 million was recognised as goodwill.</p> <p>Management engaged an independent valuer to assist in the identification of the identifiable assets and valuation of the fair value of intangible assets at the acquisition date. The assessment of the fair value of identifiable net assets on the acquisition date included the identification of intangible assets, the selection of valuation methods, and the forecast of future cash flows, which involved critical estimates and judgements about the key assumptions including revenue growth rate, discount rate.</p> <p>Due to the significant amounts of the fair value evaluated of the identifiable net assets at the acquisition date and recognition of goodwill, and critical estimates and judgements from management were involved in the evaluation of fair value of the identifiable net assets, we considered the evaluation of fair value of the identifiable net assets and the recognition of goodwill relating to the acquisition as a key audit matter.</p>	<p>In response to the key audit matter, we performed procedures as follows:</p> <ul style="list-style-type: none"> Discussed with management and understood the purpose of the transaction and the pricing basis; Obtained the resolutions of the Board of Directors and shareholders’ meeting related to the purchase of Topocean, acquisition agreements, valuation report, the Articles of Association and other supporting documents, and examined the transaction details; Understood, evaluated and tested the internal controls relating to the business combinations implemented by management; Assessed the professional competency and objectivity of the independent valuer; Performed the following procedures with the involvement of our internal valuation experts: <ol style="list-style-type: none"> We evaluated the appropriateness of the valuation methods adopted by management and the independent valuer in the process of valuation; We checked the calculation of goodwill and the fair value of the identifiable assets and liabilities for accuracy; We evaluated the integrity of the identifiable assets and liabilities by check the acquisition agreement, the related information of Topocean, etc.; We obtained an understanding of future business development plan developed by management to evaluate the commercial reasonableness of goodwill recognition; Through the interview with management and by reference to historical performance, operating data and comparable market data of Topocean, we evaluated the appropriateness of key assumptions (revenue growth rate, gross profit rate and discount rate) applied by management in evaluating the fair value and the reasonableness of management’s forecast of Topocean’s future cash flows, and considered the potential impact on the valuation in case of reasonable changes in the key assumptions. <p>Based on the above audit procedures performed, the valuation methods and key assumptions adopted by management in evaluation of fair value of the identifiable net assets and recognition of goodwill relating to the acquisition were properly supported by the audit evidences we obtained.</p>

Key audit matters	How our audit addressed the key audit matter
<p>(2) Goodwill impairment assessment relating to Kerry Logistics Business and SF Supply Chain Business (Note 2(19), Note 2(29)(a)(iii) and Note 4(19))</p> <p>As at 31 December 2022, the goodwill balance of SF Holding in relation to the business of Kerry Logistics and SF Supply Chain Business was approximately RMB5,708 million and RMB3,034 million, respectively.</p> <p>Management engaged an independent valuer to conduct impairment assessment of above goodwill at the end of the year. The recoverable amount of Kerry Logistics Business and SF Supply Chain Business relevant asset group was determined by the present value of the future cash flows expected to be derived from the asset, and no impairment loss should be recognised. During the goodwill impairment assessment, the forecast of the present value of future cash flows involved critical estimates and judgements on key assumptions including revenue growth rate, EBIT and pre-tax discount rate.</p> <p>Since the balance of the above goodwill was significant and the goodwill impairment assessment involved critical estimates and judgements from management, we considered the impairment assessment of above-mentioned goodwill as a key audit matter.</p>	<p>In response to the key audit matter, we performed procedures as follows:</p> <p>With respect to the impairment assessment of goodwill relating to Kerry Logistics Business and SF Supply Chain Business performed by management at the end of the year, we performed the procedures as follows:</p> <ul style="list-style-type: none"> Understood, evaluated and tested the internal controls relating to the goodwill impairment assessment implemented by management; Assessed the professional competency and objectivity of the independent valuer; Obtained the valuation report issued by an independent valuer engaged by management, and performed the following procedures with the involvement of our internal valuation experts: <ol style="list-style-type: none"> We reviewed whether the division of asset groups to which the goodwill belonged to were reasonable; We evaluated the appropriateness of the valuation methods adopted by management and the independent valuer with reference to industry practices; We compared the actual operation performance of asset groups in 2022 with relative estimates in 2021, and assessed the reasonability of cash flows forecast prepared by management; We evaluated the appropriateness of key assumptions (including revenue growth rate, profit margin and pre-tax discount rate) applied in the future cash flows forecast, by reference to historical operating performance, future operation plan, comparable market data, etc.; We checked the calculation of future cash flows forecast for accuracy; We considered the potential impacts in case of reasonable changes in key assumptions adopted by management in impairment assessment. <p>Based on the above audit procedures performed, the evaluation methods and key assumptions adopted by management in the goodwill impairment assessment were properly supported by the audit evidences we obtained.</p>

Key audit matters	How our audit addressed the key audit matter
<p>(3) Recognition of revenue from logistics and freight forwarding services (Note 2(25)(a), Note 4(42)(a))</p> <p>Revenue from logistics and freight forwarding services represents the revenue from main operations of S.F. Holding. For the year ended 31 December 2022, the revenue from logistics and freight forwarding services of S.F. Holding was approximately RMB262,100 million, accounting for about 98.10% of revenue from main operations.</p> <p>Due to the significant amount of transactions from logistics and freight forwarding services, S.F. Holding used information systems to track the rendering of logistics services on a constant and real-time basis to determine relevant revenue recognition. Therefore, revenue recognition largely relied on the effectiveness of design and operation of the internal controls relating to information systems.</p> <p>Due to the significant amount of revenue from logistics and freight forwarding services, the large number of transactions and the involvement of complex information systems, we needed to apply more audit effort to address them. Therefore, we considered the recognition of revenue from logistics and freight forwarding services as a key audit matter.</p>	<p>In response to the key audit matter, we performed procedures as follows:</p> <ul style="list-style-type: none"> We understood the business mode and process of logistics and freight forwarding services of S.F. Holding, obtained contract terms relating to revenue, and assessed the accounting policy of revenue recognition adopted by S.F. Holding in accordance with the Accounting Standards for Business Enterprises; We understood, evaluated and tested internal controls of S.F. Holding relating to revenue recognition from logistics and freight forwarding services, including general controls and application controls on the information systems relating to revenue from logistics and freight forwarding services. With the involvement of our internal information system audit specialists, we executed the understanding, evaluation and testing of general controls and application controls on the information systems relating to revenue from logistics and freight forwarding services; Using sampling to check supporting documents related to revenue recognition, including service contracts, the receipts confirmed by customer or routing information recording, invoices, collection records or reconciliation records, etc.; With respect to the revenue which had not been settled, on sample basis, we requested confirmations of the year-end balance of accounts receivable, and inspected relevant supporting documents, including service contracts, the receipts confirmed by customer, invoices and subsequent collection records; With respect to the revenue from logistics and freight forwarding services recognised before and after the balance sheet date, on sample basis, we checked the relative supporting documents, so as to evaluate whether the revenue was recognised in the appropriate period. <p>Based on the above audit procedures performed, the recognition of revenue from logistics and freight forwarding services was properly supported by the audit evidences we obtained.</p>

Other information

Management of S.F. Holding is responsible for the other information. The other information comprises all of the information included in 2022 annual report of S.F. Holding other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Management and Those Charged with Governance for the Financial Statements

Management of S.F. Holding is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management designs, executes and maintains is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing S.F. Holding'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 management either intends to liquidate S.F. Holding or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing S.F. Holding's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on S.F. Holding's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the audit standards to draw attention to the users of these financial statements in our auditor's report to the related disclosures in these financial statements or, if such disclosures are insufficient, we should issue a qualified 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 S.F. Holding to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within S.F. Holding to express an opinion on the financial statements. We are responsible for the direction, supervision and execution of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal control required attention that we identify during our audit.

We also provide those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China

28 March 2023

Signing CPA _____
Chen Anqiang (Engagement Partner)

Signing CPA _____
Liu Jingping

S.F. HOLDING CO., LTD.
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

[English translation for reference only]

ASSETS	Note	31 December 2022	31 December 2021
		Consolidated	Consolidated
Current assets			
Cash at bank and on hand	4(1)	41,062,750	35,315,051
Financial assets held for trading	4(2)	7,385,379	10,384,493
Notes receivable		236,244	317,255
Accounts receivable	4(3)	25,560,433	30,441,758
Receivables financing		63,310	–
Advances to suppliers	4(4)	3,464,911	2,936,246
Loans and advances		34,212	2,633
Other receivables	4(5)	3,341,237	4,238,518
Inventories	4(6)	1,948,354	1,546,821
Contract assets	4(7)	1,522,996	1,038,247
Current portion of non-current assets	4(9)	440,739	351,489
Other current assets	4(8)	5,612,928	7,539,613
Total current assets		90,673,493	94,112,124
Non-current assets			
Long-term receivables	4(9)	631,278	876,363
Long-term equity investments	4(10)	7,858,000	7,260,087
Investments in other equity instruments	4(11)	7,365,684	6,810,771
Other non-current financial assets	4(12)	1,012,209	878,023
Investment properties	4(13)	4,875,366	4,850,233
Fixed assets	4(14)	43,657,404	36,925,990
Construction in progress	4(15)	11,149,860	8,571,203
Right-of-use assets	4(16)	15,429,775	17,297,085
Intangible assets	4(17)	19,176,684	18,324,188
Capitalised development expenditures	4(18)	311,757	343,236
Goodwill	4(19)	9,345,744	7,371,830
Long-term prepaid expenses	4(20)	3,097,621	2,911,094
Deferred tax assets	4(35)	1,632,964	1,566,714
Other non-current assets	4(21)	624,868	1,801,041
Total non-current assets		126,169,214	115,787,858
TOTAL ASSETS		216,842,707	209,899,982

S.F. HOLDING CO., LTD.

CONSOLIDATED BALANCE SHEET (CONT'D) AS AT 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

LIABILITIES AND EQUITY	Note	31 December 2022	31 December 2021
		Consolidated	Consolidated
Current liabilities			
Short-term borrowings	4(23)	12,837,870	18,397,204
Deposits from customers		20,670	13,723
Financial liabilities held for trading		96,647	7,658
Notes payable		32,699	–
Accounts payable	4(24)	24,715,352	23,467,675
Advances from customers		49,035	27,385
Contract liabilities	4(25)	1,244,418	1,675,836
Employee benefits payable	4(26)	6,276,551	5,575,463
Taxes payable	4(27)	2,761,146	2,873,551
Other payables	4(28)	13,346,595	11,520,282
Current portion of non-current liabilities	4(29)	11,173,650	8,335,803
Other current liabilities	4(30)	5,122,276	4,127,049
Total current liabilities		77,676,909	76,021,629
Non-current liabilities			
Long-term borrowings	4(31)	7,472,010	3,510,829
Debentures payable	4(32)	18,927,508	15,656,370
Lease liabilities	4(33)	8,582,372	10,941,938
Long-term payables		209,675	361,983
Long-term employee benefits payable		114,024	351,754
Deferred income	4(34)	860,791	690,242
Deferred tax liabilities	4(35)	4,657,954	4,402,160
Provisions		55,415	47,830
Total non-current liabilities		40,879,749	35,963,106
Total liabilities		118,556,658	111,984,735
Equity			
Share capital	4(36)	4,895,202	4,906,213
Capital reserve	4(37)	43,996,237	46,200,598
Less: Treasury stock	4(38)	(2,040,377)	(394,993)
Other comprehensive income	4(55)	4,538,027	2,617,231
General risk reserve		493,048	420,638
Surplus reserve	4(40)	1,010,253	947,775
Retained earnings	4(41)	33,371,351	28,245,764
Total equity attributable to shareholders of the Company		86,263,741	82,943,226
Minority interests		12,022,308	14,972,021
Total equity		98,286,049	97,915,247
TOTAL LIABILITIES AND EQUITY		216,842,707	209,899,982

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei

Chief Financial Officer (financial officer): Ho Chit

Accounting Manager: Hu Xiaofei

S.F. HOLDING CO., LTD.

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

ASSETS	Note	31 December 2022	31 December 2021
		Company	Company
Current assets			
Cash at bank and on hand	18(1)	812,181	226,112
Financial assets held for trading	18(2)	2,335,319	9,200,219
Advances to suppliers		121	1,248
Other receivables	18(3)	15,191,464	18,275,492
Other current assets		–	5,827
Total current assets		18,339,085	27,708,898
Non-current assets			
Long-term equity investments	18(4)	58,217,914	50,997,088
Fixed assets		–	9
Construction in progress		144,726	24,392
Right-of-use assets		–	2,064
Intangible assets		368,381	382,331
Long-term prepaid expenses		–	779
Other non-current assets		459	111
Total non-current assets		58,731,480	51,406,774
TOTAL ASSETS		77,070,565	79,115,672

S.F. HOLDING CO., LTD.

COMPANY BALANCE SHEET (CONT'D) AS AT 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

LIABILITIES AND EQUITY	Note	31 December 2022	31 December 2021
		Company	Company
Current liabilities			
Employee benefits payable		227	227
Other payables		29,191	6,884
Taxes payable		10,804	704
Current portion of non-current liabilities		–	519
Total current liabilities		40,222	8,334
Non-current liabilities			
Deferred tax liabilities		1,253	7,290
Lease liabilities		–	1,673
Total non-current liabilities		1,253	8,963
Total liabilities		41,475	17,297
Equity			
Share capital	4(36)	4,895,202	4,906,213
Capital reserve		71,743,948	71,907,104
Less: Treasury stock	4(38)	(2,040,377)	(394,993)
Surplus reserve		857,208	794,730
Retained earnings		1,573,109	1,885,321
Total equity		77,029,090	79,098,375
TOTAL LIABILITIES AND EQUITY		77,070,565	79,115,672

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei

Chief Financial Officer (financial officer): Ho Chit

Accounting Manager: Hu Xiaofei

S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	2022	2021	2022	2021
		Consolidated	Consolidated	Company	Company
1. Revenue	4(42)	267,490,414	207,186,647	–	–
Less: Cost of revenue	4(42)	(234,072,360)	(181,548,507)	–	–
Taxes and surcharges	4(43)	(476,706)	(478,726)	(52)	(5,373)
Selling and distribution expenses	4(44)	(2,784,114)	(2,837,899)	–	–
General and administrative expenses	4(45)	(17,574,490)	(15,029,663)	(15,823)	(23,939)
Research and development expenses	4(46)	(2,222,865)	(2,154,839)	–	(21)
Financial (costs)/income	4(47)	(1,711,613)	(1,563,359)	21,081	8,731
Including: Interest expenses		(2,054,360)	(1,562,008)	(62)	(98)
Interest income		345,662	187,794	21,163	8,852
Add: Other income	4(49)	2,249,361	1,768,139	–	8
Investment income	4(50) 18(5)	1,025,385	2,406,535	686,398	2,022,132
Including: Investment income/ from associates and joint ventures		7,549	42,660	–	–
(Losses)/Gains arising from changes in fair value		(27,938)	98,949	(24,899)	29,843
Credit impairment losses	4(51)	(821,100)	(578,951)	(7)	(1)
Asset impairment losses		(131,756)	(60,390)	–	–
Gains on disposal of assets		91,689	40,461	198	–
2. Operating profit		11,033,907	7,248,397	666,896	2,031,380
Add: Non-operating income	4(52)(a)	231,487	289,542	51	–
Less: Non-operating expenses	4(52)(b)	(298,616)	(404,258)	(497)	–
3. Total profit		10,966,778	7,133,681	666,450	2,031,380
Less: Income tax expenses	4(53)	(3,963,158)	(3,214,468)	(41,666)	(4,059)
4. Net profit		7,003,620	3,919,213	624,784	2,027,321
Classified by continuity of operations:					
Net profit from continuing operations		7,003,620	3,919,213	624,784	2,027,321
Net profit from discontinued operations		–	–	–	–
Classified by ownership of the equity:					
Attributable to shareholders of the Company		6,173,764	4,269,098	624,784	2,027,321
Minority interests		829,856	(349,885)	–	–

S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	2022	2021	2022	2021
		Consolidated	Consolidated	Company	Company
5. Other comprehensive income, net of tax	4(55)	1,273,054	1,742,921	-	-
Attributable to shareholders of the Company, net of tax		1,882,025	1,585,918	-	-
Other comprehensive income items which will not be reclassified subsequently to profit or loss		(49,083)	1,873,868	-	-
Including: Changes in fair value of investments in other equity instruments		(47,597)	1,873,959	-	-
Other comprehensive income items which will not be transferred to profit or loss under the equity method		(1,486)	(91)	-	-
Other comprehensive income items which will be reclassified subsequently to profit or loss		1,931,108	(287,950)	-	-
Including: Cash flow hedge reserve		15,392	(4,536)	-	-
Other comprehensive income items which will be transferred subsequently to profit or loss under the equity method		(18,740)	-	-	-
Exchange differences on translation of foreign currency financial statements		1,934,456	(283,414)	-	-
Attributable to minority interests, net of tax		(608,971)	157,003	-	-
6. Total comprehensive income		8,276,674	5,662,134	624,784	2,027,321
Attributable to shareholders of the Company		8,055,789	5,855,016	624,784	2,027,321
Attributable to minority interests		220,885	(192,882)	-	-
7. Earnings per share					
Basic earnings per share (RMB Yuan)	4(54)	1.27	0.93	Not applicable	Not applicable
Diluted earnings per share (RMB Yuan)	4(54)	1.27	0.93	Not applicable	Not applicable

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei

Chief Financial Officer (financial officer): Ho Chit

Accounting Manager: Hu Xiaofei

S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	2022	2021	2022	2021
		Consolidated	Consolidated	Company	Company
1. Cash flows from/(used in) operating activities					
Cash received from sales of goods or rendering of services		282,453,563	212,073,004	-	-
Net increase in deposits from customers and other financial institutions		6,945	10,068	-	-
Net decrease in loans to customers		-	84,635	-	-
Net decrease in balances with central bank and other banks		-	461,038	-	-
Refund of taxes and levies		5,649,323	161,859	10,265	-
Cash received relating to other operating activities	4(56)(a)	81,078,659	90,470,800	26,936	9,791
Sub-total of operating cash inflows		369,188,490	303,261,404	37,201	9,791
Cash paid for goods and services		(202,633,677)	(156,611,845)	-	-
Net increase in loans to customers		(34,105)	-	-	-
Net increase in balances with central bank and other banks		(296,941)	-	-	-
Cash paid to and on behalf of employees		(31,255,839)	(28,341,837)	(8,095)	(3,882)
Payments of taxes and levies		(8,039,647)	(5,461,724)	(45,171)	(21,619)
Cash paid relating to other operating activities	4(56)(b)	(94,225,334)	(97,488,393)	(8,629)	(14,796)
Sub-total of operating cash outflows		(336,485,543)	(287,903,799)	(61,895)	(40,297)
Net cash flows from/(used in) operating activities	4(57)(a)	32,702,947	15,357,605	(24,694)	(30,506)
2. Cash flows (used in)/from investing activities					
Cash received from disposal of investments		2,559,624	1,238,705	-	-
Cash received from returns on investments		913,099	490,403	2,197,582	1,523,460
Cash received from disposal of fixed assets and other long-term assets		176,331	147,398	7	-
Net cash received from disposal of subsidiaries	4(56)(c)	313,719	2,337,552	-	-
Cash received relating to other investing activities	4(56)(e)	153,839,102	125,485,123	44,200,010	8,272,497
Sub-total of investing cash inflows		157,801,875	129,699,181	46,397,599	9,795,957
Cash paid to acquire fixed assets and other long-term assets		(14,183,777)	(19,195,560)	(97,014)	(31,554)
Cash paid to acquire investments		(2,073,948)	(656,070)	(7,000,000)	-
Net cash paid to acquire subsidiaries	4(56)(d)	(2,217,481)	(9,043,578)	-	-
Cash paid relating to other investing activities	4(56)(e)	(151,418,127)	(117,935,200)	(35,774,516)	(27,974,434)
Sub-total of investing cash outflows		(169,893,333)	(146,830,408)	(42,871,530)	(28,005,988)
Net cash flows (used in)/from investing activities		(12,091,458)	(17,131,227)	3,526,069	(18,210,031)

S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	2022	2021	2022	2021
		Consolidated	Consolidated	Company	Company
3. Cash flows (used in)/from financing activities					
Cash received from capital contributions		162,673	23,794,887	–	19,910,000
Including: Cash received from capital contributions by minority interests of subsidiaries		162,673	3,884,887	–	–
Cash received from borrowings and issue of debentures		39,568,089	44,468,053	–	–
Cash received relating to other financing activities		5,187	7,577	–	–
Sub-total of financing cash inflows		39,735,949	68,270,517	–	19,910,000
Cash repayments on borrowings and debentures		(37,421,220)	(27,248,269)	–	–
Cash payments for interest expenses and distribution of dividends or profits		(3,688,182)	(2,379,578)	(874,518)	(1,499,992)
Cash paid relating to other financing activities	4(56)(f)	(14,643,497)	(17,422,744)	(2,040,787)	(1,457)
Sub-total of financing cash outflows		(55,752,899)	(47,050,591)	(2,915,305)	(1,501,449)
Net cash flows (used in)/from financing activities		(16,016,950)	21,219,926	(2,915,305)	18,408,551
4. Effect of foreign exchange rate changes on cash and cash equivalents		871,640	(99,020)	(1)	–
5. Net increase in cash and cash equivalents		5,466,179	19,347,284	586,069	168,014
Add: Cash and cash equivalents at the beginning of the year		34,813,768	15,466,484	226,112	58,098
6. Cash and cash equivalents at the end of the year	4(57) (b)	40,279,947	34,813,768	812,181	226,112

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei

Chief Financial Officer (financial officer): Ho Chit

Accounting Manager: Hu Xiaofei

S.F. HOLDING CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	Equity attributable to shareholders of the Company								Minority interests	Total equity
		Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Retained earnings		
Balance at 1 January 2021		4,556,440	24,405,217	(394,993)	1,143,969	279,142	–	745,043	25,708,230	316,651	56,759,699
Movements for the year ended 31 December 2021											
Total comprehensive income											
Net profit		–	–	–	–	–	–	–	4,269,098	(349,885)	3,919,213
Other comprehensive income		–	–	–	1,585,918	–	–	–	–	157,003	1,742,921
Total comprehensive income for the year		–	–	–	1,585,918	–	–	–	4,269,098	(192,882)	5,662,134
Capital contribution and withdrawal by shareholders											
Capital contribution by shareholders		349,773	21,592,292	–	–	–	–	–	–	1,849,237	23,791,302
Share-based payments included in equity	9(1)	–	287,553	–	–	–	–	–	–	61,755	349,308
Others		–	(75,317)	–	–	–	–	–	–	(142,626)	(217,943)
Business combinations involving enterprises not under common control		–	–	–	–	–	–	–	–	13,126,493	13,126,493
Profit distribution											
Appropriation to general risk reserve	4(41)	–	–	–	–	141,496	–	–	(141,496)	–	–
Appropriation to surplus reserve	4(40)	–	–	–	–	–	–	202,732	(202,732)	–	–
Distribution to shareholders	4(41)	–	–	–	–	–	–	–	(1,499,992)	(46,607)	(1,546,599)
Transfer within equity											
Transfer from other comprehensive income to retained earnings		–	–	–	(112,656)	–	–	–	112,656	–	–
Movements in other capital reserve		–	(9,147)	–	–	–	–	–	–	–	(9,147)
Safety reserve											
Appropriation	4(39)	–	–	–	–	–	28,370	–	–	–	28,370
Utilisation	4(39)	–	–	–	–	–	(28,370)	–	–	–	(28,370)
Balance at 31 December 2021		4,906,213	46,200,598	(394,993)	2,617,231	420,638	–	947,775	28,245,764	14,972,021	97,915,247

S.F. HOLDING CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

	Note	Equity attributable to shareholders of the Company								Total equity	
		Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Retained earnings		Minority interests
Balance at 1 January 2022		4,906,213	46,200,598	(394,993)	2,617,231	420,638	-	947,775	28,245,764	14,972,021	97,915,247
Movements for the year ended 31 December 2022											
Total comprehensive income											
Net profit		-	-	-	-	-	-	-	6,173,764	829,856	7,003,620
Other comprehensive income		-	-	-	1,882,025	-	-	-	-	(608,971)	1,273,054
Total comprehensive income for the year		-	-	-	1,882,025	-	-	-	6,173,764	220,885	8,276,674
Capital contribution and withdrawal by shareholders											
Capital contribution by shareholders		-	825	-	-	-	-	-	-	161,848	162,673
Share repurchase	4(38)	-	-	(2,040,377)	-	-	-	-	-	-	(2,040,377)
Treasury stock cancellation	4(38)	(11,011)	(383,982)	394,993	-	-	-	-	-	-	-
Share-based payments included in equity	9(1)	-	122,999	-	-	-	-	-	-	(13,426)	109,573
Others	4(37)	-	(2,055,007)	-	-	-	-	-	-	(1,856,492)	(3,911,499)
Business combinations involving enterprises not under common control		-	-	-	-	-	-	-	-	57,555	57,555
Profit distribution											
Appropriation to general risk reserve	4(41)	-	-	-	-	72,410	-	-	(72,410)	-	-
Appropriation to surplus reserve	4(40)	-	-	-	-	-	-	62,478	(62,478)	-	-
Distribution to shareholders	4(41)	-	-	-	-	-	-	-	(874,518)	(1,524,826)	(2,399,344)
Transfer within equity											
Transfer from other comprehensive income to retained earnings		-	-	-	38,771	-	-	-	(38,771)	-	-
Movements in other capital reserve		-	110,804	-	-	-	-	-	-	4,743	115,547
Safety reserve											
Appropriation	4(39)	-	-	-	-	-	32,214	-	-	-	32,214
Utilisation	4(39)	-	-	-	-	-	(32,214)	-	-	-	(32,214)
Balance at 31 December 2022		4,895,202	43,996,237	(2,040,377)	4,538,027	493,048	-	1,010,253	33,371,351	12,022,308	98,286,049

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei

Chief Financial Officer (financial officer): Ho Chit

Accounting Manager: Hu Xiaofei

S.F. HOLDING CO., LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

	Note	Share capital	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	Total equity
Balance at 1 January 2021		4,556,440	52,344,321	(394,993)	591,998	1,560,724	58,658,490
Movements for the year ended 31 December 2021							
Total comprehensive income							
Net profit		-	-	-	-	2,027,321	2,027,321
Capital contribution and withdrawal by shareholders							
Capital contribution by shareholders	4(36)	349,773	19,562,789	-	-	-	19,912,562
Share-based payments included in equity		-	(6)	-	-	-	(6)
Profit distribution							
Appropriation to surplus reserve	4(40)	-	-	-	202,732	(202,732)	-
Distribution to shareholders	4(41)	-	-	-	-	(1,499,992)	(1,499,992)
Balance at 31 December 2021		4,906,213	71,907,104	(394,993)	794,730	1,885,321	79,098,375
Balance at 1 January 2022		4,906,213	71,907,104	(394,993)	794,730	1,885,321	79,098,375
Movements for the year ended 31 December 2022							
Total comprehensive income							
Net profit		-	-	-	-	624,784	624,784
Capital contribution and withdrawal by shareholders							
Treasury stock cancellation	4(38)	(11,011)	(383,982)	394,993	-	-	-
Share repurchase	4(38)	-	-	(2,040,377)	-	-	(2,040,377)
Share-based payments included in equity		-	220,852	-	-	-	220,852
Others		-	(26)	-	-	-	(26)
Profit distribution							
Appropriation to surplus reserve	4(40)	-	-	-	62,478	(62,478)	-
Distribution to shareholders	4(41)	-	-	-	-	(874,518)	(874,518)
Balance at 31 December 2022		4,895,202	71,743,948	(2,040,377)	857,208	1,573,109	77,029,090

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei

Chief Financial Officer (financial officer): Ho Chit

Accounting Manager: Hu Xiaofei

S.F. HOLDING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB'000 Yuan unless otherwise stated)

[English translation for reference only]

1. General information

S.F. Holding Co., Ltd. (formerly "Ma'anshan Dingtai Rare Earth and New Materials Co., Ltd.", hereinafter "S.F. Holding" or "the Company"), formerly known as Ma'anshan Dingtai Science & Technology Co., Ltd., was established by 11 natural persons including Liu Jilu and the Labour Union of Ma'anshan Dingtai Metallic Products Co., Ltd. by cash contribution on 13 May 2003. On 22 October 2007, The officially changed to Ma'anshan Dingtai Rare Earth and New Materials Co., Ltd., and the Ma'anshan Dingtai Rare Earth and New Materials Co., Ltd. shares were listed on the Shenzhen Stock Exchange on 5 February 2010.

In December 2016, approved by the China Securities Regulatory Commission, Ma'anshan Dingtai Rare Earth and New Materials Co., Ltd conducted a series of major assets restructuring, including major assets swap, issuing shares to purchase assets and raising matching fund. Upon the completion of major asset restructuring, Shenzhen Mingde Holdings Development Co., Ltd. ("Mingde Holdings") became the parent company and ultimate controlling company of the Company, and Wang Wei was the ultimate controlling person of the Company. The place of registration and headquarters of the Company were changed to Shenzhen, Guangdong Province.

As at 31 December 2022, the total share capital of the Company is RMB4,895,202,373 with a par value of RMB1 per share.

The approved business scope of the Company and its subsidiaries ("the Group") includes: domestic and international express services (except for postal enterprises' franchise business); general freight services; large-scale goods transportation services; refrigerated truck transportation services; third-party pharmaceutical modern logistics business services; urban distribution services; supply chain solution consulting services; domestic and international freight agency business services; air cargo transportation services; warehousing services; property leasing services and industrial investment.

Hangzhou SF Intra-city Industrial Co., Ltd., a subsidiary of the Company, is a company listed on the main board of the Stock Exchange of Hong Kong Limited ("HKEX"), primarily providing intra-city instant delivery services.

Kerry Logistics Network Co., Ltd. ("Kerry Logistics"), a subsidiary of the Company, is a company listed on the main board of the HKEX, providing services such as comprehensive logistics, e-commerce, express delivery and international freight.

First-tier and second-tier subsidiaries included in the consolidation scope of the financial statements are detailed in Note 6(1). The changes in the scope of consolidation for the current reporting period are set out in Note 5.

2. Summary of significant accounting policies and accounting estimates

The Group determines the specific accounting policies and estimates based on its features of production and operation, primarily comprising the methods of provision for expected credit losses on receivables and contract assets (Note 2(9)), valuation of inventories (Note 2(10)), measurement model of investment properties (Note 2(12)), depreciation of fixed assets and amortisation of intangible assets and right-of-use assets (Note 2(13), (16), (27)), criteria for capitalisation of capitalised development expenditures (Note 2(17)), recognition and measurement of revenue (Note 2(25)), etc.

Details of the Group's critical judgements, critical accounting estimates and key assumptions used in determining significant accounting policies are set forth in Note 2(29).

(1) Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises – Basic Standard*, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter, referred to as "the Accounting Standards for Business Enterprises" or "CASs") and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting* issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2022 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and company financial position of the Company as at 31 December 2022 and their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(4) Recording currency

The Company's recording currency is Renminbi (RMB). The Company's subsidiaries decide their recording currencies in line with the economic environments in which they operate, while the subsidiaries in Hong Kong SAR and abroad mainly adopt currencies including HKD and USD as their recording currencies. The financial statements are presented in RMB.

(5) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the acquiree is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the Group are measured based on the carrying amounts of the acquiree's assets and liabilities (including the goodwill arising from the acquisition of the acquiree by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the business combinations are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combinations are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations involving enterprises not under common control

For business combinations not under common control, the Group chooses to use concentration test to judge whether the acquired production and operation activities or groups of assets constitutes a business. When the concentration test is passed, the Group conducts accounting treatment according to the relevant asset purchase principle; when the concentration test is not passed, the Group further judges whether the relevant combination obtained in the merger has at least one input and one substantive processing process, and the combination of the two has a significant contribution to the output capacity and hence decide if the Group obtains a business combination, in such a transaction.

The combination cost and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. Where the combination cost exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the combination cost is lower than the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss

for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combinations are included in the initially recognised amounts of the equity or debt securities.

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date on which such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' equity and the portion of subsidiaries' net profit or loss and comprehensive income for the period not attributable to the Company are recognised as minority interests, minority interest income and total comprehensive income attributable to minority shareholders and presented separately in the consolidated financial statements under equity, net profit and total comprehensive income respectively. Where the loss for the current period attributable to the minority shareholders of the subsidiaries exceeds the share of the minority interests in the opening balance of equity, the excess is still deducted against minority interests. Unrealised profits and losses resulting from the sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and minority interest income in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and minority interest income in accordance with the allocation proportion of the parent in the selling subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

If the control over the subsidiary is lost due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment in the consolidated financial statements is remeasured at its fair value at the date when the control is lost. The sum of consideration received from the disposal of equity investment and the fair value of the remaining equity investment, net of the sum of the share of net assets of the former subsidiary based on continuous calculation since the acquisition date and goodwill, is recognised as investment income for the current period when the control is lost. In addition, other comprehensive income and other changes in equity (excluding other comprehensive income from changes arising from remeasurement on net liabilities or net assets of defined benefit plans and accumulative fair value changes of investments in equity instrument not held for trading at fair value through other comprehensive income), which are related with the equity investment in the former subsidiary, are transferred to profit or loss for the current period when the control is lost.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into recording currency using the spot exchange rates and approximate exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into recording currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the equity items, the items other than retained earnings are translated at the spot exchange rates of the transaction

dates. The income and expense items in the income statement of foreign operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are recognised in other comprehensive income. The cash flows of foreign operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification and measurement

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

The financial assets are measured at fair value at initial recognition. Related transaction costs that are attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are recognised directly in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of goods or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be charged by the Group as expected.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following ways:

Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, notes receivable, accounts receivable, loans and advances, other receivables and long-term receivables. Long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets for both collection of the contractual cash flows and selling such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest method which are recognised in profit or loss for the current period. Such financial assets mainly include receivables financing. Other debt investments that are due within one year (inclusive) as from the balance sheet date are included in current portion of non-current assets; other debt investments with maturities of no more than one year (inclusive) at the time of acquisition are included in other current assets.

Measured at fair value through profit or loss:

Debt instruments held by the Group that are not divided into those at amortised cost, or those measured at fair value through other comprehensive income, are measured at fair value through profit or loss. At initial recognition, the Group designates a portion of financial assets as at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Financial assets measured at fair value through profit or loss that are due after one year (inclusive) as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets, and others are included in financial assets held for trading.

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held over one year as from the balance sheet date are included in other non-current financial assets.

In addition, a portion of certain investments in equity instruments not held for trading are designated as financial assets at fair value through other comprehensive income under other investments in equity instruments. The relevant dividend income of such financial assets is recognised in profit or loss for the current period.

(ii) Impairment

The Group recognises the loss provision based on expected credit losses for financial assets at amortised cost, investments in debt instruments at fair value through other comprehensive income, contract assets, lease receivables, etc.

Giving consideration to reasonable and supportable information that is available without undue cost or effort at the balance sheet date on past events, current conditions and forecasts of future economic conditions, as well as the default risk weight, the Group recognises the expected credit loss as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

For notes receivable, accounts receivable, receivables financing and contract assets that are formed from daily business activities such as providing services and selling goods, the Group recognises the lifetime expected credit loss provision regardless of whether there exists a significant financing component. For lease receivables, the Group also chooses to measure the loss provision based on lifetime expected credit losses.

Except for the above notes receivable, accounts receivable, receivables financing, contract assets and lease receivables, at each balance sheet date, the expected credit losses of financial instruments at different stages are measured respectively. 12-month expected credit loss provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime expected credit loss provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime expected credit loss provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with low credit risk as at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition. The Group determines them as the financial instruments in Stage 1 and recognises the 12-month expected credit loss provision.

For the financial instruments in Stage 1 and Stage 2, the Group calculates the interest income by applying the effective interest rate to the book balance (before deduction of the impairment provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the book balance).

In case the expected credit losses of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group divides the receivables into certain groups based on credit risk characteristics, and calculates the expected credit losses for the groups. Basis for determining groups and methods for provision are presented as follows:

Bank acceptance notes	Group of bank notes with low credit risk
Accounts receivable, other receivables	Group of receivables from related parties
Accounts receivable, other receivables and contract assets	Group of receivables from non-related parties
Long-term receivables	Group of finance leases
Long-term receivables	Group of loans to employees

Based on the exposure at default and the lifetime expected credit loss rate, the Group calculates the expected credit losses of notes receivable, accounts receivable, receivables financing, lease receivables and contract assets that are classified into groups with consideration to historical credit losses experience, current conditions and forecasts of future economic conditions.

Based on the exposure at default and the 12-month/lifetime expected credit loss rate, the Group calculates the expected credit losses of other receivables, loans and advances, and long-term receivables (loans to employees) that are classified into groups with consideration to historical credit losses experience, the current conditions and forecasts of future economic conditions.

The Group recognises the loss provision made or reversed into profit or loss for the current period.

For debt instruments classified as fair value through other comprehensive income, the Group recognises the impairment loss or gain in profit or loss, and meanwhile adjusts other comprehensive income.

(iii) Derecognition

A financial asset is derecognised when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When investments in other equity instruments are derecognised, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in retained earnings. When other financial assets are derecognised, the difference aforementioned is recognised in profit or loss for the current period.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortised cost, mainly including notes and accounts payables, other payables, borrowings and debentures payable. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

(c) Equity instruments

An equity instrument is a contract that represents a residual interest in the assets of an entity after deducting all of its liabilities.

(d) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

(10) Inventories

(a) Classification

Inventories comprise raw materials in stock, aviation consumables, finished goods, costs to fulfil a contract (see Note 2(25)(a)) and turnover materials, and are stated at the lower of cost and net realisable value.

(b) Valuation method for inventory delivered

Raw materials in stock, finished goods and aviation consumables are accounted for using the weighted average method upon delivery.

(c) Amortisation methods of low-value consumables and recyclable materials

Turnover materials include low-value consumables and recyclable materials. Recyclable materials are amortised in stages, and low-value consumables are amortised by one-off write-off method when they are used.

(d) Basis for determining the net realisable value of inventories and provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs, costs to fulfil a contract and estimated costs necessary to make the sale and related taxes.

(e) The Group adopts the perpetual inventory system.

(11) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

A subsidiary is an investee over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is an investee over which the Group has significant influence on its financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements; investments in joint ventures and associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments arising from business combinations involving enterprises under common control, the initial investment cost shall be the share of the carrying amount of equity of the acquiree in the consolidated financial statements of the ultimate controlling party as at the combination date; for long-term equity investments arising from business combinations involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and recognition methods of gains and losses

Long-term equity investments accounted for using the cost method are measured at the initial investment cost. Cash dividend or profit distribution declared by an investee is recognised as investment income in profit or loss for the current period.

For long-term equity investments that are accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments that are accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of the net losses of an investee after the carrying amounts of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the estimated losses that it needs to bear. The changes of the Group's share of the investee's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution, are recognised in the Group's capital reserve and the carrying amounts of the long-term equity investment are adjusted accordingly. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investee. The unrealised profits or losses arising from the transactions between the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, based on which the investment gain or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment losses, any unrealised loss is not eliminated.

(c) Basis for determining existence of control, joint control, significant influence over investees

Control means having power over an investee, enjoying variable returns through involvement in relevant activities of the investee, and being able to impact the amount of such variable returns by using the power over the investee.

Joint control is the agreed sharing of control over an arrangement, and the decision of activities relating to such arrangement requires the unanimous consent of the Group and other parties sharing control.

Significant influence is the power to participate in making the decisions on financial and operating policies of the investee, but is not control or joint control over making those policies.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(12) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation rates of investment properties are presented as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation/ amortisation rates
Buildings	10 to 50 years	5%	9.50%-1.90%
Land use rights	20 to 50 years	0%	5.00%-2.00%

When an investment property is transferred to owner-occupied property, it is reclassified to fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties at the date of the transfer. Upon the transfer, amount is recognised at the carrying amount prior to the transfer.

The investment property's estimated useful life, net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of proceeds from sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(13) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings (including freehold land), motor vehicles, computers and electronic equipment, aircraft and aircraft engines, rotables and high-value aircraft maintenance tools, machinery and equipment, office equipment and other equipment.

Fixed assets are recognised when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. Fixed assets purchased or constructed are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

(b) Depreciation method for fixed assets

Except for engine overhaul replacement parts and freehold land, fixed assets are depreciated using the straight-line method to allocate the recorded amount of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are presented as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings (excluding freehold land)	10 to 50 years	5%	9.50%-1.90%
Port equipment	28 to 40 years	0%	3.57%-2.50%
Motor vehicles (excluding electromobiles)	2 to 20 years	0%-5%	50.00%-4.75%
Motor vehicles (electromobiles)	2 years	5%	47.50%
Machinery and equipment (automatic sorting equipment imported from abroad)	15 years	5%	6.33%
Machinery and equipment (excluding automatic sorting equipment imported from abroad or warehouse operation equipment)	2 to 10 years	0%-5%	50.00%-9.50%
Computers and electronic equipment	2 to 5 years	0%-5%	50.00%-19.00%
Office equipment and other equipment	2 to 20 years	0%-5%	50.00%-4.75%
Aircraft and engine bodies	10 years	5%	9.50%
High-value aircraft maintenance tools	5 years	5%	19.00%
Replacement parts for overhaul of aircraft fuselage	1.5 to 10 years	0%	66.67%-10.00%
Rotables	10 years	5%	9.50%

Replacement parts for overhaul of engines are depreciated using the units-of-production method and taking the expected usable recurring number as the unit of production.

No amortisation is provided for freehold land.

The estimated useful life or expected usable recurring number and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amounts of fixed assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(d) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below its carrying amount (Note 2(19)).

(15) Borrowing costs

The Group's borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For general borrowings utilised for the acquisition and construction of an asset qualifying for capitalisation, the capitalised amount of the general borrowings is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilised general borrowings. The effective interest rate is the interest rate at which the future cash flows of the borrowings over the estimated life or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

(16) Intangible assets

Intangible assets include software, land use rights, trademark rights, customer relationships and patents, which are measured at cost.

(a) Software

Software is measured at actual cost and amortised on the straight-line basis over 2 to 10 years.

(b) Land use rights

Land use rights are amortised on the straight-line basis over their estimated useful lives.

(c) Trademark rights

Purchased trademark rights are measured at cost at the time of acquisition. Trademark rights recognised under business combinations involving enterprises not under common control are recorded at fair value. Trademark rights are amortised on the straight-line basis over 5 to 20 years.

(d) Customer relationships

Customer relationships refer to intangible assets recognised under business combinations involving enterprises not under common control. Customer relationships are recorded at fair value and amortised on the straight-line basis over the expected beneficial period.

(e) Patents

Patents are amortised on the straight-line basis over 5 to 10 years.

(f) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(g) Impairment of intangible assets

The carrying amounts of intangible assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(17) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sales;
- management intends to complete the intangible asset, and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Capitalised development expenditures previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as capitalised development expenditures in the balance sheet and transferred to intangible assets at the date when the asset is ready for its intended use.

(18) Long-term prepaid expenses

Long-term prepaid expenses include settling-in allowance and introduction fee for pilots, the expenditure for improvements to right-of-use assets, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on a straight-line basis over the expected beneficial period (2 to 20 years) and are presented at actual expenditure net of accumulated amortisation.

(19) Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets not ready for their intended use and freehold land are tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. If the result of the impairment assessment indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an asset impairment loss are 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 to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset groups or sets of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a set of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or the set of asset groups, and then deducted from the carrying amounts of other assets within the asset group or the set of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(20) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds and employee education funds. The employee benefit liabilities are recognised in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans into defined contribution plans and defined benefit plans. A defined contribution plan is a post-employment benefit plan in which the Group pays fixed fees to an independent fund without further payment obligations; a defined benefit plan is a post-employment benefit plan other than a defined contribution plan. During the reporting period, the Group's post-employment benefits mainly include endowment insurance and unemployment insurance paid for employees, which are defined contribution plans. Individual overseas subsidiaries set up and operate defined pension plans, which are defined benefit plans and the amount is not significant.

Basic pensions insurance

The Group's employees in the Chinese mainland participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the pensions are calculated according to local regulations for pension plan. When employees retire, the local labour and social security authority is obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as current liabilities.

(d) Employee incentives

The Group provides incentive plans for on-the-job employees who comply with certain conditions, and makes payments based on the schedule. Provisions for employee incentives are initially measured at the best estimate necessary to settle the present obligation, and expensed as incurred. The Group integrates separation rate, time value of money and other factors into account at initial measurement. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is expensed as incurred. The carrying amount of provisions for employee incentives is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(21) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible losses). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary differences, and it is probable that the temporary differences will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- the deferred tax assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(22) Provisions

Provisions are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

(23) Share-based payments**(a) Categories of share-based payments**

A share-based payment is a transaction in which an enterprise grants equity instruments or assumes liabilities that are determined based on equity instruments, in exchange for services rendered by employees or another party. Equity instruments include the equity instruments that are linked to the enterprise, the parent company of the enterprise or another accounting entity within the same group. Share-based payments comprise equity-settled and cash-settled payments.

(b) Basis for determining the best estimate of exercisable equity instruments

At each balance sheet date in the vesting period, the Group would make best estimate in accordance with the newly acquired information such as changes in the number of employees entitled to equity instruments, and amend the number of exercisable equity instruments. On the exercisable date, the ultimate estimated number of exercisable equity instruments coincides with the actual number.

(c) Accounting treatment of implementation of share-based payments**(i) Equity-settled share-based payments**

The equity-settled share-based payments where the Group grants shares or other equity instruments as a consideration in return for services, are measured at the fair value of the equity instruments at the grant date. Where the share-based payments are not exercisable until the service in the vesting period is completed or specified performance conditions are met, then at each balance sheet date within the vesting period, the service obtained in the current period shall be included in relevant costs or expenses and in capital reserve at the fair value of the equity instruments at the grant date based on the best estimates of the quantity of exercisable equity instruments made by the Group, in accordance with the latest changes in the number of exercisable employees and subsequent information.

Where the share-based payments cannot be exercised in the end, the Group's costs or expenses shall not be recognised unless that the payments are exercisable under the market conditions or non-exercisable conditions. In this regard, whether the market conditions or non-exercisable conditions are satisfied or not, the payments are deemed to be exercisable only when the non-market conditions among all of the exercisable conditions are satisfied.

(ii) Cash-settled share-based payments

The cash-settled share-based payments where the Group calculates and determines the cash payments or any other asset obligation on the basis of shares or other equity instruments in return for services, are measured at the fair value of the liabilities calculated based on relevant equity instruments. Where the share-based payments is not exercisable until the service in the vesting period is completed or specified performance conditions are met, then at each balance sheet date within the vesting period, the service obtained in the current period shall be included in costs or expenses and in liabilities at the fair value of the Group's liabilities based on the best estimates of the quantity of exercisable equity instruments made by the Group. At each balance sheet date and settlement date before relevant liabilities are settled, the fair value of the liabilities is remeasured and the changes are recognised in profit or loss.

(24) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return and financial subsidy.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in the current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants related to daily activities are included in operating profit. Government grants not related to daily activities are included in non-operating income or expenses.

(25) Revenue recognition

The Group recognises revenue at the consideration that the Group is entitled to charge as expected when the Group has fulfilled the performance obligations in the contract, that is, the customer obtains control over relevant goods or services.

If one of the following conditions is met, the performance obligations are satisfied over time, otherwise at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance 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.

In respect of a contract obligation that is to be fulfilled within a period, the Group should recognise the revenue based on the progress of the obligation fulfilment within the period, except that the progress of the obligation fulfilment fails to be reasonably determined; in respect of a contract obligation that is to be fulfilled at a point in time, the Group should recognise the revenue once the customer obtains the control over relevant goods/services.

In addition, the Group judges whether it is acting as a principal or an agent based on if it has the control right over goods before the transfer of the goods. Provided that the Group has control over goods before the transfer of the goods, it is acting as a principal and recognises relevant revenue, based on consideration received or receivable, by applying gross method; otherwise it is acting as an agent and should recognise revenues at the amount of the commission or service fee which the Group expects to be entitled to receive, which is calculated according to total consideration received or receivable net of the amount due to other related parties or fixed commission amount or rate.

(a) Rendering of logistics and freight forwarding services

The Group's revenue from logistics and freight forwarding services includes domestic express service income such as time-definite express and economic express; cold transportation and medical transportation service income; freight service income; intra-city on-demand delivery service income; supply chain and international service income (including international express service, international freight transport and forwarding service, as well as supply chain service).

The Group recognises revenue based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs or days spent to the estimated total days. As at the balance sheet date, the Group re-estimates the progress of the service performed to reflect the actual status of contract performance.

When the Group recognises revenue based on the progress of the service performed, the amount with unconditional right to consideration obtained by the Group is recognised as accounts receivable, and the rest is recognised as contract assets. Meanwhile, provision for accounts receivable and contract assets is recognised on the basis of expected credit losses (Note 2(9)). If the contract consideration received or receivable exceeds the progress of the service performed, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include costs to fulfil a contract and costs to obtain a contract. Costs incurred for provision of the aforesaid services are recognised as costs to fulfil a contract, which is carried forward to the cost of revenue when revenue recognised based on the progress of the service performed. Incremental costs incurred by the Group for the acquisition of the aforesaid service contract are recognised

as the costs to obtain a contract. For the costs to obtain a contract with the amortisation period within one year, the costs are charged to profit or loss when incurred. For the costs to obtain a contract with the amortisation period beyond one year, the costs are charged in the profit or loss on the same basis as aforesaid revenue of rendering of services recognised under the relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the costs to fulfil a contract is more than one year when initially recognised, the amount of the Group's costs to fulfil a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with amortisation period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

(b) Sales of goods

Revenue from sales of goods is recognised when the Group has delivered goods to the agreed delivery location pursuant to the contract and the customer has confirmed the acceptance of the goods, and the delivery note is signed by both parties.

The credit terms granted to customers by the Group are generally short, in line with industry practice, and do not have a significant financing component.

(c) Other services

The Group's services also includes communication service, maintenance service, research and development and technical services and other services.

With regard to certain maintenance service, research and development and technical services, the Group recognises revenue at a point in time when the services are delivered to customers. For other services, the Group recognises revenue based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs as at the balance sheet date.

(26) Dividend distribution

Cash dividends are recognised as liabilities in the period in which the dividends are approved by the shareholders' meeting.

(27) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) The Group as the lessee

At the commencement date, the Group shall recognise the right-of-use asset and measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current liabilities.

Right-of-use assets of the Group comprise leased buildings, machinery and equipment, motor vehicles, etc. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group may, instead of recognising right-of-use assets and lease liabilities, include the lease payments in the cost of the underlying assets or in profit or loss for the current period on a straight-line basis over the lease term.

The Group shall account for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group shall redetermine the lease term at the effective date of the lease modification, and remeasure the lease liability by discounting the revised lease payments using a revised discount rate, except that the contract changes directly resulting from stipulated by the Ministry of Finance for by applying the practical expedient. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For eligible rent relief agreed on existing lease contracts, the Group applies the practical expedient and records the exemption amount in profit or loss when the agreement is reached to dismiss the original payment obligation with corresponding adjustment of lease liabilities.

(b) The Group as the lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

(i) Operating leases

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, lease income therefrom is recognised on a straight-line basis over the period of the lease. Variable rental that is linked to a certain percentage of sales is recognised in lease income as incurred.

For eligible rent relief agreed on existing lease contracts, the Group applies the practical expedient, accounts for the exemptions as variable lease payments and records the exemption amount in profit or loss in the exemption period.

Except that the above contract changes to the contract using the simplified approach, the Group accounts for it as a new lease from the effective date of the modification, and considers any lease payments received in advance and receivable relating to the lease before modification as receivables of the new lease.

(ii) Finance leases

At the commencement date of the lease term, the Group recognises the lease payments receivable under a finance lease and derecognises relevant assets. The finance lease receivables are presented as long-term receivables; finance lease receivables due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

(28) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

(29) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and key assumptions

(i) Measurement of expected credit losses

For financial assets and contract assets at amortised cost, the Group calculates expected credit losses based on exposure at default and expected credit loss rates. The Group refers to internal historical information, such as credit losses, and considers the impact of historical credit loss experience according to current situation and forward-looking information to determine expected credit loss rates. And management takes the customer's credit status, credit history, operating status as well as collaterals, the guarantee ability of the guarantor and other information into consideration. The Group monitors and reviews relevant assumptions about expected credit losses regularly. Where there is a difference between the actual bad debts and the original estimate, such difference will affect the Group's provision for bad debts of the above assets in the future period.

(ii) Risk of impairment on long-term assets other than goodwill

As described in Note 2(19), freehold land (fixed assets) and intangible assets not ready for use are tested annually for impairment. Fixed assets other than freehold land, intangible assets, right-of-use assets, construction in progress, investment properties, and long-term equity investments, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

When assessing whether the above assets are impaired, management mainly evaluates and analyses: (1) whether events affecting asset impairment occurred; (2) whether the present value of expected cash flows arising from the continuing use or disposal of the asset is lower than its carrying amount; and (3) whether the significant assumptions used in the calculation of the present value of the estimated cash flows are appropriate.

Relevant assumptions adopted by the Group to determine impairment, e.g. changes in assumptions on discount rate and growth rate used to calculate the present value of future cash flows, may have material impact on the present value used in the impairment assessment, and cause impairment in the above-mentioned long-term assets of the Group.

(iii) Provision for impairment loss of goodwill

The Group performed impairment assessment of goodwill annually. The recoverable amount of asset groups and sets of asset groups is the higher of fair value less costs to sell and the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note 4(19)).

(iv) Determination of fair value of financial instruments by valuation techniques.

The fair value of a financial instrument that is not traded in an active market is determined by valuation techniques. Valuation techniques primarily refer to direct comparison method and income method, including reference to the prices used in recent orderly transactions between market participants, reference to the current fair value of other financial instruments that are substantially identical, discounted cash flow analysis, option pricing models, etc. Observable market information is applied in valuation techniques to the extent possible. When observable market information is not available, management will make estimate of significant unobservable information included in the valuation method. Different valuation techniques or inputs may lead to significant differences between fair value estimates.

(v) Uncertain tax position and recognition of deferred tax assets

The Group pays enterprise income tax in various regions. In normal business activities, the final tax treatment of some transactions and matters is uncertain. When accruing income tax expenses in various regions, the Group needs to make significant judgements. If there is a difference between the final determination of these tax matters and the amount originally recorded, the difference will have an impact on the income tax expense and the amount of deferred income tax during the period when the above final determination is made.

Deferred tax assets are recognised for the deductible tax losses and deductible temporary differences that can be carried forward to subsequent years to the extent that it is probable that taxable profit in the future will be available against which the deductible tax losses and deductible temporary differences can be utilised. Whether to recognise the deferred tax assets arising from deductible tax losses and deductible temporary differences largely depends on the judgement of management on: (i) whether the accumulated deductible tax losses and deductible temporary differences in prior years are still effective, and (ii) whether sufficient taxable income that can be used to deduct deductible tax losses and deductible temporary differences can be obtained in the future period. Where there is a difference between the situation and the original estimate, such difference will affect the Group's deferred tax assets and income tax expenses in the future period.

(vi) Assessment of the fair value of identifiable net assets in acquisition transactions and goodwill recognition

As stated in Note 2(5)(b), identifiable net assets acquired in a business combinations involving enterprises not under common control are recognised at the fair value at the acquisition date, and if the combination cost exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill.

The assessment of the fair value of identifiable assets and liabilities involves critical estimates and judgements from management, in particular, the identification of intangible assets and the evaluation of their fair values, thereby affecting the recognition of goodwill. As stated in Note 5(1)(a), in a business combination involving enterprises not under common control in 2022, the Group had acquired 100% shares of Topocean Consolidation Service (Los Angeles) Inc. ("Topocean"). The valuation process afterwards identified intangible assets (Mainly is customer relationships) and the corresponding deferred income tax liability of approximately RMB364 million and goodwill of approximately RMB1,157 million. The assessment of the fair value of identifiable net assets on the acquisition date includes the identification of intangible assets, the selection of valuation methods, and the forecast of future cash flows, which involves critical estimates and judgements about the key assumptions including revenue growth rate, gross profit rate and discount rate. Different inputs used in the key assumptions may lead to significant differences between fair value estimates.

(b) Critical judgements in applying the accounting policies

(i) Judgement on significant influence of the Group over investees

The investees over which the Group has significant influence are accounted for under the equity method. In judging the significant influence over an investee, management considers based on one or more of the following circumstances and all facts and circumstances: (1) the shareholding in the investee; (2) whether it appoints representative in the Board of Directors or a similar authority of the investee; (3) whether it participates in making decisions on financial and operating policies of the investee; (4) whether it has significant transaction with the investee; (5) whether it assigns management personnel to the investee; (6) whether it provides key technical materials to the investee, and all facts and circumstances are considered.

(ii) Determination of the scope of consolidation

As stated in Note 2(6), the Group consolidates a subsidiary from the date of obtaining actual control, and excludes it out of the scope of consolidation from the date of losing the actual control. Control exists when the Group has all three of the following elements: (1) the investor possesses power over the investee and the degree of dispersion of equity in other non-controlling interests; (2) has exposure to variable returns from its involvement with the investee's related activities; and (3) the ability to use the power over the investee to affect the returns. Where variations in relevant facts and circumstances cause a change of these factors, a reassessment will be made.

(30) Significant changes in accounting policies

The Ministry of Finance released the *Circular on Issuing Interpretation No. 15 of Accounting Standards for Business Enterprises* (hereinafter "Interpretation No. 15") in 2021, in 2022 and 2023 released the *Circular on Issuing Interpretation No. 16 of Accounting Standards for Business Enterprises* (hereinafter "Interpretation No. 16"), and *Q&A on Implementation of Accounting Standards for Business Enterprises*. The financial statements for the year ended 31 December 2022 have been prepared by the Group and the Company in accordance with the above circulars and Q&A, and the above amendments have no significant impacts on the financial statements of the Group and the Company.

3. Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax rate	Tax base
Enterprise income tax	Note (1)	Taxable income
Value-added tax ("VAT")	Note (2)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount/taxable service income multiplied by the applicable tax rate less deductible VAT input of the current period or taxable turnover amount multiplied by the VAT rate)
City maintenance and construction tax	7%, 5%, 1%	Amount of VAT paid
Educational surcharge	3%	Amount of VAT paid
Local educational surcharge	2%	Amount of VAT paid
Customs duty	At applicable tax rate	Customs dutiable value through examination and approval of the Customs

In addition, pursuant to the *Interim Measures for the Collection, Use and Management of the Civil Aviation Development Fund* (Cai Zong [2012] No. 17) issued by the Ministry of Finance, SF Airlines Company Limited ("SF Airlines") pays the civil aviation development fund based on classification of flight routes, maximum take-off weight, flight mileage and applicable collection standards, and includes such payment in cost.

The *Announcement on the Cancellation of Port Construction Fees and Adjustment to Relevant Policies of the Civil Aviation Development Fund* (Announcement [2021] No. 8) was issued by the Ministry of Finance on 19 March 2021. Since 1 April 2021, the collection standard for the civil aviation development fund payable by airlines has been reduced by 20% in accordance with the *Notice of the Ministry of Finance on Adjusting the Relevant Policies of Certain Government Funds* (Cai Shui [2019] No. 46) on the basis of a 50% reduction.

(1) Enterprise income tax

According to the *Enterprise Income Tax Law of the People's Republic of China* and the *Regulations on the Implementation of Enterprise Income Tax Law*, except for some subsidiaries enjoying the preferential tax rates, the Company and other subsidiaries established in the Chinese mainland are subject to the enterprise income tax rate of 25%.

The Group's overseas subsidiaries recognise their income taxes in accordance with the laws and regulations of the countries or regions where they operate. Specifically, the subsidiaries located in Hong Kong SAR, Macao SAR, Singapore, Japan, South Korea, USA and Thailand are subject to enterprise income tax at the rates of 16.5%, 12%, 17%, 23.2%, 25%, 21% and 20%, respectively in the reporting period.

Pursuant to the *Announcement on Implementation of the Policy of Deduction of Relevant Enterprise Income Tax for Equipment and Appliance* (Cai Shui [2018] No. 54), and the *Announcement on Extending the Implementation Period of Certain Preferential Tax Policies* (Cai Shui [2021] No. 6) issued by the Ministry of Finance and the State Taxation Administration, for equipment newly purchased from 1 January 2018 to 31 December 2023 and with a unit value of less than RMB5 million, the one-time period cost can be deducted against the taxable income in the following month after the asset is put into use, instead of being deducted annually in its useful life.

The preferential enterprise income tax policies to which the Group is entitled mainly include:

(a) Pursuant to the *Notice on the Policies and Catalogue of Income Tax Preferences for Enterprises in Guangdong Hengqin New Area, Fujian Pingtan Comprehensive Experimental Zone, and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperative Zone* (Cai Shui [2014] No. 26) and the *Notice on Continuing the Policies of Income Tax Preferences for Enterprises in Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperative Zone* (Cai Shui [2021] No. 30) jointly issued by the Ministry of Finance and the State Taxation Administration, Shenzhen S.F. Supply Chain Co., Ltd. and other 7 subsidiaries as below are subject to enterprise income tax at the preferential rate of 15% from 2014 to 2025.

(b) Pursuant to the *Notice on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy* (Cai Shui [2011] No. 58) and the *Notice on Issues Concerning the Implementation of the Tax Policies for the Development of Western China* (Cai Shui [2013] No. 4) jointly issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration, and the *Announcement on Continuing the Enterprise Income Tax Policies for the Development of Western China* (Announcement [2020] No. 23) jointly issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on 23 April 2020, Xi'an Shunlu Logistics Co., Ltd. and other 27 subsidiaries as below are subject to enterprise income tax at the preferential rate of 15% until the end of 31 December 2030.

(c) Pursuant to the *Announcement on Continuing the Enterprise Income Tax Policies for the Development of Western China* (Announcement [2020] No. 23) jointly issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on 23 April 2020, Tibet S.F. Express Co., Ltd. ("Tibet Express"), which is registered in Tibet Autonomous Region, is subject to enterprise income tax at the preferential rate of 15% from 1 January 2011 to 31 December 2030. Pursuant to the *Notice of the People's Government of the Tibet Autonomous Region on Issuing the Regulations on Preferential Policies for Investment Promotion of the Tibet Autonomous Region* (Zang Zheng Fa [2021] No. 9), Tibet Express is temporarily exempt the region's share of entitlement to enterprise income tax payable. In other words, the region's share of entitlement to 40% in the enterprise income tax payable at the rate of 15% is exempted during the above period.

(d) In accordance with *Article 2 of the Notice on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (Cai Shui [2019] No. 13) jointly issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2019 to 31 December 2021, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be recognised at 25% of income and be subject to the enterprise income tax rate of 20%; In accordance with the *Announcement on Implementing the Preferential Income*

Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (Cai Shui [2021] No. 12) issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2021 to 31 December 2022, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be subject to one-half reduced enterprise income tax on the basis of the above preferential policies.

In accordance with the *Announcement on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises* (Announcement [2022] No. 13) jointly issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2022 to 31 December 2024, the annual taxable income of a small low-profit enterprise that is more than RMB1 million but less than RMB3 million shall be recognised at 25% of income and be subject to the enterprise income tax rate of 20%.

Therefore, the portion of annual taxable income of Ningbo Shuncheng Logistics Co., Ltd. and other 50 subsidiaries as below not exceeding RMB1 million is recognised at 12.5%, and they are subject to enterprise income tax at the rate of 20%; the portion of annual taxable income of the Group's subsidiaries exceeding RMB1 million but not exceeding RMB3 million is recognised at 25%, and they are subject to the enterprise income tax rate of 20%.

(e) As per Article 28 of the *Enterprise Income Tax Law of the People's Republic of China*, the high and new technology enterprises eligible for key support from the State are entitled to a reduced tax rate of 15%. Through filing with local taxation bureaus, SF Technology Co., Ltd. ("SF Technology") and other 5 subsidiaries as below are qualified as high and new technology enterprises, and entitled to the preferential tax rates for high and new technology enterprises eligible for key support from the State. The subsidiaries as below are subject to a tax rate of 15% in the reporting period (2021: 15%).

In addition, pursuant to the provisions of the *Announcement on Increasing Support of Pre-tax Deductions for Scientific and Technological Innovation* (announcement of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology [2022] No. 28) issued by the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology, during the period from 1 October 2022 to 31 December 2022, the newly purchased equipment of the above companies could be fully deducted in 2022 against taxable profit, and the additional deduction of 100% was approved before tax. The pre-tax deduction ratio of R&D expenses of the above companies is 75% from 1 January 2022 to 31 September 2022; the proportion of additional pre-tax deduction will be increased to 100% from 1 October 2022 to 31 December 2022.

(f) Pursuant to the *Notice on the Policies of Income Tax Preferences for Enterprises in Hainan Free Trade Port* (Cai Shui [2020] No. 31) jointly issued by the Ministry of Finance and the State Taxation Administration, Hainan S.F. Express Co., Ltd. and other 3 subsidiaries, which are registered in Hainan Free Trade Port, are subject to enterprise income tax at the preferential rate of 15% from 1 January 2020 to 31 December 2024.

(2) VAT

According to different businesses, VAT rates applicable to those subsidiaries located in the Chinese mainland of the Group include:

Business type	Applicable VAT rates
Sales of goods and leasing of tangible movable assets	13%
Transportation service (i), Property leases	9%
Logistics supporting service (i)(ii), Research and development and technical service, Information technology service	6%

(i) Pursuant to the *Announcement on Policies for Deepening the Value-Added Tax Reform* (Cai Shui [2019] No. 39), the *Announcement on Clarifying the Additional Value-Added Tax Credit Policy for the Life Service Industry* (Cai Shui [2019] No. 87) and the *Announcement on the Value-Added Tax Policies for Promoting the Poverty-relief Development of Service Industries* (Cai Shui [2022] No. 11), the enterprises in taxpayers of productive and consumer service industry qualify for additional 10% or 15% deduction of input VAT from output VAT from 1 April 2019 to 31 December 2022, respectively.

(ii) Pursuant to the *Announcement on the Exemption of Value-Added Tax of Express Delivery Service*, revenue from express delivery service of essential living materials for residents shall be exempted from VAT from 1 May 2022 to 31 December 2022.

4. Notes to the consolidated financial statements**(1) Cash at bank and on hand**

	31 December 2022	31 December 2021
Cash on hand	18,437	48,513
Cash at bank (c)	16,629,310	16,067,702
Balances with central bank from Group Finance Company	848,392	548,204
Including: – statutory reserve (a)	837,242	540,300
– excess reserve (b)	11,150	7,904
Balances with other banks from Group Finance Company	23,378,727	18,569,253
Other cash balances (c)	165,126	76,182
Interest receivable	22,758	5,197
	41,062,750	35,315,051
Including: Overseas deposits	9,471,675	9,330,693

(a) On 18 September 2016, the Group incorporated S.F. Holding Group Finance Co., Ltd. (“Group Finance Company”). Statutory reserve of Group Finance Company deposited with the central bank represents required statutory reserve paid by Group Finance Company in the People’s Bank of China (“PBOC”) at 5% of deposits from customers denominated in RMB. Statutory reserve deposits are not available for use by the Group in its daily operations, which are restricted cash.

(b) Excess reserve of Group Finance Company deposited with the central bank represents the excess over the required statutory reserve deposited by financial institutions in the central bank, and it is bank deposit that can be readily drawn on demand.

(c) As at 31 December 2022, the bank deposits of RMB11,086,000 (31 December 2021: RMB9,600,000) were deposits in commercial banks to guarantee general bank credit (Note 4(23)(c)). Other cash balances of RMB1,832,000 (31 December 2021: RMB1,832,000) is the security deposit for the Group to apply for a letter of guarantee from the bank; RMB24,759,000 (31 December 2021: RMB25,194,000) is the security deposit received by the Group from a third party. According to the contract, the security deposit needs to be returned after the cooperation is completed. These funds are all restricted funds.

(2) Financial assets held for trading

	31 December 2022	31 December 2021
Structured deposits	7,351,158	9,730,665
Fund investments	34,221	653,828
	7,385,379	10,384,493

(3) Accounts receivable

	31 December 2022	31 December 2021
Accounts receivable	27,120,677	31,476,627
Less: Provision for bad debts	(1,560,244)	(1,034,869)
	25,560,433	30,441,758

The Group adopts regular settlement method for logistics and freight forwarding services provided to some customers. At each month-end, the outstanding part becomes accounts receivable.

(a) The ageing of accounts receivable is analysed as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive)	26,162,778	31,027,603
1 to 2 years (inclusive)	653,524	236,070
Over 2 years	304,375	212,954
	27,120,677	31,476,627

(b) As at 31 December 2022, the five largest accounts receivable aggregated by debtor were summarised and analysed as follows:

	31 December 2022		
	Book balance	Provision for bad debts	% of total balance
Sum of the five largest accounts receivable	2,281,021	(3,937)	8.41%

(c) Provision for bad debts

For accounts receivable, the Group recognises the lifetime expected credit loss provision.

As at 31 December 2022, accounts receivable for which the related provision for bad debts was provided on the individual basis were analysed as follows:

	Book balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
Receivables from related parties	–	–	–	The debtor encountered financial distress, etc.
Receivables from non-related parties	719,588	100.00%	(719,588)	
	719,588		(719,588)	

As at 31 December 2021, accounts receivable for which the related provision for bad debts was provided on the individual basis were analysed as follows:

	Book balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
Receivables from related parties	–	–	–	
Receivables from non-related parties	559,591	100.00%	(559,591)	The debtor encountered financial distress, etc.
	559,591		(559,591)	

As at 31 December 2022, accounts receivable for which the related provision for bad debts was provided on the grouping basis were analysed as follows:

	Book balance	Lifetime expected credit loss rate	Provision for bad debts
Related party grouping	237,028	–	–
Non-related party grouping	26,164,061	3.21%	(840,656)
	26,401,089		(840,656)

As at 31 December 2021, accounts receivable for which the related provision for bad debts was provided on the grouping basis were analysed as follows:

	Book balance	Lifetime expected credit loss rate	Provision for bad debts
Related party grouping	278,423	–	–
Non-related party grouping	30,638,613	1.55%	(475,278)
	30,917,036		(475,278)

(d) In 2022, the Group's provision for bad debts amounted to RMB760,520,000 (2021: RMB605,865,000), and the Group's provision for bad debts reversed amounted to RMB90,559,000 (2021: Nil) (Note 4(22)).

(e) In 2022, the provision for bad debts of accounts receivable that were written off amounted to RMB169,984,000 and no accounts receivable with amounts that were individually significant were written off (Note 4(22)).

(4) Advances to suppliers

(a) The ageing of advances to suppliers is analysed below:

Ageing	31 December 2022		31 December 2021	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	3,339,817	96.39%	2,826,165	96.25%
1 to 2 years (inclusive)	94,873	2.74%	73,490	2.50%
Over 2 years	30,221	0.87%	36,591	1.25%
	3,464,911	100.00%	2,936,246	100.00%

As at 31 December 2022, advances to suppliers with ageing over one year were mainly prepaid materials, transportation expenses, etc. That is because relevant business transactions were still being performed.

(b) As at 31 December 2022, the five largest advances to suppliers aggregated by debtor were summarised and analysed as follows:

	31 December 2022	
	Amount	% of total balance
Sum of the five largest advances to suppliers	798,742	23.05%

(5) Other receivables

	31 December 2022	31 December 2021
Receivables from related parties (Note 8(4)(d))	521,494	492,057
Guarantees and deposits	1,532,034	1,413,769
Cash to collect on behalf of customers	330,427	689,476
Tax paid on behalf of others	208,441	154,965
Employee borrowings and advances	106,828	95,564
Receivables from airlines subsidies and financial rebates	99,389	105,652
Receivables from equity transfer	77,455	344,662
Prepaid social insurance premium	33,519	23,515
Entrusted loan principal receivables	27,000	27,000
Others	643,773	999,967
	3,580,360	4,346,627
Less: Provision for bad debts	(239,123)	(108,109)
	3,341,237	4,238,518

(a) The ageing of other receivables based on the point of occurrence is analysed as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive)	2,572,195	3,638,859
1 to 2 years (inclusive)	385,523	297,337
Over 2 years	622,642	410,431
	3,580,360	4,346,627

As at 31 December 2022, other receivables with ageing over 1 year mainly represented deposits and guarantees, entrusted loans receivable and receivables from equity transfer.

(b) Provision for bad debts and changes in balance statements

(i) The Group measures the loss provision for other receivables based on the expected credit losses for the next twelve months or the entire duration. The statement of changes in provisions for bad debts is as follows:

	Stage 1	Stage 3 Total	Total
	Expected credit losses in the following 12 months (grouping)	Lifetime expected credit losses (credit impaired)	
31 December 2021	14,454	93,655	108,109
Provision in the current year	5,481	152,554	158,035
Write-off in the current year	–	(18,814)	(18,814)
Transfer to Stage 3	(730)	730	–
Disposal and other reductions	(8,207)	–	(8,207)
31 December 2022	10,998	228,125	239,123

The book balance of other receivables transferred to Stage 3 is RMB145,958,000. (2021: Nil)

As at 31 December 2022 and 31 December 2021, the Group did not have any other receivables at Stage 1 for which the related provision for bad debts was provided on the individual basis.

(ii) As at 31 December 2022, other receivables at Stage 1 for which the related provision for bad debts was provided on the grouping basis were analysed as follows:

	Book balance	Expected credit loss rate in the following 12 months	Provision for bad debts	Reason
Provided on the grouping basis:				
Related party grouping	521,494	–	–	Expected credit loss method
Non-related party grouping	2,808,453	0.39%	(10,998)	
	3,329,947		(10,998)	

(iii) As at 31 December 2021, other receivables at Stage 1 for which the related provision for bad debts was provided on the grouping basis were analysed as follows:

	Book balance	Expected credit loss rate in the following 12 months	Provision for bad debts	Reason
Provided on the grouping basis:				
Related party grouping	492,057	–	–	Expected credit loss method
Non-related party grouping	3,750,115	0.39%	(14,454)	
	4,242,172		(14,454)	

As at 31 December 2022 and 31 December 2021, the Group did not have any other receivables at Stage 2.

(iv) As at 31 December 2022, other receivables at Stage 3 for which the related provision for bad debts was provided on the individual basis were analysed as follows:

	Book balance	Lifetime expected credit losses	Provision for bad debts	Reason
Provided on the individual basis:				
Receivables from equity transfer	77,455	100.00%	(77,455)	The debtor encountered financial distress
Guarantees and deposits	49,425	76.76%	(37,937)	The debtor encountered financial distress
Entrusted loans receivable	27,000	60.00%	(16,200)	The debtor encountered financial distress
Others	96,533	100.00%	(96,533)	The debtor encountered financial distress
	250,413		(228,125)	

As at 31 December 2021, other receivables at Stage 3 for which the related provision for bad debts was provided on the individual basis were analysed as follows:

	Book balance	Lifetime expected credit losses	Provision for bad debts	Reason
Provided on the individual basis:				
Entrusted loans receivable	27,000	60.00%	(16,200)	The debtor encountered financial distress
Receivables from equity transfer	77,455	100.00%	(77,455)	The debtor encountered financial distress
	104,455		(93,655)	

As at 31 December 2022 and 31 December 2021, the Group did not have any other receivables at Stage 3 for which the related provision for bad debts was provided on the grouping basis.

(c) In 2022, the Group's provision for bad debts amounted to RMB158,035,000 (2021: RMB7,472,000), and no provision for bad debts was reversed (2021: RMB15,000,000) (Note 4(22)).

(d) In 2022, the provision for bad debts of other receivables that were written off amounted to RMB18,814,000 (2021: RMB12,154,000) (Note 4(22)) and no other receivables with amounts that were individually significant were written off (2021: Nil).

(e) As at 31 December 2022, the five largest other receivables aggregated by debtor were summarised and analysed as follows:

	Nature of business	Ageing	31 December 2022		
			Book balance	Provision for bad debts	% of total balance
Shenzhen Hive Box Technology Co., Ltd. ("Hive Box Technology") and its subsidiaries	Agency collection and payment	Within 1 year	405,621	–	11.33%
Goodear Development Co., Ltd.	Guarantees and deposits	1 to 3 years	51,607	–	1.44%
Wuhan TianHe International Airport	Airline subsidies and financial rebates	Within 1 year	45,041	–	1.26%
Hangzhou International Airport	Airline subsidies and financial rebates	Within 1 year, 1 to 3 years	41,412	–	1.16%
Suzhou Lake District Development Co., Ltd.	Guarantees and deposits	2 to 3 years	40,000	–	1.12%
			583,681	–	16.31%

(6) Inventories

Inventories are summarised by category as follows:

	31 December 2022		
	Book balance	Provision for decline in the value of inventories and impairment of contract liabilities	Carrying amount
Finished goods	706,779	(2,425)	704,354
Raw materials in stock	608,201	(1,114)	607,087
Aviation consumables	353,119	–	353,119
Turnover materials	227,620	–	227,620
Costs to fulfil a contract	56,174	–	56,174
	1,951,893	(3,539)	1,948,354

	31 December 2021		
	Book balance	Provision for decline in the value of inventories and impairment of costs to fulfil a contract	Carrying amount
Raw materials in stock	588,354	(1,108)	587,246
Finished goods	497,617	(6,777)	490,840
Aviation consumables	268,985	–	268,985
Turnover materials	166,153	–	166,153
Costs to fulfil a contract	33,597	–	33,597
	1,554,706	(7,885)	1,546,821

(7) Contract assets

	31 December 2022	31 December 2021
Contract assets	1,526,396	1,041,152
Less: Provision for impairment loss	(3,400)	(2,905)
	1,522,996	1,038,247

For contract assets, the Group recognises the lifetime expected credit loss provision regardless of whether there exists a significant financing component. As at 31 December 2022 and 31 December 2021, the Group's contract assets are not overdue. After evaluation, the Group believes that there is no need to make individual provision for impairment.

(8) Other current assets

	31 December 2022	31 December 2021
Input VAT to be offset	4,840,499	7,299,204
Prepaid enterprise income tax	768,131	236,852
Others	4,298	3,557
	5,612,928	7,539,613

(9) Long-term receivables and current portion of non-current assets

	31 December 2022	31 December 2021
Finance lease receivables (a)	692,204	726,349
Deposits for house purchase	277,904	277,904
Employees loans	112,662	237,255
Others	8,860	8,328
Less: Provision for bad debts	(19,613)	(21,984)
Current portion of long-term receivables	(440,739)	(351,489)
	631,278	876,363

(a) Finance lease receivables

	31 December 2022	31 December 2021
Finance lease receivables	755,431	811,886
Less: Unrealised finance gains	(63,227)	(85,537)
Amortised cost of finance lease receivables	692,204	726,349
Less: Provision for bad debts	(18,980)	(20,686)
Current portion of finance lease receivables	(376,512)	(249,416)
	296,712	456,247

After the balance sheet date, the Group's minimum lease proceeds at undiscounted contractual cash flows (including interest calculated at the contract rate (or the prevailing rate at the balance sheet date in the case of a floating rate)) are analysed as below:

	31 December 2022	31 December 2021
Within 1 year (inclusive)	437,214	311,050
1 to 2 years (inclusive)	244,134	288,158
2 to 3 years (inclusive)	65,863	177,484
Over 3 years	8,220	35,194
	755,431	811,886

(10) Long-term equity investments

	Joint ventures	Associates	Total
31 December 2021	2,593,932	4,666,155	7,260,087
Increase/(Decrease) in investments	1,088,841	(545,494)	543,347
Investment (loss)/income recognised under the equity method	(41,579)	49,128	7,549
Other comprehensive income and changes in equity recognised under the equity method	490	99,206	99,696
Cash dividends/profits distributed	(254)	(168,706)	(168,960)
Net increase in provision for impairment loss	(4,472)	(65,673)	(70,145)
Effect of translation of foreign currency financial statements	11,418	175,008	186,426
31 December 2022	3,648,376	4,209,624	7,858,000
Including: Balance of provision for impairment loss at the end of the period	4,472	243,545	248,017

(a) Joint ventures

	31 December 2021	Movements in the current year						31 December 2022	Balance of provision for impairment loss at the end of the year
		Increase/(Decrease) in investments	Share of net profit/(loss) under the equity method	Other changes in equity (i)	Cash dividends/profits distributed	Net increase in provision for impairment loss	Exchange differences on translation of foreign currency financial statements		
Hubei International Logistics Airport Co., Ltd.	1,356,612	920,000	(48,665)	-	-	-	2,227,947	-	
Gem-shunxin Industrial Technology Co., Ltd.	500,443	-	(3,259)	13	-	-	497,197	-	
Jinfeng Borun (Xiamen) Equity Investment Partnership (Limited Partnership)	143,174	150,000	23,855	-	-	-	317,029	-	
ZBHA Group Co., Ltd. (Limited Partnership)	238,020	-	(1,810)	-	-	-	236,210	-	
CC SF China Logistics Properties Investment Fund, L.P.	93,568	6,582	(1,352)	-	-	9,308	108,106	-	
Others	262,115	12,259	(10,348)	477	(254)	(4,472)	261,887	(4,472)	
	2,593,932	1,088,841	(41,579)	490	(254)	(4,472)	3,648,376	(4,472)	

(b) Associates

	Carrying amount as at 31 December 2021	Movements in the current year							Carrying amount as at 31 December 2022	Balance of provision for impairment loss at the end of the year
		Increase/(Decrease) in investments	Share of net profit/(loss) under the equity method	Share of other comprehensive income	Other changes in equity (i)	Cash dividends/profits distributed	Net increase in provision for impairment loss	Exchange differences on translation of foreign currency financial statements		
SF Real Estate Investment Trust ("SF REITs")	1,151,506	-	15,679	(18,103)	-	(74,673)	-	109,258	1,183,667	-
Chiwan Container Terminal Co., Ltd.	919,872	-	73,797	-	-	(82,832)	-	53,481	964,318	-
Giao Hang Tiet Kiem Joint Stock Company	335,895	-	53,830	-	-	-	-	18,885	408,610	-
Amass Freight International Co. Ltd.	239,532	-	29,882	-	-	(5,888)	-	-	263,526	-
PT. Puninar Saranaraya	255,281	-	(1,789)	-	-	-	-	(19,879)	233,613	-
Zhejiang Galaxis Technology Group Co., Ltd. ("Galaxis Technology")	188,420	-	(271)	-	22,817	-	-	-	210,966	-
Others	1,575,649	(545,494)	(122,000)	(1,489)	95,981	(5,313)	(65,673)	13,263	944,924	(243,545)
	4,666,155	(545,494)	49,128	(19,592)	118,798	(168,706)	(65,673)	175,008	4,209,624	(243,545)

(i) Those represent changes in equity resulting from capital injections by investors other than the Group.

(11) Investments in other equity instruments

	31 December 2022	31 December 2021
Equity of listed companies	158,936	241,936
Equity of unlisted companies	7,206,748	6,568,835
	7,365,684	6,810,771

	31 December 2022	31 December 2021
Equity of listed companies:		
– Costs	187,763	272,354
– Accumulated changes in fair value	(28,827)	(30,418)
	158,936	241,936
Equity of unlisted companies:		
– Costs	3,885,789	3,502,503
– Accumulated changes in fair value	3,320,959	3,066,332
	7,206,748	6,568,835

Including: the changes in cost and accumulated fair value of RMB306,739,000 and RMB277,209,000 respectively in the current year were due to differences in translation of foreign currency statements.

(12) Other non-current financial assets

	31 December 2022	31 December 2021
Financial assets held for trading (over 1 year):		
Industry fund investments	770,637	552,130
Special Scheme equity-class securities	116,286	235,821
Others	125,286	90,072
	1,012,209	878,023

(13) Investment properties

	Buildings	Land use rights	Total
Cost:			
31 December 2021	3,893,230	1,126,698	5,019,928
Reclassification with other long-term assets in the current year (Note 4(14), Note 4(15), Note 4(17))	(120,371)	22,491	(97,880)
Addition in the current year	318,174	31,256	349,430
Decrease due to disposal of subsidiaries in the current year	(189,906)	(29,129)	(219,035)
Effect of translation of foreign currency financial statements	25,154	10,876	36,030
31 December 2022	3,926,281	1,162,192	5,088,473
Accumulated depreciation:			
31 December 2021	113,386	56,309	169,695
Reclassification with other long-term assets in the current year (Note 4(14), Note 4(15), Note 4(17))	(34,242)	(7,538)	(41,780)
Provision in the current year	64,919	27,649	92,568
Decrease due to disposal of subsidiaries in the current year	(7,083)	(2,944)	(10,027)
Effect of translation of foreign currency financial statements	1,523	1,128	2,651
31 December 2022	138,503	74,604	213,107
Carrying amount:			
31 December 2022	3,787,778	1,087,588	4,875,366
31 December 2021	3,779,844	1,070,389	4,850,233

(i) As at 31 December 2022, the Group was still in the process of applying for certificates of ownership for certain buildings and land use rights with carrying amount of RMB815,717,000 (cost of RMB833,551,000) (31 December 2021: carrying amount of RMB2,129,546,000 (cost of RMB2,158,274,000)).

(ii) As at 31 December 2022, investment properties with carrying amount of RMB104,571,000 (31 December 2021: RMB224,440,000) were pledged as collateral for long-term borrowings (Note 4(31)(c)).

(iii) As at 31 December 2022 and 31 December 2021, the Group assessed that no impairment loss should be provided for investment properties.

(14) Fixed assets

	Buildings	Motor vehicles	Computers and electronic equipment	Aircraft, aircraft engines, rotables and high-value maintenance tools	Machinery and equipment	Office equipment and other equipment	Total
Cost:							
31 December 2021	15,086,397	7,011,193	4,918,214	11,194,035	8,908,878	10,217,775	57,336,492
Transfer from construction in progress (Note 4(15))	3,278,682	16,253	12,538	2,079,544	1,746,892	816,237	7,950,146
Transfer from investment properties in the current year (Note 4(13))	1,668,838	–	–	–	–	–	1,668,838
Addition in the current year	1,127,848	1,050,894	805,552	140,452	482,359	397,571	4,004,676
Business combinations involving enterprises not under common control increased	11,082	2,230	8,200	–	6,134	8,764	36,410
Transfer to investment properties in the current year (Note 4(13))	(522,488)	–	–	–	–	–	(522,488)
Decrease due to disposal of subsidiaries in the current year	(279,448)	(172)	(339)	–	(883)	(2,561)	(283,403)
Other decreases in the current year	(13)	(797,371)	(638,286)	(70,253)	(245,140)	(529,045)	(2,280,108)
Effect of translation of foreign currency financial statements	366,757	77,786	39,939	–	152,266	56,137	692,885
31 December 2022	20,737,655	7,360,813	5,145,818	13,343,778	11,050,506	10,964,878	68,603,448
Accumulated depreciation:							
31 December 2021	1,627,826	4,434,592	3,285,335	4,439,275	2,412,679	4,210,795	20,410,502
Transfer from investment properties in the current year (Note 4(13))	58,541	–	–	–	–	–	58,541
Provision in the current year	505,898	1,074,432	705,541	1,170,795	850,448	1,637,702	5,944,816
Business combinations involving enterprises not under common control increased	–	663	4,895	–	6,067	7,525	19,150
Transfer to investment properties in the current year (Note 4(13))	(24,299)	–	–	–	–	–	(24,299)
Decrease due to disposal of subsidiaries in the current year	(14,313)	(146)	(157)	–	(196)	(916)	(15,728)
Other decreases in the current year	(13)	(708,837)	(428,779)	(33,028)	(141,927)	(411,367)	(1,723,951)
Effect of translation of foreign currency financial statements	54,818	43,274	28,836	–	83,407	36,311	246,646
31 December 2022	2,208,458	4,843,978	3,595,671	5,577,042	3,210,478	5,480,050	24,915,677
Provision for impairment loss:							
31 December 2021	–	–	–	–	–	–	–
Increase in the current year	–	–	–	–	1,633	28,734	30,367
31 December 2022	–	–	–	–	1,633	28,734	30,367
Carrying amount:							
31 December 2022	18,529,197	2,516,835	1,550,147	7,766,736	7,838,395	5,456,094	43,657,404
31 December 2021	13,458,571	2,576,601	1,632,879	6,754,760	6,496,199	6,006,980	36,925,990

(i) As at 31 December 2022, carrying amount of the freehold land with no depreciation required, which was included in the buildings disclosed above, was RMB1,438,410,000 (31 December 2021: RMB932,242,000).

(ii) As at 30 August 2022, the Group exercised the right of first refusal to purchase the asset-backed special plan of Huatai Jiayue-SF Industrial Park Phase I No. 2 to acquire Shenzhen Jiafeng Industrial Park Management Co., Ltd. ("Shenzhen Jiafeng"), Shenzhen Shunjie Industrial Park Management Co., Ltd. ("Shenzhen Shunjie") and Shenzhen Runheng Industrial Park Management Co., Ltd. ("Shenzhen Runheng") 100% equity ("the subject of exercise"). The exercise price is about RMB1,456,130,000 in total for the appraisal value of the property assets of the logistics industrial park under the special plan. After deducting the assumed liabilities, the total value is approximately RMB391,000,000. The total transfer price of the equity in this transaction is approximately RMB1,065,130,000. The transaction was completed on 2 September 2022 (the "Purchase Date").

The acquisition meets the concentration test and is treated in accordance with the principle of asset purchase. The fixed assets (buildings) and intangible assets (land use rights) purchased are recognised on the purchase date at total fair value of RMB1,456,130,000.

(iii) In 2022, the aggregate amount of depreciation expenses charged to cost of revenue, selling and distribution expenses, general and administrative expenses and research and development expenses was RMB5,859,984,000 (2021: RMB4,588,519,000).

(iv) As at 31 December 2022, fixed assets with carrying amount of RMB486,847,000 (31 December 2021: RMB1,688,091,000) were pledged as collateral for short-term and long-term borrowings (Note 4(23)(b) and Note 4(31)(c)).

(v) Fixed assets with pending certificates of ownership

	31 December 2022			
	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Buildings	4,147,265	(93,939)	–	4,053,326

	31 December 2021			
	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Buildings	1,882,361	(59,224)	–	1,823,137

In addition, as at 31 December 2022, buildings with carrying amount of RMB19,562,000 and cost of RMB29,844,000 (31 December 2021: carrying amount of RMB20,968,000 and cost of RMB29,844,000) represented public rental houses with restricted property rights purchased by the Group for enterprise talents.

(vi) Disposal of aircraft engines, rotables and high-value aircraft maintenance tools

	2022				
	Reason for disposal	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Aircraft rotables	Scrapped	18,191	(3,835)	–	14,356
Aircraft rotables	Sold	205	(54)	–	151
High-value maintenance tools	Scrapped	257	(244)	–	13
		18,653	(4,133)	–	14,520

	2021				
	Reason for disposal	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Aircraft rotables	Scrapped	2,665	(1,166)	–	1,499
Aircraft rotables	Sold	102	(7)	–	95
High-value maintenance tools	Scrapped	52	(35)	–	17
		2,819	(1,208)	–	1,611

(15) Construction in progress

	31 December 2022	31 December 2021
Industrial Park Projects	7,055,896	5,004,254
Project of Distribution Hubs	2,082,661	1,472,333
Aircraft import and refit	1,106,470	1,051,191
Qianhai S.F. Headquarters Office	158,959	484,092
Others	745,874	559,333
	11,149,860	8,571,203
Including: Balance of provision for impairment loss at the end of the period	1,145	–

Name of projects	Budget	31 December 2021	Increase in the current year	Transfer to other long-term assets in the current year (iv)	Provision for impairment loss in the current year	Other decreases in the current year	31 December 2022	% of project investment in budget (i)	Progress of project	Accumulative amount of capitalised borrowing costs	Including: Borrowing costs capitalised in the current year (Note 4(47))	Capitalisation rate	Source of funds
Industrial Park Projects	20,888,446	5,004,254	5,694,321	(3,642,679)	-	-	7,055,896	72.08%	72.08%	118,507	118,507	2.23%	Self-owned funds and loans from financial institutions
Project of Distribution Hubs	15,337,579	1,472,333	3,724,682	(3,112,841)	-	(1,513)	2,082,661	84.35%	84.35%	-	-	-	Self-owned funds
Aircraft import and refit	3,056,379	1,051,191	2,155,228	(2,100,049)	-	-	1,106,470	70.52%	70.52%	-	-	-	Self-owned funds
Qianhai S.F. Headquarters Office	1,072,639	484,092	148,440	(473,573)	-	-	158,959	97.07%	97.07%	91,777	7,078	2.52%	Self-owned funds and loans from financial institutions
Others		559,333	687,063	(455,108)	(1,145)	(44,269)	745,874			-	-	-	Self-owned funds
		8,571,203	12,409,834	(9,784,250)	(1,145)	(45,782)	11,149,860			210,284	125,585		

(i) For aircraft import and refit, the percentage of project investment in budget is related to the investment for the current period; for the other projects, the percentage of project investment in budget is related to the accumulative investment.

(ii) The construction in progress transferred to long-term assets for the current year amounted to RMB9,784,250,000, including RMB7,950,146,000 transferred to fixed assets, RMB1,025,979,000 transferred to investment properties and RMB808,125,000 transferred to long-term prepaid expenses.

(16) Right-of-use assets

	Buildings	Motor vehicles	Machinery and equipment and others	Total
Cost:				
31 December 2021	22,836,379	989,612	45,494	23,871,485
Increase in the current year	5,989,953	119,666	16,990	6,126,609
Decrease in the current year	(1,912,153)	(477,048)	(6,846)	(2,396,047)
Effect of translation of foreign currency financial statements	154,020	39,414	7,479	200,913
31 December 2022	27,068,199	671,644	63,117	27,802,960
Accumulated depreciation:				
31 December 2021	6,189,945	367,573	16,882	6,574,400
Provision in the current year	6,995,888	165,813	12,709	7,174,410
Decrease in the current year	(1,140,287)	(294,489)	(6,379)	(1,441,155)
Effect of translation of foreign currency financial statements	48,083	16,485	962	65,530
31 December 2022	12,093,629	255,382	24,174	12,373,185
Carrying amount:				
31 December 2022	14,974,570	416,262	38,943	15,429,775
31 December 2021	16,646,434	622,039	28,612	17,297,085

As at 31 December 2022 and 31 December 2021, the Group considered that no impairment loss should be recognised for right-of-use assets.

(17) Intangible assets

	Land use rights	Purchased software	Self-developed software	Trademark rights	Customer relationships	Others	Total
Cost:							
31 December 2021	7,054,173	636,746	5,220,062	4,461,848	4,976,772	302,094	22,651,695
Transfer from other long-term assets in the current year (Note 4(13), Note 4(18))	313,241	-	1,256,904	-	-	-	1,570,145
Business combinations involving enterprises not under common control increased	-	219	-	-	422,854	23,414	446,487
Addition in the current year	396,913	329,427	-	934	-	5,607	732,881
Transfer to other long-term assets in the current year (Note 4(13))	(335,732)	-	-	-	-	-	(335,732)
Decrease due to disposal of subsidiaries in the current year	(66,211)	-	-	-	-	-	(66,211)
Other disposal in the current year	-	(113,857)	(164,717)	(224)	-	(3,494)	(282,292)
Effect of translation of foreign currency financial statements	81,421	17,557	-	424,792	455,441	9,534	988,745
31 December 2022	7,443,805	870,092	6,312,249	4,887,350	5,855,067	337,155	25,705,718
Accumulated amortisation:							
31 December 2021	500,533	479,399	2,394,508	310,396	447,031	141,454	4,273,321
Transfer from other long-term assets in the current year (Note 4(13))	25,404	-	-	-	-	-	25,404
Provision in the current year	188,008	183,769	1,288,469	235,963	307,767	31,139	2,235,115
Transfer to other long-term assets in the current year (Note 4(13))	(17,866)	-	-	-	-	-	(17,866)
Decrease due to disposal of subsidiaries in the current year	(6,693)	-	-	-	-	-	(6,693)
Other disposal in the current year	-	(52,664)	(89,043)	(22)	-	(487)	(142,216)
Effect of translation of foreign currency financial statements	4,846	9,934	-	38,028	38,640	5,916	97,364
31 December 2022	694,232	620,438	3,593,934	584,365	793,438	178,022	6,464,429
Provision for impairment loss:							
31 December 2021	-	-	54,186	-	-	-	54,186
Increase in the current year	-	-	21,476	4	-	6	21,486
Decrease in the current year	-	-	(11,067)	-	-	-	(11,067)
31 December 2022	-	-	64,595	4	-	6	64,605
Carrying amount:							
31 December 2022	6,749,573	249,654	2,653,720	4,302,981	5,061,629	159,127	19,176,684
31 December 2021	6,553,640	157,347	2,771,368	4,151,452	4,529,741	160,640	18,324,188

(a) In 2022, the aggregate amount of amortisation expenses charged to cost of revenue, selling and distribution expenses, general and administrative expenses and research and development expenses was RMB2,086,019,000 (2021: RMB1,487,797,000).

(b) As at 31 December 2022, intangible assets with carrying amount of RMB247,556,000 (31 December 2021: RMB232,730,000) were pledged as collateral for short-term and long-term borrowings (Note 4(23)(b) and Note 4(31)(c)).

(c) As at 31 December 2022, the Group was still in the process of applying for certificates of ownership for land use rights with carrying amount of RMB51,120,000 (cost of RMB61,250,000) (31 December 2021: carrying amount of RMB227,698,000 and cost of RMB239,669,000).

(d) As at 31 December 2022, the intangible assets developed by the Group accounted for 13.84% (31 December 2021: 15.12%) of the carrying amount of intangible assets.

(18) Capitalised development expenditures

	31 December 2021	Increase in the current year	Transfer to intangible assets in the current year (Note 4(17))	Other decreases in the current year	31 December 2022
System development	343,236	1,266,410	(1,256,904)	(40,985)	311,757

As at 31 December 2022 and 31 December 2021, the Group assessed that no impairment loss should be recognised for capitalised development expenditures.

(19) Goodwill

	31 December 2021	Increase in the current year(a)	Effect of translation of foreign currency financial statements	31 December 2022
Cost:				
Kerry Logistics business (b)	4,071,759	1,193,154	443,537	5,708,450
SF Supply Chain Business	2,768,759	-	264,921	3,033,680
SF/HAVI China Logistics (Cayman Islands)	330,462	-	31,655	362,117
Guangdong Shunxin Freight Co., Ltd.	149,587	-	-	149,587
Others	53,698	39,125	1,522	94,345
	7,374,265	1,232,279	741,635	9,348,179
Less: Provision for impairment loss				
Others	(2,435)	-	-	(2,435)
	7,371,830	1,232,279	741,635	9,345,744

(a) Goodwill increased in the current year arose from acquisition of the equity interests in Topocean (Note 5(1)(a)).

(b) All the goodwill has been allocated by the Group to the relevant asset groups or sets of asset groups at the acquisition date.

As stated in Note 5(1)(a), The group has a business combinations involving enterprises not under common control, acquisition of Topocean and Pro-Med Technology Limited ("Pro-Med") in 2022. After the completion of the acquisition, Topocean's and Pro-Med business has been gradually integrated with the Kerry Logistics. Therefore, the Group has merged the Kerry Logistics business and Topocean and Pro-Med's business into one asset group ("Kerry Logistics Business"), And conduct impairment tests.

(c) During the goodwill impairment assessment, the Group compares the carrying amount of the relevant assets or sets of asset groups (including goodwill) with their recoverable amount. If the recoverable amount is lower than the carrying amount, the difference shall be included in profit or loss for the current period.

SF supply chain business and Kerry logistics business the recoverable amounts of relevant sets of asset groups are calculated based on the eight-year and five-year forecast approved by management, respectively, together with a long-term growth rate in the remaining forecast period, determined by the present value of the future cash flows.

The Group determines revenue growth rate and profit margin based on historical experience and forecast of market development. The perpetual annual growth rate used in the cash flow forecast after the period is used as the revenue growth rate in the stable period; The Group comprehensively assessments and determines the sustainable annual growth rate based on the long-term inflation rate of mainland China, Hong Kong, Thailand and Southeast Asia, the United States, etc. The Group uses a pre-tax interest rate that reflects the specific risks of the underlying asset group and asset group portfolio as the discount rate.

The major assumptions applied in cash flows projections are presented as follows:

	31 December 2022	31 December 2021
Revenue growth rates in the first six-year forecast period	-16.50%~17.00%	-1.90%~14.20%
Long-term growth rate	2.00%~3.00%	3.00%
Earnings before interest and tax	-0.47%~7.16%	2.00% ~ 6.22%
Pre-tax discount rate	11.71%~14.10%	14.10%

(i) As at 31 December 2021, the Group's assessment of the recoverable amount of the asset group portfolio related to Kerry Logistics business is determined by reference to the market price of Kerry Logistics shares held by the Group on the Hong Kong Stock Exchange. The main assumption of the future cash flow discount method for 2021 is only applicable to SF supply chain business.

(20) Long-term prepaid expenses

	31 December 2021	Increase in the current year	Amortisation in the current year	Other decreases in the current year	31 December 2022
Improvements to right-of-use assets	2,153,116	958,039	(994,873)	(19,879)	2,096,403
Settling-in allowance and introduction fee for pilots	632,486	302,680	(96,477)	(1,733)	836,956
Others	125,492	92,505	(43,782)	(9,953)	164,262
	2,911,094	1,353,224	(1,135,132)	(31,565)	3,097,621

(21) Other non-current assets

	31 December 2022	31 December 2021
Advances for engineering equipment	617,191	1,651,326
Prepayment for land use right acquisitions and Others	7,677	149,715
	624,868	1,801,041

(22) Asset/Credit impairment and provision for losses

	31 December 2021	Increase in the current year		Decrease in the current year			Exchange differences on translation of foreign currency financial statements	31 December 2022
		Business combinations involving enterprises not under common control	Provision	Reversal	Write-off	Disposal and other reductions		
Provision for bad debts	1,164,962	10,272	918,555	(92,931)	(188,798)	(8,207)	15,127	1,818,980
Including: Provision for bad debts of accounts receivable (Note 4(3))	1,034,869	10,272	760,520	(90,559)	(169,984)	-	15,126	1,560,244
Provision for bad debts of other receivables (Note 4(5))	108,109	-	158,035	-	(18,814)	(8,207)	-	239,123
Provision for bad debts of long-term receivables (Note 4(9))	21,984	-	-	(2,372)	-	-	1	19,613
Provision for bad debts of factoring receivables	123,815	-	-	-	-	-	-	123,815
Provision for bad debts of loans and advances	65,748	-	847	(5,371)	(31,018)	-	6,245	36,451
Sub-total	1,354,525	10,272	919,402	(98,302)	(219,816)	(8,207)	21,372	1,979,246
Provision for impairment of long-term equity investments (Note 4(10))	177,872	-	72,474	-	-	(2,329)	-	248,017
Provision for impairment of fixed assets (Note 4(14))	-	-	30,367	-	-	-	-	30,367
Provision for impairment of intangible assets (Note 4(17))	54,186	-	21,486	-	-	(11,067)	-	64,605
Provision for decline in the value of inventories (Note 4(6))	7,885	-	2,214	-	-	(6,734)	174	3,539
Provision for impairment of contract assets (Note 4(7))	2,905	-	4,070	-	-	(3,575)	-	3,400
Provision for impairment of goodwill (Note 4(19))	2,435	-	-	-	-	-	-	2,435
Provision for impairment of construction in progress (Note 4(15))	-	-	1,145	-	-	-	-	1,145
Sub-total	245,283	-	131,756	-	-	(23,705)	174	353,508
	1,599,808	10,272	1,051,158	(98,302)	(219,816)	(31,912)	21,546	2,332,754

(23) Short-term borrowings

	31 December 2022	31 December 2021
Unsecured borrowings	8,512,438	9,811,391
Guaranteed borrowings (a)	4,224,863	8,388,798
Secured borrowings (b)	82,496	159,598
Pledged borrowings (c)	18,073	37,417
	12,837,870	18,397,204

(a) As at 31 December 2022, guaranteed borrowings of RMB4,224,863,000 (31 December 2021: RMB8,388,798,000) were guaranteed by SF Holdings or subsidiaries within the Group.

(b) As at 31 December 2022, secured borrowings of RMB82,496,000 was secured by the following assets respectively:

	Carrying amount of secured assets	Including: also secured for long-term borrowings
Fixed assets	486,847	486,847
Intangible assets	113,059	113,059
	599,906	599,906

As at 31 December 2021, secured borrowings of RMB159,598,000 was secured by the following assets respectively:

	Carrying amount of secured assets	Including: also secured for long-term borrowings
Fixed assets	1,550,383	268,982
Investment properties	91,282	91,282
Intangible assets	70,222	70,222
	1,711,887	430,486

(c) As at 31 December 2022, secured bank overdrafts of RMB18,073,000 (31 December 2021: RMB37,417,000) was secured by bank deposits of RMB11,086,000 (31 December 2021: RMB9,600,000) (Note 4(1)(c)).

(d) As at 31 December 2022, the range of annual interest rate of major short-term borrowings was 2.20% to 5.39% (31 December 2021: 0.66% to 3.81%).

(24) Accounts payable

	31 December 2022	31 December 2021
Payables to related parties (Note 8(4)(h))	505,241	415,824
Payables for services and purchases	24,210,111	23,051,851
	24,715,352	23,467,675

As at 31 December 2022, accounts payable with ageing over 1 year amounted to RMB93,260,000 (31 December 2021: RMB113,362,000), including payable outsourcing cost and transportation cost payable. The final settlement of the payment has not been made because the Group has not received the invoice from the suppliers.

(25) Contract liabilities

	31 December 2022	31 December 2021
Advances from related parties (Note 8(4)(i))	7,010	5,273
Advances of freight charges and others	1,237,408	1,670,563
	1,244,418	1,675,836

Contract liabilities of RMB1,675,836,000 included in the carrying amount as at 31 December 2021 were transferred to revenue for the year ended 31 December 2022. (2021: RMB1,537,441,000),

(26) Employee benefits payable

	31 December 2022	31 December 2021
Short-term employee benefits payable (a)	6,093,655	5,512,603
Defined contribution plans payable (b)	182,896	62,860
	6,276,551	5,575,463

(a) Short-term employee benefits

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Wages or salaries, bonus, allowances and subsidies	4,996,455	27,125,898	(26,639,301)	5,483,052
Employee welfare	17,765	295,340	(260,308)	52,797
Social security contributions	27,950	774,657	(726,483)	76,124
Including: Medical insurance	25,996	690,462	(647,570)	68,888
Work injury insurance	1,400	67,439	(62,067)	6,772
Maternity insurance	554	16,756	(16,846)	464
Housing funds	16,223	420,191	(426,947)	9,467
Labour union funds and employee education funds	386,499	459,901	(436,707)	409,693
Non-monetary benefits	46,071	1,349,866	(1,347,075)	48,862
Others	21,640	536,344	(544,324)	13,660
	5,512,603	30,962,197	(30,381,145)	6,093,655

Non-monetary welfare provided by the Group for employees primarily were non-monetary subsidies in various forms which were measured at fair value.

(b) Defined contribution plans

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Basic pensions	61,246	1,305,345	(1,189,126)	177,465
Unemployment insurance	1,614	38,659	(34,842)	5,431
	62,860	1,344,004	(1,223,968)	182,896

(27) Taxes payable

	31 December 2022	31 December 2021
Enterprise income tax payable	1,630,863	2,066,730
Unpaid VAT	928,371	626,827
Others	201,912	179,994
	2,761,146	2,873,551

(28) Other payables

	31 December 2022	31 December 2021
Accounts payable to related parties (Note 8(4)(j))	220,322	476,990
Engineering equipment payable	5,557,664	5,177,670
Deposits payable	1,933,887	1,361,142
Payables of cash collected on delivery service on behalf of other parties	1,200,321	1,619,423
Payable for equity acquisition	1,045,334	83,002
Bank supply chain financial products/re-factoring	992,178	868,330
Warranty deposits payable	441,138	228,822
Recharge payable	405,579	329,306
Dividends payable	165,014	–
Management fees payable	137,748	138,941
Professional service fees payable	78,339	93,864
Others	1,169,071	1,142,792
	13,346,595	11,520,282

As at 31 December 2022, other payables with ageing over 1 year amounted to RMB991,380,000 (31 December 2021: RMB657,392,000), mainly the undue deposits of continuing business and the unsettled engineering equipment funds.

(29) Current portion of non-current liabilities

	31 December 2022	31 December 2021
Current portion of lease liabilities (Note 4(33))	6,596,956	5,989,616
Current portion of debentures payable (a)	3,661,225	830,321
Current portion of long-term borrowings (Note 4(31))	600,680	1,458,374
Current portion of cash-settled share-based payments	296,703	34,855
Current portion of long-term payables	18,086	22,637
	11,173,650	8,335,803

(a) Current portion of debentures payable

	31 December 2021	Interest accrual	Amortisation of premium/discount	Reclassification from debentures payable in the current year (Note 4(32))	Repayment for the current year	Exchange differences on translation of foreign currency financial statements	31 December 2022
Overseas debentures denominated in USD of 2018	57,260	–	–	3,623,328	(134,816)	1,971	3,547,743
Overseas debentures denominated in USD of 2020	46,735	–	–	135,224	(131,902)	1,120	51,177
Other debentures payable	726,326	22,531	78	331,794	(1,033,474)	15,050	62,305
	830,321	22,531	78	4,090,346	(1,300,192)	18,141	3,661,225

(30) Other current liabilities

	31 December 2022	31 December 2021
Extra-short term commercial notes (a)	4,041,584	1,999,312
Short-term corporate debentures (b)	1,020,773	2,030,624
Output VAT to be recognised arising from contract liabilities	59,919	97,113
	5,122,276	4,127,049

(a) The Extra-short term commercial notes are detailed as follows:

	Par value (RMB'000)	Date of issue	Term	Interest rate
The Third Phase of 2022	1,000,000	13 May 2022	270 days	2.40%
The Fourth Phase of 2022	500,000	30 May 2022	270 days	2.35%
The Fifth Phase of 2022	500,000	17 June 2022	270 days	2.10%
The Sixth Phase of 2022	500,000	15 July 2022	270 days	2.10%
The Eighth Phase of 2022	1,000,000	11 August 2022	270 days	1.78%
The Ninth Phase of 2022	500,000	18 August 2022	180 days	1.65%

(b) The short-term corporate debentures are detailed as follows:

	Par value (RMB'000)	Date of issue	Term	Interest rate
The First Phase of 2022	500,000	11 March 2022	1 year	2.82%
The Second Phase of 2022	500,000	15 April 2022	1 year	2.73%

(31) Long-term borrowings

	31 December 2022	31 December 2021
Guaranteed borrowings (a)	5,901,392	2,974,052
Pledged borrowings (b)	1,487,597	1,343,378
Unsecured borrowings	553,843	526,365
Secured borrowings (c)	129,858	125,408
	8,072,690	4,969,203
Less: Current portion of long-term borrowings (Note 4(29)):		
Guaranteed borrowings	(50,087)	(1,080,395)
Pledged borrowings	(461,929)	(343,484)
Unsecured borrowings	(52,249)	(490)
Secured borrowings	(36,415)	(34,005)
	(600,680)	(1,458,374)
	7,472,010	3,510,829

(a) As at 31 December 2022, the Group's guaranteed borrowings of RMB5,865,597,000 (31 December 2021: RMB2,927,467,000) were guaranteed by subsidiaries within the Group and guaranteed borrowings of RMB35,795,000 (31 December 2021: RMB46,585,000) were guaranteed by Shenzhen S.F. Taisen Holdings (Group) Co., Ltd. ("Taisen Holdings") and Havi Group LP (U.S.).

(b) As at 31 December 2022, the entitlement to receivables arising from aircraft financial leasing business of subsidiary SF Airlines was pledged by subsidiary Shunyuan Financial Leasing (Tianjin) Co., Ltd. ("Shunyuan Financial Leasing") for the pledged bank borrowings of RMB1,487,597,000 (31 December 2021: RMB1,343,378,000). As at 31 December 2022, balance of receivables pledged was RMB1,670,516,000 (31 December 2021: RMB1,519,672,000). All funds receivable from subsidiaries of the group.

(c) As at 31 December 2022, secured borrowings of RMB129,858,000 were secured by the following assets respectively:

	Carrying amount of secured assets	Including: also secured for short-term borrowings
Fixed assets	486,847	486,847
Intangible assets	247,556	113,059
Investment properties	104,571	–
	838,974	599,906

As at 31 December 2021, secured borrowings of RMB125,408,000 were secured by the following assets respectively:

	Carrying amount of secured assets	Including: also secured for short-term borrowings
Fixed assets	406,690	268,982
Intangible assets	232,730	70,222
Investment properties	224,440	91,282
Construction in progress	47,010	–
	910,870	430,486

Besides, as at 31 December 2022, Taisen Holdings provided a full joint and several liability guarantee for RMB3,000,000 of the above secured borrowings (31 December 2021: RMB86,395,000).

(d) As at 31 December 2022, the range of annual interest rates of major long-term borrowings was 3.02% to 5.77% (31 December 2021: 0.84% to 4.90%).

(32) Debentures payable

	31 December 2021	Issued in the current year	Issuance expenses	Interest accrual	Amortisation of premium/discount	Exchange differences on translation of foreign currency financial statements	Current portion of debentures payable (Note 4(29))	31 December 2022
Overseas debentures denominated in USD of 2018	3,175,745	–	–	138,570	7,194	301,819	(3,623,328)	–
Overseas debentures denominated in USD of 2020	4,404,130	–	–	135,224	6,620	418,826	(135,224)	4,829,576
Overseas debentures denominated in USD of 2021	7,577,052	–	–	229,137	8,972	720,480	(229,137)	8,306,504
Green Corporate Debentures of 2021 (1st instalment)	499,443	–	–	18,950	234	–	(18,950)	499,677
Overseas debentures denominated in USD of 2022	–	4,461,170	(99,114)	79,847	14,267	415,866	(79,847)	4,792,189
Smooth Freight Logistics Debentures (1st instalment)	–	500,000	(481)	3,860	43	–	(3,860)	499,562
	15,656,370	4,961,170	(99,595)	605,588	37,330	1,856,991	(4,090,346)	18,927,508

	Issuer	Currency	Par value (thousand yuan)	Date of issue	Term	Amount (equivalent to RMB)	Nominal interest rate
Overseas debentures denominated in USD of 2018	SF Holding Investment Limited	USD	500,000	27 July 2018	5 years	3,482,300	4.13%
Overseas debentures denominated in USD of 2020	SF Holding Investment Limited	USD	700,000	20 February 2020	10 years	4,875,220	2.88%
Overseas debentures denominated in USD of 2021	SF Holding Investment 2021 Limited	USD	400,000	17 November 2021	5 years	2,785,840	2.38%
Overseas debentures denominated in USD of 2021	SF Holding Investment 2021 Limited	USD	300,000	17 November 2021	7 years	2,089,380	3.00%
Overseas debentures denominated in USD of 2021	SF Holding Investment 2021 Limited	USD	500,000	17 November 2021	10 years	3,482,300	3.13%
Green Corporate Debentures of 2021 (1st instalment)	Taisen Holdings	RMB	500,000	From 23 April 2021 to 26 April 2021	3 years	500,000	3.79%
Overseas debentures denominated in USD of 2022	SF Holding Investment 2021 Limited	USD	400,000	28 January 2022	5 years	2,785,840	2.38%
Overseas debentures denominated in USD of 2022	SF Holding Investment 2021 Limited	USD	300,000	28 January 2022	10 years	2,089,380	3.13%
Smooth Freight Logistics Debentures (1st instalment)	Taisen Holdings	RMB	500,000	22 September 2022	3 years	500,000	2.79%

(33) Lease liabilities

	31 December 2022	31 December 2021
Lease liabilities	15,179,328	16,931,554
Less: Current portion of lease liabilities (Note 4(29))	(6,596,956)	(5,989,616)
	8,582,372	10,941,938

As at 31 December 2022, payments for leases not yet commenced to which the Group was committed amounted to RMB1,638,701,000 (31 December 2021: RMB1,311,912,000) (Note 15(3)(b)).

(34) Deferred income

Government grants	31 December 2021	Increase in the current year	Amount recognised in other income in the current year (Note 4(49))	Other decreases in the current year	31 December 2022	Related to assets/income
Huanggang Baitan Lake Organising Committee Project	328,385	91,193	–	–	419,578	Related to assets
Government support funds for industrial park	210,214	157,155	(4,198)	(4,049)	359,122	Related to assets
Grant for maintenance of aircraft engines	42,989	50	(2,738)	(32,970)	7,331	Related to assets
Others	108,654	37,587	(30,479)	(41,002)	74,760	Related to assets
	690,242	285,985	(37,415)	(78,021)	860,791	

(35) Deferred tax assets and deferred tax liabilities**(a) Deferred tax assets before offsetting**

	31 December 2022		31 December 2021	
	Deductible temporary differences and deductible tax losses	Deferred tax assets	Deductible temporary differences and deductible tax losses	Deferred tax assets
Deductible tax losses	3,090,230	699,863	3,796,937	908,150
Depreciation and amortisation differences	2,175,284	502,343	1,705,396	387,524
Accrued expenses	2,288,228	551,443	1,019,634	230,956
Unrealised profits from internal transactions	579,524	144,881	591,359	147,840
Provision for asset impairment	700,865	167,412	483,455	114,729
The new lease standard	611,881	143,562	405,855	97,700
Others	301,226	70,426	278,911	66,397
	9,747,238	2,279,930	8,281,547	1,953,296
Including:				
Expected to be recovered within one year (inclusive)		834,809		475,005
Expected to be recovered after one year		1,445,121		1,478,291
		2,279,930		1,953,296

(b) Deductible tax losses and deductible temporary differences that are not recognised as deferred tax assets are analysed as follows:

	31 December 2022	31 December 2021
Deductible tax losses (c)	20,086,770	14,124,575
Deductible temporary differences	1,133,829	658,298
	21,220,599	14,782,873

(c) The following table shows unrecognised deductible tax losses based on its expiration date:

	31 December 2022	31 December 2021
2022	–	310,912
2023	793,083	716,966
2024	1,568,941	1,847,817
2025	4,764,110	3,696,061
2026	5,702,895	5,364,397
2027 and subsequent years	7,257,741	2,188,422
	20,086,770	14,124,575

(d) Deferred tax liabilities before offsetting

	31 December 2022		31 December 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Appreciation in asset value arising from business combinations involving enterprises not under common control	12,956,677	3,137,944	11,575,663	2,789,802
Depreciation and amortisation differences	7,153,559	1,691,289	5,960,715	1,429,624
Changes in fair value of financial assets	978,191	244,548	833,810	208,452
Income from equity restructuring	–	–	584,857	146,214
Changes in fair value upon reclassification of remaining equity of Hive Box Technology	446,796	111,699	446,796	111,699
Others	588,869	119,440	505,726	102,951
	22,124,092	5,304,920	19,907,567	4,788,742
Including:				
Expected to be recovered within one year (inclusive)		746,908		419,244
Expected to be recovered after one year		4,558,012		4,369,498
		5,304,920		4,788,742

(e) The net balances of deferred tax assets and deferred tax liabilities after offsetting are as follows:

	31 December 2022	31 December 2021
Deferred tax assets, net	1,632,964	1,566,714
Deferred tax liabilities, net	4,657,954	4,402,160

(36) Share capital

	31 December 2021	Increase in the current year	Decrease in the current year Note 4(38(i))	31 December 2022
Ordinary shares denominated in RMB	4,906,213		(11,011)	4,895,202

	31 December 2020	Increase in the current year (i)	Decrease in the current year	31 December 2021
Ordinary shares denominated in RMB	4,556,440	349,773	–	4,906,213

(i) The Company issued 349,772,647 ordinary shares (A shares) with A par value of RMB1 each to specific subjects in A non-public offering in October 2021, increasing the share capital by RMB349,772,647 and the capital reserve by RMB19,562,789,000.

(37) Capital reserve

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Share premium				
– Capital contribution by shareholders (i)	35,362,702	–	(383,982)	34,978,720
– Transfer of convertible corporate debentures to share capital	5,758,688	–	–	5,758,688
– Transfer of convertible corporate debentures issued by subsidiaries to share capital	1,980,870	–	–	1,980,870
– Capital reserve from transactions with minority shareholders (ii)	2,279,859	825	(2,055,007)	225,677
– Business combinations involving enterprises under common control	(76,633)	–	–	(76,633)
Other capital reserve				
– Share-based payments included in capital reserve	552,190	122,999	–	675,189
– Others	342,922	110,804	–	453,726
	46,200,598	234,628	(2,438,989)	43,996,237

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Share premium				
– Capital contribution by shareholders (Note 4(36))	15,799,913	19,562,789	–	35,362,702
– Transfer of convertible corporate debentures to share capital	5,758,688	–	–	5,758,688
– Capital reserve from transactions with minority shareholders	325,673	1,954,186	–	2,279,859
– Transfer of convertible corporate debentures issued by subsidiaries to share capital	1,980,870	–	–	1,980,870
– Business combinations involving enterprises under common control	(76,633)	–	–	(76,633)
Other capital reserve				
– Share-based payments included in capital reserve	264,637	287,553	–	552,190
– Others	352,069	–	(9,147)	342,922
	24,405,217	21,804,528	(9,147)	46,200,598

(i) The decrease in the current year is due to the cancellation of repurchased shares 4(38)(i).

(ii) Capital reserve from transactions with minority shareholders in the current year mainly due to the acquisition of minority shareholders' equity.

(38) Treasury stock

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Treasury stock	394,993	2,040,377	(394,993)	2,040,377

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Treasury stock	394,993	–	–	394,993

(i) In accordance with the *Proposal of Repurchasing Shares by Centralised Price Bidding* approved in the 19th session of the fourth Board of Directors on 31 January 2019, the Company used its own funds to repurchase 11,010,729 shares through centralized bidding. The company's shares were used for employee stock ownership plan or equity incentive, and a total of RMB394,993,000 of Treasury shares were recognized.

According to the relevant laws and regulations and the *Articles of Association*, the above-mentioned repurchased shares should be transferred or cancelled within three years. Since the Company has not launched an employee stock ownership plan or equity incentive within three years after the implementation of the above-mentioned share repurchase, approved by the 21st meeting of the Board of Directors and the first extraordinary general meeting in 2022, the Company completed the fifth Board cancellation of the repurchased 11,010,729 shares, thereby offsetting the treasury shares of RMB394,993,000, of which the share capital was reduced by RMB11,011,000 and capital reserve was reduced by RMB383,982,000.

(ii) In addition, in accordance with the *Proposal of Repurchasing Shares by Centralised Price Bidding* approved in the 22nd session of the fifth Board of Directors on 2 March 2022 and the 28th session of the fifth Board of Directors on 22 September 2022, the Company repurchased a portion of issued to the public for employee stock ownership plan or share-based incentive through centralised price bidding by self-owned funds. As at 31 December 2022, the Company repurchased a total of 39,632,255 shares, and recognised treasury stock of RMB2,040,377,000.

(39) Special reserve

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Safety reserve	–	32,214	(32,214)	–

	31 December 2020	Increase in the current year	Decrease in the current year	31 December 2021
Safety reserve	–	28,370	(28,370)	–

Pursuant to the *Administrative Measures for the Collection and Utilisation of Enterprise Work Safety Funds* (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the State Administration of Work Safety on 21 November 2022, 1% of the income from the "Common cargo transportation business" which is operated by certain subsidiaries of the Group is appropriated to safety reserve. The safety reserve is recognised in profit or loss as the "Special reserve" item for the current period. When the accrued safety reserve is used under the prescribed conditions, it is written off against the original amount directly.

(40) Surplus reserve

	31 December 2021	Increase in the current year (Note 4(41))	Decrease in the current year	31 December 2022
Statutory surplus reserve	947,775	62,478	–	1,010,253

	31 December 2020	Increase in the current year (Note 4(41))	Decrease in the current year	31 December 2021
Statutory surplus reserve	745,043	202,732	–	947,775

(41) Retained earnings

	2022	2021
Retained earnings at the beginning of the year	28,245,764	25,708,230
Add: Net profit attributable to shareholders of the parent company for the current year	6,173,764	4,269,098
Transfer from other comprehensive income to retained earnings	(38,771)	112,656
Less: Ordinary share dividends payable (a)	(874,518)	(1,499,992)
Appropriation to statutory surplus reserve	(62,478)	(202,732)
Appropriation to general risk reserve	(72,410)	(141,496)
Retained earnings at the end of the year	33,371,351	28,245,764

(a) The Company held a shareholders' meeting on 29 April 2022. On the basis of the total share capital at the registration date on which the 2021 profit distribution plan was implemented less the special shares repurchased by the Company, a total of RMB874,518,000 of cash dividends were distributed to all shareholders at RMB1.8 (including tax) per 10 shares, without bonus shares being given or capital reserve being transferred into the share capital.

(42) Revenue and cost of revenue

	2022	2021
Revenue from main operations (a)	267,122,766	206,828,368
Revenue from other operations (a)	367,648	358,279
Total revenue	267,490,414	207,186,647
Cost of revenue from main operations	233,822,858	181,365,449
Cost of revenue from other operations	249,502	183,058
Total cost of revenue	234,072,360	181,548,507

(a) The Group's revenue is disaggregated as follows:

	2022			
	Logistics and freight forwarding services	Sales of goods	Others	Total
Revenue from main operations				
Including: At a point in time	–	3,899,692	351,610	4,251,302
Over time	262,079,740	–	561,990	262,641,730
Lease income	–	–	229,734	229,734
	262,079,740	3,899,692	1,143,334	267,122,766
Revenue from other operations				
Including: At a point in time	–	–	69,014	69,014
Over time	–	–	83,124	83,124
Lease income	–	–	215,510	215,510
	–	–	367,648	367,648

	2021			
	Logistics and freight forwarding services	Sales of goods	Others	Total
Revenue from main operations				
Including: At a point in time	–	1,764,253	363,090	2,127,343
Over time	203,690,237	–	887,645	204,577,882
Lease income	–	–	123,143	123,143
	203,690,237	1,764,253	1,373,878	206,828,368
Revenue from other operations				
Including: At a point in time	–	–	62,830	62,830
Over time	–	–	130,881	130,881
Lease income	–	–	164,568	164,568
	–	–	358,279	358,279

As at 31 December 2022, the Group's performance obligations that had been entered into but had not yet been performed or not been fully performed are part of a contract for an estimated period of not more than one year.

(43) Taxes and surcharges

	2022	2021	Payment criteria
Property tax	146,993	61,716	
Stamp tax	108,638	130,747	
City maintenance and construction tax	91,686	149,822	Refer to Note 3
Educational surcharge	66,425	112,184	Refer to Note 3
Others	62,964	24,257	
	476,706	478,726	

(44) Selling and distribution expenses

	2022	2021
Outsourcing staff expenses	977,788	991,102
Employee benefits	833,962	931,847
Depreciation and amortisation expenses	342,872	203,153
Others	629,492	711,797
	2,784,114	2,837,899

(45) General and administrative expenses

	2022	2021
Employee benefits	14,163,667	12,116,458
Depreciation and amortisation expenses	624,073	567,536
Others	2,786,750	2,345,669
	17,574,490	15,029,663

(46) Research and development expenses

	2022	2021
Employee benefits	1,225,926	1,159,940
Depreciation and amortisation expenses	710,291	524,202
Others	286,648	470,697
	2,222,865	2,154,839

(47) Financial costs

	2022	2021
Interest on borrowings	1,570,293	1,015,357
Add: Interest expenses on lease liabilities	609,652	552,658
Less: Capitalised interest (Note 4(15))	(125,585)	(6,007)
Interest expenses	2,054,360	1,562,008
Less: Interest income	(345,662)	(187,794)
Net gains or losses on exchange	(117,314)	103,533
Commission expenses and others	120,229	85,612
	1,711,613	1,563,359

(48) Expenses by nature

The cost of revenue, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	2022	2021
Outsourcing staff expenses	77,832,877	71,489,843
Outsourcing transportation costs	38,204,742	35,965,273
Transportation costs	68,640,219	34,888,921
Including: Aircraft maintenance costs	431,618	412,517
Employee benefits	31,445,636	27,830,922
Depreciation and amortisation expenses	9,138,080	7,024,360
Depreciation expenses of right-of-use assets	7,174,410	5,527,322
Rent and Venue usage expenses (b)	6,481,654	5,194,836
Others	17,736,211	13,649,431
	256,653,829	201,570,908

(a) In 2022, the Group's government grants which were offset against costs and expenses amounted to RMB214,306,000 (2021: RMB401,821,000). Therein, the amount that was recognised in non-recurring profit or loss amounted to RMB138,620,000 (2021: RMB215,386,000).

(b) As stated in Note 2(27), the Group directly recognises the lease payments of short-term leases and low value leases in profit or loss. In 2022, the amount was RMB3,620,688,000 (2021: RMB2,737,492,000).

(49) Other income

	2022	2021	Related to assets/income
Tax preference	1,778,617	1,222,839	Related to income
Fiscal appropriation and subsidies	433,329	508,820	Related to income
Amortisation of deferred income (Note 4(34))	37,415	36,480	Related to assets
	2,249,361	1,768,139	

In 2022, the Group was other income that was recognised in non-recurring profit or loss amounted to RMB 681,625,000 (2021: RMB622,710,000).

(50) Investment income

	2022	2021
Investment income from financial assets held for trading	664,145	410,291
Investment income from disposal of other investments	307,566	113,093
Investment income from disposal of subsidiaries	32,314	1,808,638
Investment income from dividends of financial assets not held for trading	13,811	31,853
Investment income from dividends of financial assets not held for trading (Note 4(10))	7,549	42,660
	1,025,385	2,406,535

There is no significant restriction on recovery of investment income of the Group.

(51) Credit impairment losses

	2022	2021
Losses on bad debts of accounts receivable	669,961	605,865
Losses on/(Reversal of) bad debts of other receivables	158,035	(7,528)
(Reversal of)/Losses on impairment of long-term receivables	(2,372)	7,069
Reversal of impairment of loans and advances	(4,524)	(27,688)
Losses on impairment of factoring receivables	–	1,233
	821,100	578,951

(52) Non-operating income and expenses**(a) Non-operating income**

	2022	Amount recognised in non-recurring profit or loss in 2022	2021	Amount recognised in non-recurring profit or loss in 2021
Compensation income	39,913	39,913	65,643	65,643
Income from penalty	10,281	10,281	5,784	5,784
Government grants	6,202	6,202	19,362	19,362
Others	175,091	175,091	198,753	198,753
	231,487	231,487	289,542	289,542

(b) Non-operating expenses

	2022	Amount recognised in non-recurring profit or loss in 2022	2021	Amount recognised in non-recurring profit or loss in 2021
Losses on scrapping of long-term assets	143,994	143,994	236,302	236,302
Compensation expenses	78,391	78,391	82,100	82,100
Donation expenses	13,770	13,770	46,444	46,444
Others	62,461	62,461	39,412	39,412
	298,616	298,616	404,258	404,258

(53) Income tax expenses

	2022	2021
Current income tax	3,948,002	2,848,895
Deferred income tax	15,156	365,573
	3,963,158	3,214,468

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the income statement to the income tax expenses is listed below:

	2022	2021
Total profit	10,966,778	7,133,681
Income tax expenses calculated at the standard tax rate of 25%	2,741,695	1,783,420
Income not subject to tax	(215,471)	(228,428)
Costs, expenses and losses not deductible for tax purposes	246,471	217,891
Effect of last-year tax filing differences	(38,780)	(28,965)
Effect of different tax rates among subsidiaries and branches on income tax expenses	(190,484)	(161,640)
Effect of tax preference	(322,841)	(185,747)
Deductible tax losses and deductible temporary differences for which no deferred tax asset was recognised in the current year	1,353,001	1,472,000
Reversal of previously recognised deductible tax losses for which deferred tax asset was recognised	518,108	429,211
Utilisation of deductible tax losses and other deductible temporary differences for which no deferred tax asset was recognised in prior periods	(85,016)	(60,088)
Recognition of deductible tax losses and other deductible temporary differences for which no deferred tax asset was recognised in prior periods	(43,525)	(23,186)
Income tax expenses	3,963,158	3,214,468

(54) Earnings per share**(a) Basic earnings per share**

Basic earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares of the parent company:

	2022	2021
Consolidated net profit attributable to ordinary shareholders of the parent company	6,173,764	4,269,098
Weighted average number of outstanding ordinary shares of the Company	4,868,677	4,603,725
Basic earnings per share (Yuan/share)	1.27	0.93
Including:		
– Basic earnings per share from continuing operations (Yuan/share)	1.27	0.93

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of outstanding ordinary shares of the Company. In 2022, the Company had dilutive potential ordinary shares due to the implementation of the share option incentive plan (2021: the Company had no dilutive potential ordinary shares).

	2022	2021
Consolidated net profit attributable to ordinary shareholders of the parent company	6,173,764	4,269,098
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company for calculation of earnings per share	6,173,764	4,269,098
Weighted average number of outstanding ordinary shares of the Company	4,868,677	4,603,725
Add: Effect of the Group's share-based payments plan	5,063	–
Weighted average number of outstanding diluted ordinary shares	4,873,740	4,603,725
Diluted earnings per share (Yuan/share)	1.27	0.93

(55) Other comprehensive income

Other comprehensive income, the related income tax effect and the reclassifications to profit or loss in 2022 and 2021:

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2022				
	31 December 2021	Attributable to the parent company in the current year – net of tax	Other comprehensive income transferred into retained earnings	31 December 2022	Amount incurred before income tax for the current year	Less: Income tax expenses	Attributable to the parent company – net of tax	Attributable to minority shareholders – net of tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss:								
Changes in fair value of investments in other equity instruments	2,974,558	(47,597)	38,771	2,965,732	(57,876)	(307)	(47,597)	(10,586)
Other comprehensive income items which will not be transferred to profit or loss under the equity method	(1,278)	(1,486)	–	(2,764)	(1,486)	–	(1,486)	–
Other comprehensive income items which will be reclassified subsequently to profit or loss:								
Cash flow hedge reserve	(27,394)	15,392	–	(12,002)	15,392	–	15,392	–
Other comprehensive income items which will be transferred to profit or loss under the equity method	–	(18,740)	–	(18,740)	(18,740)	–	(18,740)	–
Exchange differences on translation of foreign currency financial statements	(328,655)	1,934,456	–	1,605,801	1,336,071	–	1,934,456	(598,385)
	2,617,231	1,882,025	38,771	4,538,027	1,273,361	(307)	1,882,025	(608,971)

	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement for the year ended 31 December 2021			
	31 December 2020	Attributable to the parent company in the current year – net of tax	Other comprehensive income transferred into retained earnings	31 December 2021	Amount incurred before income tax for the current year	Less: Income tax (expenses)/ credits	Attributable to the parent company – net of tax	Attributable to minority shareholders – net of tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss:								
Changes in fair value of investments in other equity instruments	1,213,254	1,873,959	(112,656)	2,974,557	1,870,952	9,857	1,873,959	6,850
Other comprehensive income items which will not be transferred to profit or loss under the equity method								
	(1,187)	(91)	–	(1,278)	(91)	–	(91)	–
Other comprehensive income items which will be reclassified subsequently to profit or loss:								
Cash flow hedge reserve	(22,858)	(4,536)	–	(27,394)	(4,536)	–	(4,536)	–
Exchange differences on translation of foreign currency financial statements	(45,240)	(283,414)	–	(328,654)	(133,261)	–	(283,414)	150,153
	1,143,969	1,585,918	(112,656)	2,617,231	1,733,064	9,857	1,585,918	157,003

(56) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	2022	2021
Inflows from cash collected on delivery service on behalf of other parties	77,286,558	82,642,080
Others	3,792,101	7,828,720
	81,078,659	90,470,800

(b) Cash paid relating to other operating activities

	2022	2021
Outflows from cash collected on delivery service on behalf of other parties	77,323,122	83,113,338
Others	16,902,212	14,375,055
	94,225,334	97,488,393

(c) Net cash received from disposal of subsidiaries

	2022	2021
Consideration arising from disposal of subsidiaries	233,639	4,135,481
Add: Cash received in the current year for the disposal of subsidiaries in previous years	99,751	15,000
Less: Cash and cash equivalents held by subsidiaries on the day of loss of control	(19,671)	(559,868)
Less: Cash and cash equivalents received in the subsequent periods for the disposal of subsidiaries	–	(100,534)
Less: Shares of SF REITs acquired	–	(1,152,527)
	313,719	2,337,552

(d) Net cash paid to acquire subsidiaries

	2022	2021
Consideration from acquisition of subsidiaries by way of business combinations	1,952,915	14,775,405
Add: Cash paid in the current year for acquisition of subsidiaries in prior periods	108,797	30,299
Less: Consideration to be paid in subsequent years (i)	(745,718)	(10,100)
Consideration to be paid in advance	–	(30,300)
Translation impact of foreign currency	–	(5,821)
Cash held by subsidiaries on the day of purchase and cash equivalents	(125,369)	(7,024,242)
Net cash paid from acquisition of subsidiaries by way of business combinations	1,190,625	7,735,241
Consideration of acquisition as assets	1,099,465	1,389,990
Less: Cash held by subsidiaries on the day of purchase and cash equivalents	(72,609)	(81,653)
Net cash paid of acquisition as assets	1,026,856	1,308,337
Total net cash paid to acquire subsidiaries	2,217,481	9,043,578

As at 31 December 2022, Consideration to paid in future periods are mainly the purchase price payables of the Topocean's equity, which will be paid within one year.

(e) Cash received/paid relating to other investing activities

Cash received/paid relating to other investing activities by the Group represents cash mainly inflows and outflows from redemption/purchase of bank wealth management products and structural deposits.

(f) Cash paid relating to other financing activities

	2022	2021
Repayments of lease liabilities(i)	7,813,330	6,266,239
Acquisition of minority interests	3,914,671	109,576
Repurchase of shares	2,040,377	–
Long-term asset purchases paid for by bank supply chain financial products/ refactoring	868,330	–
Cash dividends paid in the current year declared by subsidiary before the acquisition	–	10,819,033
Others	6,789	227,896
	14,643,497	17,422,744

(i) In 2022, the total cash outflows relating to leases paid by the Group amounted to RMB11,687,763,000 (2021: RMB9,226,746,000), except for the repayments of lease liabilities classified as cash paid relating to financing activities, the remaining was classified as cash paid relating to operating activities.

(57) Supplementary information to the cash flow statement**(a) Reconciliation from net profit to cash flows from operating activities**

	2022	2021
Net profit	7,003,620	3,919,213
Add: Asset impairment losses	131,756	60,390
Credit impairment losses	821,100	578,951
Depreciation of right-of-use assets	7,174,410	5,527,322
Depreciation of fixed assets	5,859,984	4,588,519
Depreciation of investment properties	92,568	60,382
Amortisation of intangible assets	2,086,019	1,487,797
Amortisation of long-term prepaid expenses	1,135,132	907,585
Losses on disposal of long-term assets	52,305	195,841
Losses/(Gains) arising from changes in fair value	27,938	(98,949)
Financial costs	1,929,262	1,590,849
Investment income	(1,025,385)	(2,406,535)
Recognised expenses on equity-settled share-based payments	109,573	349,308
(Increase)/Decrease in deferred tax assets	(245,603)	72,641
Increase in deferred tax liabilities	260,759	292,932
Amortisation of deferred income	(37,415)	(36,480)
Increase in inventories	(397,187)	(370,579)
Decrease/(Increase) in operating receivables	8,816,879	(6,196,150)
(Increase)/Decrease in operating payables	(1,092,768)	4,834,568
Net cash flows from operating activities	32,702,947	15,357,605

(b) Cash and cash equivalents

	31 December 2022	31 December 2021
Cash on hand	18,437	48,513
Cash at bank that can be readily drawn on demand	40,008,101	34,633,427
Other cash balances that can be readily drawn on demand	138,535	50,988
Other balances that can be readily drawn on demand	114,874	80,840
	40,279,947	34,813,768

(c) Significant operating, investment and financing activities that do not involve cash receipts and payments

	2022	2021
Long-term asset purchases paid for by bank supply chain financial products/ refactoring	992,178	868,330

(58) Monetary items denominated in foreign currency

(a) As at 31 December 2022 and 31 December 2021, the Group's companies whose recording currency is RMB held financial assets and liabilities denominated in non-recording currencies (mainly USD, HKD and EUR), excluding financial assets and liabilities denominated in non-recording currencies held by subsidiaries within the Group, of which the equivalent amounts in RMB (presentation currency of these financial statements) are listed as below:

	31 December 2022		
	Amount in the original currency	Exchange rate to RMB	Equivalent to RMB
Cash at bank and on hand –			
USD	81,868	6.9646	570,178
HKD	35,511	0.8933	31,722
EUR	163	7.4229	1,210
Receivables –			
USD	272,999	6.9646	1,901,329
HKD	96,310	0.8933	86,034
EUR	6,544	7.4229	48,575
Payables –			
USD	140,907	6.9646	981,361
HKD	73,704	0.8933	65,840
EUR	14,303	7.4229	106,170
SGD	2,009	5.1831	10,413

	31 December 2021		
	Amount in the original currency	Exchange rate to RMB	Equivalent to RMB
Cash at bank and on hand –			
USD	59,886	6.3757	381,815
HKD	7,202	0.8176	5,889
EUR	100	7.2197	720
Receivables –			
USD	101,020	6.3757	644,070
HKD	46,533	0.8176	38,046
EUR	472	7.2197	3,408
Payables –			
USD	26,740	6.3757	170,486
HKD	10,266	0.8176	8,393
EUR	784	7.2197	5,663
SGD	409	4.3553	1,780

(b) As at 31 December 2022 and 31 December 2021, the Group's overseas subsidiaries, except for those operating in Hong Kong, held no significant financial assets or liabilities denominated in non-recording currencies. Those companies operating in Hong Kong with HKD as recording currency held financial assets and liabilities denominated in non-recording currencies (mainly USD, RMB and EUR), excluding financial assets and liabilities denominated in non-recording currencies held by subsidiaries within the Group, of which the equivalent amounts in HKD (recording currency of companies operating in Hong Kong) and RMB (presentation currency of these financial statements) are listed as below:

	31 December 2022			
	Amount in the original currency	Exchange rate to HKD	Equivalent to HKD	Equivalent to RMB
Cash at bank and on hand –				
RMB	59,509	1.1195	66,620	59,509
USD	99,358	7.7967	774,665	692,008
EUR	4,734	8.3098	39,339	35,142
Accounts receivable –				
RMB	251,686	1.1195	281,762	251,686
USD	231,573	7.7967	1,805,505	1,612,858
Accounts payable –				
RMB	32,985	1.1195	36,927	32,985
USD	203,672	7.7967	1,587,969	1,418,533
EUR	1,930	8.3098	16,038	14,327

	31 December 2021			
	Amount in the original currency	Exchange rate to HKD	Equivalent to HKD	Equivalent to RMB
Cash at bank and on hand –				
RMB	13,958	1.2231	17,072	13,958
USD	11,428	7.7981	89,113	72,858
EUR	1,170	8.8304	10,327	8,444
Accounts receivable –				
RMB	5,452	1.2231	6,668	5,452
USD	7,013	7.7981	54,686	44,711
Accounts payable –				
RMB	14,745	1.2231	18,034	14,745
USD	8,441	7.7981	65,827	53,820
EUR	2,014	8.8304	17,785	14,541

5. Changes in the consolidation scope

(1) Business combinations involving enterprises not under common control

Main business combinations involving enterprises not under common control in 2022:

Acquiree	Timing of acquisition	Acquisition cost	% of interest acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date
Topocean (a)	19 April 2022	1,676,951	100.00%	By cash	19 April 2022	Completion of equity delivery
Pro-Med	31 January 2022	45,040	51.00%	By cash	31 January 2022	Completion of equity delivery
Suzhou Industrial Park Customs Declaration Co., Ltd.	1 January 2022	89,485	66.00%	By cash	1 January 2022	Completion of equity delivery

The total operating income, net profit, operating activities generated net cash flow of the above company from the purchase date to the end of the year are RMB6,664,752,000, RMB298,456,000, RMB102,765,000 and RMB92,511,000, respectively.

(a) In April 2022, the group's subsidiary Kerry Logistics completed the acquisition of 100% equity of Topocean, obtained the control of Topocean, and included Topocean in the scope of consolidation. Under the acquisition agreement, the Group has paid 80% of the equity payment and will pay the remaining 20% in installments within one year. The Group has recognized this Consideration not yet paid as payable. Topocean is headquartered in the United States and its main is international freight forwarding business.

Details of the consideration of acquisition and goodwill recognised are as follows:

	Topocean
Consideration of acquisition	
– Cash	1,676,951
Less: Fair value of the identifiable net assets acquired	(519,644)
Goodwill	1,157,307

As at the acquisition date, the Group recognised Topocean's identifiable net assets at fair value. The fair value of identifiable net assets exceeded the carrying amount by RMB 287,643,000. The recognition of intangible assets (mainly is customer relationships) and corresponding deferred tax liabilities. The Group has engaged an independent valuer to assist in the identification of assets of Topocean, And evaluate the fair value of intangible assets.

The valuation method used for customer relationships is multi-period excess earnings method, the key assumptions applied in the valuation include revenue growth rate, gross profit rate and discount rate.

(b) The assets and liabilities of Topocean as at the acquisition date and 31 December 2021 are as follows:

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2021 Carrying amount
Cash at bank and on hand	129,230	129,230	956,435
Receivables	1,837,033	1,837,033	1,734,390
Intangible assets	435,006	219	219
Other assets	266,299	255,770	264,124
Less: Payables	(1,902,645)	(1,902,645)	(1,929,907)
Deferred tax liabilities	(143,199)	(54,384)	(163,638)
Other liabilities	(8,248)	(8,248)	(20,392)
Net assets	613,476	256,975	841,231
Less: Minority interests	(34,777)		
Fair value of the identifiable net assets acquired	578,699		

(2) Disposal of subsidiaries

(a) Aggregated information of subsidiaries disposed in the reporting period:

Name of subsidiary	Proceeds from disposal	Disposal proportion	Method of disposal	Timing of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal after deducting disposal costs and corresponding shares of net assets in the consolidated financial statements
Changsha Industrial Park and its subsidiaries	232,939	100.00%	Sales of equity	24 June 2022	Transfer of control right	31,654
Yingyun Aolong Logistics (Zhanjiang) Co., Ltd.	700	60.00%	Sales of equity	30 June 2022	Transfer of control right	660
	233,639					32,314

(3) Other changes in the consolidation scope

(a) In 2022, the Group set up the following major subsidiaries by cash:

Tianjin Fengpai Technology Co., Ltd.

Chongqing Fonair UAV Research Institution Co., Ltd.

Sichuan Tianfu Aviation Co., Ltd.

Beijing Shunlu Logistics Co., Ltd.

Beijing Shunheng Logistics Co., Ltd.

Dongguan Shunlu Logistics Co., Ltd.

SF Yingyun Supply Chain Management (Huizhou) Co., Ltd.

Hangzhou S.F. Smart Supply Chain Co., Ltd.

Shenzhen Fengwang Information Technology Co., Ltd.

Jiangsu Fengsu Logistics Co., Ltd.

Fujian Fengwang Express Co., Ltd.

Liaoning Fengwang Express Co., Ltd.

Fengyi Technology (Hangzhou) Co., Ltd.

SF INTERNATIONAL VIETNAM COMPANY LIMITED

Guangzhou Nansha Kerry Freight Co., Ltd

Beijing Kerry Huanjie Supply Chain Management Co., Ltd

(b) In 2022, the Group cancelled the following major subsidiaries:

Xuzhou Fengtai Industrial Park Management Co., Ltd.

Dalian Fengtai Industrial Park Operation and Management Co., Ltd.

Jinan Hongtai Industrial Park Management Co., Ltd.

Luohe Fengtai Industrial Park Management Co., Ltd.

Yangzhou Fengyutai Enterprise Management Co., Ltd.

Huai'an Shunheng Express Co., Ltd.

SF INTERNATIONAL DEVELOPMENT PTE. LTD.

6. Interests in other entities

(1) Interests in subsidiaries

(a) First-tier and second-tier subsidiaries of the Group are as follows:

	Place of registration	Major business location	Nature of business	Shareholding (%)		Method of acquisition
				Direct	Indirect	
Taisen Holdings	Shenzhen	Shenzhen	Investment holding	100.00%	–	Reverse acquisitions
S.F. Express Co., Ltd.	Shenzhen	Shenzhen	International freight forwarding, domestic and international express service, etc.	–	100.00%	Business combinations involving enterprises under common control
SF Technology	Shenzhen	Shenzhen	Technical maintenance and development service	–	100.00%	By new establishment
Shenzhen Shunlu Logistics Co., Ltd.	Shenzhen	Shenzhen	Cargo transportation and freight forwarding	–	100.00%	Business combinations involving enterprises under common control
Anhui S.F. Telecommunication Service Co., Ltd.	Anhui Province	Anhui Province	Value-added telecommunication service	–	100.00%	By new establishment
Shenzhen Yuhui Management Consulting Co., Ltd.	Shenzhen	Shenzhen	Consulting service	–	100.00%	Business combinations involving enterprises under common control
Shenzhen S.F. Supply Chain Co., Ltd.	Shenzhen	Shenzhen	Supply chain management and other services	–	100.00%	By new establishment
SF Airlines	Shenzhen	Shenzhen	Transport service of aviation cargo	–	100.00%	Business combinations involving enterprises under common control
Fengtai Asset	Shenzhen	Shenzhen	E-commerce industrial park management	–	100.00%	Business combinations involving enterprises under common control
Shenzhen Fengtai Industrial Park Investment Ltd.	Shenzhen	Shenzhen	Management consulting	–	100.00%	By new establishment
Shenzhen S. F. Airport Investment Co., Ltd.	Shenzhen	Shenzhen	Industrial investment	–	100.00%	By new establishment
SF Holding Limited	Hong Kong SAR	Hong Kong SAR	Investment holding	–	100.00%	Business combinations involving enterprises under common control
Group Finance Company	Shenzhen	Shenzhen	Financing, wealth management and consulting services	–	100.00%	By new establishment
Shenzhen SF Chuangxing Investment Co., Ltd.	Shenzhen	Shenzhen	Industrial investment	–	100.00%	By new establishment
Shenzhen Fengnong Technology Co., Ltd.	Shenzhen	Shenzhen	Retail	–	100.00%	By new establishment
Shenzhen Fenglang Supply Chain Co., Ltd.	Shenzhen	Shenzhen	Supply chain management and other services	–	100.00%	By new establishment
Shenzhen Shunfeng Runtai Management Consulting Co., Ltd.	Shenzhen	Shenzhen	Consulting service	–	100.00%	By new establishment
Shunyuan Financial Leasing	Tianjin	Tianjin	Leasing business	–	100.00%	By new establishment
SF Multimodal Co., Ltd.	Shenzhen	Shenzhen	Goods delivery and other services	–	100.00%	By new establishment
Shenzhen Shunxi Management Consulting Co., Ltd.	Shenzhen	Shenzhen	Management consulting	–	100.00%	By new establishment
S.F. Insurance Broker (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Insurance business	–	100.00%	By new establishment
S.F. Duolian Technology Co., Ltd.	Dongguan	Dongguan	Technology development	–	100.00%	By new establishment
Dongguan SF Taisen Enterprise Management Co., Ltd.	Dongguan	Dongguan	Property management	–	100.00%	By new establishment
SF Innovative Technology Co., Ltd.	Dongguan	Dongguan	Information technology service	–	100.00%	By new establishment
Shenzhen Shunheng Rongfeng Supply Chain Technology Co., Ltd.	Shenzhen	Shenzhen	Consulting service	–	100.00%	Business combinations involving enterprises under common control
Shenzhen Hengyi Logistics Service Co., Ltd.	Shenzhen	Shenzhen	Freight forwarding service	–	100.00%	Business combinations involving enterprises under common control
Shenzhen Lefeng Commercial Co., Ltd.	Shenzhen	Shenzhen	Factoring	–	100.00%	Business combinations involving enterprises under common control

	Place of registration	Major business location	Nature of business	Shareholding (%)		Method of acquisition
				Direct	Indirect	
Hangzhou SF Intra-city Industrial Co., Ltd.	Hangzhou	Hangzhou	Supply chain management and other services	–	56.76%	By new establishment
Shenzhen SF Express Zhongyuan Network Technology Co., Ltd.	Shenzhen	Shenzhen	Technology development and consulting services	–	100.00%	By new establishment
SF Sharing Precision Information Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Information technology service	–	100.00%	By new establishment
Hangzhou Shuangjie Supply Chain Co., Ltd.	Hangzhou	Hangzhou	Supply chain management and other services	–	100.00%	By new establishment
Shenzhen S.F. Express Co., Ltd.	Shenzhen	Shenzhen	Business and supply chain management	–	87.80%	By new establishment
Huanggang Xiufeng Education Investment Co., Ltd.	Huanggang	Huanggang	Consulting services regarding business information and business management	–	100.00%	By new establishment
Junhe Information Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	Information technology and development services	–	100.00%	By new establishment
S.F. Digital Technology (Shenzhen) Services Co., Ltd.	Shenzhen	Shenzhen	Technology and consulting services	–	100.00%	By new establishment
Shenzhen S.F. International Industry Co., Ltd.	Shenzhen	Shenzhen	Information technology and consulting services	–	100.00%	By new establishment
Shenzhen S.F. Investment Co., Ltd.	Shenzhen	Shenzhen	Investment holding	–	100.00%	By new establishment
SF Cold Chain Logistics Co., Ltd.	Shenzhen	Shenzhen	Cargo transportation and freight forwarding	–	100.00%	By new establishment

(b) Subsidiaries in which the Group has significant minority interests

	Proportion of ownership interest held by minority shareholders	Profit or loss attributable to minority shareholders in 2022	Dividends paid to minority shareholders in 2022	Minority interests as at 31 December 2022
Kerry Logistics and its subsidiaries	48.50%	1,476,236	(1,524,826)	11,587,420

	Proportion of ownership interest held by minority shareholders	Profit or loss attributable to minority shareholders for the period from 28 September 2021 to 31 December 2021	Dividends paid to minority shareholders for the period from 28 September 2021 to 31 December 2021	Minority interests as at 31 December 2021
Kerry Logistics and its subsidiaries	48.50%	512,119	(46,607)	13,714,750

The significant financial information of the significant non-fully-owned subsidiaries of the Group is listed below:

	31 December 2022	31 December 2021
Current assets	21,821,593	22,058,645
Non-current assets	25,615,187	23,566,766
Total assets	47,436,780	45,625,411
Current liabilities	14,196,749	14,795,606
Non-current liabilities	10,240,832	6,645,860
Total liabilities	24,437,581	21,441,466

	2022	For the period from 28 September 2021 to 31 December 2021
Revenue	74,261,942	20,260,964
Net profit (i)	2,838,971	883,124
Total comprehensive income (i)	3,040,177	921,320
Cash flows from operating activities	4,918,473	2,123,547

The above financial figures take into account the fair value of identifiable assets and liabilities at the point of acquisition of Kerry Logistics' equity and the adjustment effect of uniform accounting policies.

(a) In 2022, for Kerry Logistics and its subsidiaries, the net profit attributable to shareholders of the Company was RMB1,362,735,000 (for the period from 29 September 2021 to 31 December 2021: RMB371,005,000), and the total comprehensive income attributable to shareholders of the Company was RMB2,182,133,000 (for the period from 29 September 2021 to 31 December 2021: RMB252,516,000).

(b) In 2022 and 2021, minority interests of the Group's subsidiaries except Kerry Logistics, had no significant influence on the Group.

(2) Interests in joint ventures and associates

(a) The Group's joint ventures and associates have no significant influence on the Group (Note 4(10)).

7. Segment information

The reportable segments of the Group are the business units that provide different logistics and freight forwarding services. Different businesses require different technologies and marketing strategies, and the Group, therefore, independently manages their operations and evaluates operating results, in order to make decisions about resources allocations and performance evaluations.

In 2022 and 2021, the Group mainly had four reportable segments, including:

- Express segment, which provides time-define express and economy express except for large-size delivery service, as well as medical product and cold chain delivery service;
- Freight segment, which provides large-size delivery service and freight service;
- Intra-city segment, which provides intra-city on-demand delivery service;
- Supply chain and international business segment, which provides international express service, international freight transport and forwarding service, as well as supply chain service.

Inter-segment transfer prices are determined by reference to pricing policy of related party transactions.

(a) Segment information as at and for the year ended 31 December 2022 is as follows:

	Express segment	Freight segment	Intra-city segment	Supply chain and international segment	Undistributed units	Inter-segment elimination	Total
Revenue from external customers	138,410,580	31,354,280	6,567,057	89,916,599	1,241,898	-	267,490,414
Inter-segment revenue	16,577,930	1,593,213	3,698,616	700,298	12,070,206	(34,640,263)	-
Cost of revenue	131,907,950	31,083,855	9,851,834	82,148,435	11,623,492	(32,543,206)	234,072,360
Total profit/(loss)	7,739,581	644,525	(288,847)	2,938,917	(47,669)	(19,729)	10,966,778
Income tax expenses/(credits)	2,280,435	616,848	(1,944)	993,055	75,068	(304)	3,963,158
Net profit/(loss)	5,459,146	27,677	(286,903)	1,945,862	(122,737)	(19,425)	7,003,620
Total assets	90,082,034	10,026,508	3,956,639	66,235,754	148,072,567	(101,530,795)	216,842,707
Total liabilities	61,547,088	10,394,188	1,086,136	53,540,703	79,713,800	(87,725,257)	118,556,658
Depreciation and amortisation expenses	6,544,545	287,222	78,662	1,551,214	688,395	(11,958)	9,138,080
Credit impairment losses	250,367	77,219	1,968	384,491	107,231	(176)	821,100

In 2022, no revenue from a single customer exceeded 10% or more of the total revenue.

(b) Segment information as at and for the year ended 31 December 2021 is as follows:

	Express segment	Freight segment	Intra-city segment	Supply chain and international segment	Undistributed units	Inter-segment elimination	Total
Revenue from external customers	132,319,106	28,356,404	5,117,905	39,979,632	1,413,600	-	207,186,647
Inter-segment revenue	12,515,607	2,812,134	3,056,509	474,522	9,465,837	(28,324,609)	-
Cost of revenue	124,054,968	29,990,841	8,079,144	36,164,215	9,337,828	(26,078,489)	181,548,507
Total profit/(loss)	5,969,116	(417,142)	(902,586)	1,075,223	1,427,145	(18,075)	7,133,681
Income tax expenses/(credits)	2,136,929	165,166	(3,735)	459,971	461,683	(5,546)	3,214,468
Net profit/(loss)	3,832,187	(582,308)	(898,851)	615,252	965,462	(12,529)	3,919,213
Total assets	81,086,911	9,544,584	4,064,825	60,901,366	135,934,182	(81,631,886)	209,899,982
Total liabilities	56,362,138	9,171,525	899,472	34,391,955	67,699,241	(56,539,596)	111,984,735
Depreciation and amortisation expenses	5,180,097	253,747	55,420	753,735	792,605	(11,244)	7,024,360
Credit impairment losses	310,456	110,648	4,477	190,763	(24,457)	(12,936)	578,951

In 2021, no revenue from a single customer exceeded 10% or more of the total revenue.

8. Related parties and related party transactions

(1) General information of the controlling shareholder and subsidiaries

The general information and other related information of the subsidiaries are set out in Note 6(1).

(a) General information of the controlling shareholder

	Place of registration	Nature of business
Mingde Holdings	Shenzhen	Investment

The Company's ultimate holding company is Mingde Holdings, and the ultimate controlling person is Wang Wei.

(b) The balances and changes of registered capital of the controlling shareholder

	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Mingde Holdings	113,406	–	–	113,406

(c) The percentages of shareholding and voting rights in the Company held by the controlling shareholder

	31 December 2022		31 December 2021	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
Mingde Holdings	54.95%	54.95%	55.07%	55.07%

(2) Nature of related parties that do not control/are not controlled by the Company

Major related parties are listed as follows:

	Relationship with the Company
Hive Box Technology and its subsidiaries	Held by the ultimate controlling person
Guangdong Fengxing Zhitu Technology Co., Ltd ("Fengxing Zhitu Technology")	Controlled by the ultimate controlling person of the Company
Shenzhen Fengxiang Information Technology Co., Ltd. ("Fengxiang Information Technology")	Controlled by the ultimate controlling person of the Company
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen Shunshang Investment Co.,Ltd	Controlled by the ultimate controlling person of the Company
Shenzhen SF Hefeng Microfinance Co.,LTD	Controlled by the ultimate controlling person of the Company
Shenzhen Fengyi Technology Limited ("Fengyi Technology")	Controlling shareholder's associate
Yihai Shunfeng (Shanghai) Supply Chain Technology Co., Ltd.	The Group's associate from December 2021
Shanghai Jiaying Logistics Co., Ltd.	The Group's associate
SF Real Estate Investment Trust ("SF REITs and its subsidiaries")	The Group's associate
Shenzhen Shunjie Fengda and its subsidiaries ("Shunjie Fengda") and its subsidiaries	The Group's associate
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	The Group's associate
Wuhan Shunluo Supply Chain Management Co., Ltd.	The Group's associate
KENGIC Intelligent Technology Co., Ltd. ("KENGIC Intelligent") and its subsidiaries	The Group's associate
Galaxis Technology and its subsidiaries	The Group's associate
Giao Hang Tiet Kiem Joint Stock Company	The Group's associate

	Relationship with the Company
DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd. ("DHL Weiheng Supply")	The Group's associate
Shanghai Tingdi Logistics Service Co., Ltd.	The Group's associate
Shenzhen Fenglian Technology Co., Ltd.	The Group's associate
CR-SF International Express Co., Ltd.	The Group's joint venture
Beijing Wulian Shuntong Technology Co., Ltd. ("Wulian Shuntong") and its subsidiaries	The Group's joint venture
ZBHA and its subsidiaries	The Group's joint venture
Hubei International Logistics Airport Co., Ltd.	The Group's joint venture
Shenzhen Shenghai Information Service Co., Ltd. ("Shenghai Information")	The Group's joint venture
Golden Arches (China) Co., Ltd. ("Golden Arches") and its subsidiaries	Significantly influenced by the key management of the Company
SF Foundation	Organisation sponsored by controlling shareholders and the Company's subsidiaries, in which senior managers of the company serve on the Board of Management

(3) Related party transactions

(a) Pricing policies

The pricing method of transactions and transaction price between the Group and related parties are determined, following arm's length principle, by making reference to the market price or through negotiation between both parties.

(b) Rendering of services/Sales of goods

	Nature of the transaction	2022	2021
Golden Arches and its subsidiaries	Rendering of services	1,718,005	1,620,689
Fengxing Zhitu Technology	Rendering of services	68,165	16,284
Hive Box Technology and its subsidiaries	Rendering of services	28,970	36,847
Fengyi Technology	Rendering of services	18,868	84,227
Others	Rendering of services	111,965	253,460
		1,945,973	2,011,507

	Nature of the transaction	2022	2021
Fengxiang Information Technology	Sales of goods	9,754	–
Others	Sales of goods	11,601	9,804
		21,355	9,804

(c) Receipt of services/Purchase of goods

	Nature of the transaction	2022	2021
CR-SF International Express Co., Ltd.	Receipt of services	531,495	613,849
Fengxing Zhitu Technology	Receipt of services	420,324	99,637
Wulian Shuntong and its subsidiaries	Receipt of services	381,791	399,038
Shunjie Fengda and its subsidiaries	Receipt of services	253,852	282,889
Shanghai Jiaying Logistics Co., Ltd.	Receipt of services	238,554	260,351
Hive Box Technology and its subsidiaries	Receipt of services	158,518	181,717
ZBHA and its subsidiaries	Receipt of services	117,301	152,160
Giao Hang Tiet Kiem Joint Stock Company	Receipt of services	79,203	–
SF REITS and its subsidiaries	Receipt of services	61,624	29,672
Shanghai Information	Receipt of services	25,619	27,912
Others	Receipt of services	120,948	268,138
		2,389,229	2,315,363

	Nature of the transaction	2022	2021
KENGIC Intelligent and its subsidiaries	Purchase of goods	377,659	826,844
Fengxiang Information Technology	Purchase of goods	255,349	121,006
Others	Purchase of goods	50,863	624,052
		683,871	1,571,902

(d) Interest income/Interest expenses

	Nature of the transaction	2022	2021
Wuhan Shunluo Supply Chain Management Co., Ltd.	Interest income	–	2,116
Others	Interest income	743	871
		743	2,987

	Nature of the transaction	2022	2021
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	Interest expenses	165	57
Others	Interest expenses	196	168
		361	225

(e) Leases

(i) Lease income recognised in the current year with the Group as the lessor

	Type of the leased asset	2022	2021
Fengyi Technology	Buildings	2,530	1,745
Others	Buildings	4,553	1,479
		7,083	3,224

(ii) Right-of-use assets increased in the current year with the Group as the lessee

	Type of the leased asset	2022	2021
SF REITS and its subsidiaries	Buildings	103,867	974,664
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	Buildings	43,082	13,116
Shenzhen Shunshang Investment Co., Ltd.	Buildings	–	15,214
		146,949	1,002,994

(iii) Depreciation and interest expenses borne in the current year by the Group as the lessee

	Type of the leased asset	2022	2021
SF REITS and its subsidiaries	Buildings	225,826	142,703
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	Buildings	8,512	926
Shenzhen Shunshang Investment Co., Ltd.	Buildings	3,821	11,751
		238,159	155,380

(f) The Group as the guarantor

Guaranteed party	Guaranteed amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
DHL Weiheng Supply	113,374	15 January 2021	23 December 2030	No
Hubei International Logistics Airport Co., Ltd. (Note)	782,000	29 September 2021	29 April 2055	No
	895,374			

Note: The guarantee amount of Hubei International Logistics Airport Co., Ltd. is the total guarantee amount formed by the aggregation of multiple guarantee amounts. The earliest date of guarantee is 29 September 2021, and the latest is 29 April 2055.

(g) Sales of equity

	2022	2021
SF REITS and its subsidiaries	232,939	–
Others	–	1,071,130
	232,939	1,071,130

In 2022, the Group earned a total of RMB31,654,000 in investment income from related parties from the above equity transactions.

(h) Donation expenses

	2022	2021
SF Foundation	2,028	31,851

(i) Remuneration of key management

	2022	2021
Remuneration of key management	29,214	28,414

(4) Receivables from and payables to related parties

(a) Accounts receivable

	31 December 2022	31 December 2021
Golden Arches and its subsidiaries	175,258	206,275
Fengxing Zhitu Technology	18,854	20,628
Yihai Shunfeng (Shanghai) Supply Chain Technology Co., Ltd.	8,077	–
Fengyi Technology	6,367	23,464
Others	28,472	28,056
	237,028	278,423

(b) Advances to suppliers

	31 December 2022	31 December 2021
Hive Box Technology and its subsidiaries	10,337	22,679
Galaxis Technology and its subsidiaries	8,200	–
Others	7,463	4,612
	26,000	27,291

(c) Loans and advances

	31 December 2022	31 December 2021
DHL Weiheng Supply	32,920	–

(d) Other receivables

	31 December 2022	31 December 2021
Hive Box Technology and its subsidiaries	405,621	371,433
SF REITS and its subsidiaries	51,726	48,898
Golden Arches and its subsidiaries	51,873	40,229
Others	12,274	31,497
	521,494	492,057

(e) Other non-current assets – Advances for engineering equipment

	31 December 2022	31 December 2021
KENGIC Intelligent and its subsidiaries	1,497	27,455
Others	608	26,828
	2,105	54,283

(f) Long-term receivables (including current portion of long-term receivables)

	31 December 2022	31 December 2021
Shanghai Tingdi Logistics Service Co., Ltd.	65,408	–
Others	3,281	5,442
	68,689	5,442

(g) Deposits from customers

	31 December 2022	31 December 2021
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	11,531	6,509
Shenzhen Fenglian Technology Co., Ltd.	8,884	–
Others	172	1
	20,587	6,510

(h) Accounts payable

	31 December 2022	31 December 2021
Fengxing Zhitu Technology	111,218	72,497
CR-SF International Express Co., Ltd.	85,092	50,439
Giao Hang Tiet Kiem Joint Stock Company	80,134	–
Wulian Shuntong and its subsidiaries	52,320	98,917
Shanghai Jiaying Logistics Co., Ltd.	43,410	58,979
Fengxiang Information Technology	37,055	25,256
Shunjie Fengda and its subsidiaries	34,554	41,184
Hive Box Technology and its subsidiaries	16,318	9,936
Galaxis Technology and its subsidiaries	13,272	15,561
ZBHA and its subsidiaries	10,061	8,146
Others	21,807	34,909
	505,241	415,824

(i) Contract liabilities

	31 December 2022	31 December 2021
Fengyi Technology	4,137	2,689
Others	2,873	2,584
	7,010	5,273

(j) Other payables

	31 December 2022	31 December 2021
KENGIC Intelligent and its subsidiaries	187,008	240,661
Golden Arches and its subsidiaries	20,667	24,087
Others	12,647	212,242
	220,322	476,990

(k) Lease liabilities (including current portion of lease liabilities)

	31 December 2022	31 December 2021
SF REITS and its subsidiaries	784,767	816,579
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	45,379	9,330
Shenzhen Shunshang Investment Co., Ltd.	–	3,936
	830,146	829,845

(5) Commitments in relation to related parties

(a) As at 31 December 2022, the Group had no significant lease-out commitments in relation to related parties (31 December 2021: Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.: RMB49,970,000).

(b) Provide guarantee

	31 December 2022	31 December 2021
Hubei International Logistics Airport Co., Ltd.	2,384,180	2,890,180

The above-mentioned related party commitments are committed but have not yet provided the balance of guarantees to related parties.

9. Share-based payments

(1) Overview of share-based payments

Expenses recognised for the year arising from share-based payments were as follows:

	2022	2021
Equity-settled share-based payments	109,573	349,308
Cash-settled share-based payments	48,111	199,021
	157,684	548,329

(2) Information on equity-settled share-based payments

(a) Information on share-based payments of the Company

In May 2022, the Company held the 25th meeting of the 5th Board of Directors in 2022, at which proposals such as the Stock Option Incentive Plan ("2022 Stock Option Incentive Plan") were approved. The Company granted no more than 60,000,000 share options to eligible incentive recipients, and the exercise price of the share option is RMB42.61. If the Company meets the predetermined performance conditions and the incentive recipients meet the performance evaluation indicators, the four quarters of the total share options received by the grantee will come into effect from 30 May 2022 after 12 months, 24 months, 36 months and 48 months, respectively.

As at 30 May 2022, the Company granted 47,892,100 stock options to 1,449 eligible incentive recipients for the first time at the exercise price of RMB42.61 per share.

In October 2022, the Company held the 29th meeting of the 5th Board of Directors, at which the *Motion on Adjusting the Exercise Price of Stock Option Incentive Plan* was approved. The exercise price was adjusted from RMB42.61 per share to RMB42.431 per share.

As at 28 October 2022, the Company granted 1,608,000 reserved stock options to 44 eligible incentive recipients at an exercise price of RMB42.431 per share.

As at 31 December 2022, the Company has 49,500,000 stock options outstanding.

The key parameters for determining the fair value of the share options at the grant date are as follows:

Valuation method	Black-Scholes Model
The exercise price of the option on the grant date	RMB 42.61 and RMB42.431
The validity period of the option	The duration from the grant date to the first exercise date of each period
The current price of the underlying shares (Closing price on grant date)	RMB 51.57 and RMB49.88
Historical share price volatility	35.77%~40.39%
Estimated dividend rate	0.51%~0.55%
The risk-free interest rate within the validity period of the option	1.50%~2.75%

At each balance sheet date during the vesting period of the incentive plan, the number of share options expected to be exercised will be revised based on subsequent information such as changes in the number of employees who can exercise their share options and the completion of vesting conditions, and the services obtained in the current period will be included in relevant costs and capital reserve based on the fair value of share options at the grant date.

As at 31 December 2022, the equity-settled share-based payments recognised by the Company accumulated to RMB244,485,000 (31 December 2021: RMB23,633,000), including accumulated amounts attributable to shareholders of the parent company of RMB243,869,000 (31 December 2021: RMB23,633,000). In 2022, the amount of expenses recognised by the Company for the equity-settled share-based payments was RMB220,852,000 (2021: Nil).

(b) Information on share-based payments of the Company's subsidiaries

The Group granted some equities or share options of several subsidiaries, to the senior management and other employees of the aforesaid companies or other subsidiaries within the Group respectively.

As at 31 December 2022, the equity-settled share-based payments of these companies recognised by the Group accumulated to RMB508,035,000 (31 December 2021: RMB619,314,000), including accumulated amounts attributable to shareholders of the parent company of RMB431,320,000 (31 December 2021: RMB528,557,000). In 2022, expenses which were offset against the reversal of equity-settled share-based payments amounted to RMB111,279,000 (2021: RMB349,308,000). The fair value at the grant date was recognised based on the discount cash flow model and the binomial tree model.

(3) Information on cash-settled share-based payments

Certain subsidiaries of the Group use their shares or the Company's shares as the calculation basis to grant cash-settled share-based payments to eligible employees of those subsidiaries.

As at 31 December 2022, liabilities arising from the cash-settled share-based payments accumulated to RMB334,757,000 (31 December 2021: RMB328,607,000). In 2022, the Group's expenses confirmed for cash-settled share-based payments amounted to RMB48,111,000 (2021: RMB199,021,000). The fair value at the balance sheet date was recognised based on the discount cash flow model and the binomial tree model.

10. Commitments

(1) Capital commitments

(a) Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

	31 December 2022	31 December 2021
Buildings, machinery and equipment	3,571,632	10,432,197
Investment contracts that have been signed but not fulfilled or not absolutely fulfilled	1,811,611	2,525,587
Acquisition of minority shareholders' interests	–	609,252
Others	–	11,067
	5,383,243	13,578,103

(2) Other commitments

(i) In November 2020, the Group issued asset-backed securities through the Special Scheme set up by Huatai Securities (Shanghai) Asset Management Co., Ltd. by using five logistics industrial parks held by it as underlying assets. Yiwu Fengyutai Enterprise Management Co., Ltd., Quanzhou Fengyutai Enterprise Management Co., Ltd., Wuxi Jietai Enterprise Management Co., Ltd. and Huai'an Fengtai Enterprise Management Co., Ltd. (collectively "Property Operators"), wholly-owned subsidiaries of the Group, worked as the property operators of the Special Scheme. In case that the actual operating income of the property assets does not reach 90% but is not lower than 80% of the target amount, the Property Operators were committed to compensate the insufficient part of the target amount with Taisen Holdings providing guarantee for the compensation obligation.

At the end of each three years, the manager of the above Special Scheme accepts open-ended withdrawal and subscription of preferred securities within the withdrawal registering period. If the preferred securities shares that have not completed open-ended withdrawal are less than 20% of total undistributed principal of the preferred securities of RMB788 million at the extension operation announcement date. Taisen Holdings will purchase such preferred securities.

11. Contingency

As stated in Note 8(3)(g), subsidiaries of the Group provide loan guarantees to related parties. On 31 December 2022, the total guarantee amount was RMB895,374,000 (31 December 2021: RMB402,420,000).

12. Events after the balance sheet date

(1) Profit distribution after the balance sheet date

On 28 March 2023, the Board of Directors of the Company agreed that the Company would pay a cash dividend of RMB2.5 (including tax) for every 10 shares to all shareholders, based on the total share capital on the record date of the future implementation of the 2022 annual profit distribution plan, minus the number of shares repurchased by the Company on that day. The remaining undistributed profits are carried forward to subsequent years for distributions. This time, the conversion of provident fund into share capital and the issuance of bonus shares will not be given. The proposal is subject to approval by the General Meeting of Shareholders. Cash dividends proposed after the balance sheet date are not recognized as liabilities at the balance sheet date.

13. Operating lease proceeds after the balance sheet date

As the lessor, the Group's undiscounted lease proceeds receivable after the balance sheet date are as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive)	228,038	206,427
1 to 2 years (inclusive)	185,848	157,562
2 to 3 years (inclusive)	134,539	104,871
3 to 4 years (inclusive)	179,036	46,772
4 to 5 years (inclusive)	60,581	32,972
Over 5 years	246,444	15,104
	1,034,486	563,708

14. Business combinations

Refer to Note 5(1).

15. Financial instruments and relevant risks

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group. These risk management policies specify the risks such as market risk, credit risk and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems or not. The Group's risk management is carried out by the Risk Management Committee under policies approved by the Board of Directors. The Risk Management Committee encourages the departments of the Group to work closely together to identify, evaluate and avoid relevant risks. The internal audit department of the Group conducts periodical audit to the controls and procedures for risk management and reports the audit results to the Audit Committee of the Group.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in the Chinese mainland and a majority of the transactions are denominated in RMB. Some operational activities are carried out in regions/countries including Hong Kong SAR, USA, Korea and Europe and relevant transactions are settled in HKD, USD, KRW and EUR. Therefore, the Group is exposed to foreign exchange risk arising from the recognised financial assets and liabilities denominated in non-recording currencies, and future transactions denominated in foreign currencies. Management is responsible for monitoring the amount of financial assets and liabilities, and transactions denominated in non-recording currencies to reduce foreign exchange risk to the greatest extent.

(i) Foreign exchange risk of companies with RMB as recording currency

As at 31 December 2022 and 31 December 2021, the Group's companies whose recording currency is RMB held financial assets and liabilities denominated in non-recording currencies held by companies, of which the equivalent amounts in RMB Foreign exchange exposure such as (Note 4(58)(a)), mainly from USD, HKD and EUR.

As at 31 December 2022, for the above various US dollar financial assets and US dollar financial liabilities, if the RMB appreciates or depreciates by 5% against the US dollar and other factors remain unchanged, the Group will reduce or increase its pre-tax profit by approximately RMB74,507,000 (31 December 2020: RMB35,628,000). Other foreign currencies of changes have no significant impact on foreign exchange risk.

(ii) Foreign exchange risk of companies with HKD as recording currency

As at 31 December 2022 and 31 December 2021, the foreign exchange exposure of financial assets and liabilities denominated in non-recording currencies held by companies located in Hong Kong SAR with HKD being their recording currency was mainly derived from the USD (Note 4(58)(b)). Because the HKD and the USD are linked exchange rates, the foreign exchange risks faced by the above-mentioned companies using HKD as their recording currency are not significant.

(iii) As at 31 December 2022 and 31 December 2021, the Group's overseas subsidiaries, except for those operating in Hong Kong SAR, held no significant financial assets or liabilities denominated in non-recording currencies.

(iv) In view of the different functional currencies of subsidiaries within the Group, there is still foreign exchange risk arising even if transactions and balances within the Group are offset. As at 31 December 2022 and 31 December 2021, such foreign exchange risks are not material.

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing debts including long-term bank borrowings and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2022, the Group's long-term interest bearing debts were mainly related to floating rate long-term borrowings, and fixed rate debentures payable. Among them, floating rate long-term borrowings amounted to RMB7,472,010,000 (31 December 2021: RMB3,510,829,000); the contract amount of fixed rate debentures payable denominated in RMB was RMB1,000,000,000 (31 December 2021: RMB500,000,000), and the contract amount of fixed rate debentures payable denominated in USD was USD2,600,000,000, equivalent to RMB18,107,960,000 (31 December 2021: USD2,400,000,000, equivalent to RMB15,301,680,000).

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new interest bearing borrowings and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. Management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk.

As at 31 December 2022, if interest rates on borrowings had increased/decreased by 50 basis points while all other variables had been held constant, the Group's profit before tax would have decreased/increased by approximately RMB37,360,000 (31 December 2021: RMB17,554,000).

(c) Other price risk

The Group's other price risk arises mainly from movements in price of various investments in equity instruments measured at fair value that will not be sold within 1 year.

As at 31 December 2022, if the price of various investments in equity instruments had risen/fallen by 10% while all other variables had been held constant, the Group's profit before tax and other comprehensive income before tax would have been approximately RMB101,221,000 (31 December 2021: approximately RMB87,802,000) and RMB736,568,000 (31 December 2021: approximately RMB681,077,000) higher/lower, respectively.

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivable, accounts receivable, receivables financing, loans and advances, other receivables, contract assets, current portion of non-current assets, long-term receivables, investments in debt instruments measured at fair value through profit or loss that are not included in the assessment of impairment, etc. At the balance sheet date, the Group's maximum exposure to credit risk represents the carrying amount of the Group's financial assets, except that the maximum exposure to credit risk of long-term receivables represents the aggregate of its undiscounted contractual cash flows.

The Group expects that there is no significant credit risk associated with cash at bank and on hand since they are mainly deposits at state-owned banks and other medium or large size listed banks with good reputation and a higher credit rating. The Group does not expect that there will be any significant losses from non-performance by these counterparties.

The Group's notes receivable, accounts receivable, receivables financing, other receivables, contract assets, current portion of non-current assets and long-term receivables include receivables from related parties and receivables from non-related parties. In respect of receivables from related parties, the Group considers that they have low credit risk; in respect of receivables from non-related parties, the Group will develop relevant policies to control the exposure to credit risk. The Group evaluates customers' credit quality based on their financial position, possibility of obtaining guarantees from third parties, credit history and such other factors as current market conditions and determines the credit term based on the evaluation results. The credit term of accounts receivable ranges from 30 days to 90 days. The Group monitors customers' credit history on a regular basis. In respect of customers with a poor credit history, the Group will use payment reminders, or shorten or cancel credit terms, to ensure the overall credit risk of the Group is limited to a controllable extent.

The Group's notes receivable, accounts receivable, receivables financing and contract assets mainly arise from rendering of logistics and freight forwarding services and other related services or sales of goods, while other receivables, current portion of non-current assets and long-term receivables represent advances, cash on delivery service, deposits and guarantees, loans to employees and finance lease receivables arising from rendering of logistics and freight forwarding services. Management maintains ongoing evaluation on debtors' financial position, but generally does not require debtors' mortgage for outstanding debts. The Group monitors and reviews expected credit losses on outstanding amounts on a regular basis, and takes into account important macroeconomic assumptions and parameters in the calculation of expected credit losses, including the risk of economic downturn, external market conditions, changes in customer conditions, gross domestic product and the consumer price index. Management makes the provision for bad debts based on the evaluation results thereof. Where it is impossible for the Group to reasonably estimate the recoverable amount, the relevant outstanding amount shall be written off accordingly. Indicators for impossibility to reasonably estimate the recoverable amount include debtors' failure to make contract payments as planned or make overdue contract payments, significant financial difficulties, bankruptcy liquidation, etc.

For loans and advances, the Group developed credit policies and operational implementation rules in accordance with the requirements of relevant state regulatory authorities, and implemented standardised management over the entire process of credit granting. In addition, the Group further improved the systems for credit risk monitoring and early warning and defective credit extension management. The Group actively responded to the changes in the credit environment, regularly analysed the situation and dynamic of credit risks and took risk control measures on a forward-looking basis. The Group also established an optimisation management mechanism for defective credit and accelerated the optimisation progress of defective credit to avoid non-performing loans.

As at 31 December 2022, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2021: Nil).

(3) Liquidity risk

(a) Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2022				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Deposits from customers	20,670	–	–	–	20,670
Accounts payable	24,715,352	–	–	–	24,715,352
Other payables	13,346,595	–	–	–	13,346,595
Short-term borrowings	12,963,318	–	–	–	12,963,318
Other current liabilities	5,118,489	–	–	–	5,118,489
Current portion of non-current liabilities	11,448,352	–	–	–	11,448,352
Long-term borrowings	161,001	3,101,351	4,660,180	85,488	8,008,020
Debentures payable	581,461	1,068,586	7,373,540	13,179,071	22,202,658
Long-term payables	–	210,501	–	–	210,501
Lease liabilities	–	4,179,191	3,797,852	1,976,864	9,953,907
	68,355,238	8,559,629	15,831,572	15,241,423	107,987,862

	31 December 2021				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Deposits from customers	13,723	–	–	–	13,723
Accounts payable	23,467,675	–	–	–	23,467,675
Other payables	11,520,282	–	–	–	11,520,282
Short-term borrowings	18,754,425	–	–	–	18,754,425
Other current liabilities	4,069,757	–	–	–	4,069,757
Current portion of non-current liabilities	9,018,284	–	–	–	9,018,284
Long-term borrowings	66,341	1,143,643	2,524,231	4,472	3,738,687
Debentures payable	500,343	3,674,510	4,098,421	10,640,242	18,913,516
Long-term payables	2,464	302,162	85,412	31,890	421,928
Lease liabilities	–	4,374,170	5,158,881	2,590,999	12,124,050
	67,413,294	9,494,485	11,866,945	13,267,603	102,042,327

(b) Cash flows derived from leases not yet commenced to which the Group was committed were analysed by maturity at the balance sheet date (Note 4(33)):

	31 December 2022	31 December 2021
Within 1 year (inclusive)	986,197	888,382
1 to 2 years (inclusive)	259,841	182,883
2 to 3 years (inclusive)	200,248	131,357
Over 3 years	192,415	109,290
	1,638,701	1,311,912

16. Fair value estimates

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Financial assets and liabilities measured at fair value on a recurring basis

As at 31 December 2022, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets held for trading:				
Structural deposits	–	–	7,351,158	7,351,158
Fund investments	77	34,144	–	34,221
Receivables financing:				
Notes receivable	–	63,310	–	63,310
Other non-current financial assets:				
Industry fund investments	–	–	770,637	770,637
Special Scheme equity-class securities	–	–	116,286	116,286
Others	–	–	125,286	125,286
Investments in other equity instruments:				
Equity instruments available for sale	158,936	127,564	7,079,184	7,365,684
Total financial assets	159,013	225,018	15,442,551	15,826,582

As at 31 December 2021, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets held for trading:				
Structural deposits	–	–	9,730,665	9,730,665
Fund investments	76	653,752	–	653,828
Other non-current financial assets:				
Industry fund investments	–	–	552,130	552,130
Special Scheme equity-class securities	–	–	235,821	235,821
Others	–	–	90,072	90,072
Investments in other equity instruments:				
Equity instruments available for sale	241,936	401,726	6,167,109	6,810,771
Total financial assets	242,012	1,055,478	16,775,797	18,073,287

As at 31 December 2022, the financial liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Derivative financial liabilities:				
Others	–	96,647	–	96,647

As at 31 December 2021, the financial liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Derivative financial liabilities:				
Others	–	7,658	–	7,658

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There were no transfers between different levels for the year.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable company model. The inputs of the valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier and liquidity discount.

The changes in Level 3 assets are analysed below:

	Financial assets held for trading – Structural deposits	Other non-current financial assets – Special Scheme equity-class securities	Other non-current financial assets – Industry fund investments	Other non-current financial assets – Others	Other equity instruments – Equity instruments available for sale
31 December 2021	9,730,665	235,821	552,130	90,072	6,167,109
Increase in the current year	151,418,127	–	220,144	32,039	345,378
Decrease in the current year	(154,421,228)	(137,660)	(24,173)	–	–
Gains or losses recognised in profit for the current year	623,594	18,125	2,705	(87)	–
Gains recognised in other comprehensive income	–	–	–	–	(32,291)
Exchange differences on translation of foreign currency financial statements	–	–	19,831	3,262	598,988
31 December 2022	7,351,158	116,286	770,637	125,286	7,079,184

	Financial assets held for trading – Structural deposits	Other non-current financial assets – Special scheme equity-class securities	Other non-current financial assets – Industry fund investments	Other non-current financial assets – Others	Other equity instruments – Equity instruments available for sale
31 December 2020	6,276,848	390,391	441,135	–	4,136,330
Business combination involving enterprises not under common control	–	–	–	4,854	244,045
Increase in the current year	117,935,200	–	28,943	85,242	–
Decrease in the current year	(114,905,490)	(167,705)	(25,572)	–	(208,230)
Gains recognised in profit or loss for the current year	424,107	13,135	108,635	–	–
Gains recognised in other comprehensive income	–	–	–	–	2,101,185
Exchange differences on translation of foreign currency financial statements	–	–	(1,011)	(24)	(106,221)
31 December 2021	9,730,665	235,821	552,130	90,072	6,167,109

(2) Financial assets and liabilities not measured at fair value but disclosed

The Group's financial assets and liabilities measured at amortised cost mainly include cash at bank and on hand, receivables, loans and advances, current portion of non-current assets, long-term receivables, short-term borrowings, payables, lease liabilities, long-term borrowings, debentures payable, current portion of non-current liabilities, other current liabilities and long-term payables.

The carrying amount of financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value. The fair value of financial assets and liabilities over one year is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 3 of the fair value hierarchy.

17. Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as "shareholders' equity" as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements.

As at 31 December 2022 and 31 December 2021, the Group's gearing ratio was as follows:

	31 December 2022	31 December 2021
Gearing ratio	54.67%	53.35%

18. Notes to the Company's financial statements

(1) Cash at bank and on hand

	31 December 2022	31 December 2021
Cash at bank	812,181	226,112

(2) Financial assets held for trading

	31 December 2022	31 December 2021
Structural deposits	2,335,319	9,200,219

(3) Other receivables

	31 December 2022	31 December 2021
Dividends receivable from Taisen Holdings	500,000	2,000,000
Funds raised by convertible corporate debentures granted to subsidiaries	3,899,337	5,460,859
Funds raised by a non-public offering of shares granted to subsidiaries	10,790,492	10,814,434
Others	1,643	200
	15,191,472	18,275,493
Less: Provision for bad debts	(8)	(1)
	15,191,464	18,275,492

The ageing of other receivables is analysed as follows:

	31 December 2022	31 December 2021
Within 1 year (inclusive)	2,753,246	12,814,634
1 to 2 years (inclusive)	10,764,477	3,284,121
Over 2 years	1,673,749	2,176,738
	15,191,472	18,275,493

(4) Long-term equity investments

	31 December 2022	31 December 2021
Subsidiaries (a)	58,217,914	50,997,088
Less: Provision for impairment loss of long-term equity investments	–	–
	58,217,914	50,997,088

There is no significant restriction on sales of the long-term equity investments held by the Company.

(a) Subsidiaries

	Accounting method	31 December 2021	Movements in the current year	31 December 2022	Shareholding (%)	Voting rights (%)	Explanation of disparity between percentages of shareholding and voting rights	Provision for impairment	Cash dividends declared in the current year
Taisen Holdings	Cost method	50,997,088	7,220,826	58,217,914	100.00%	100.00%	Not applicable	–	500,000

(5) Investment income

	2022	2021
Income from long-term equity investments under the cost method	500,000	2,000,000
Investment income from financial assets held for trading	186,398	22,132
	686,398	2,022,132

1. Statement of non-recurring profit or loss

	2022	2021
Investment income from disposal of subsidiaries	32,314	1,808,638
Gains on disposal of other non-current assets	374,595	105,502
Government grants recognised in profit or loss for the current period (government grants recognised in non-operating income, other income and deducted against related costs and expenses)	826,447	857,458
Gains arising from changes in fair value of financial assets and liabilities held for trading and investment income arising from disposal of financial assets and liabilities held for trading	47,500	151,606
Income generated where investment cost of enterprises' acquisition of subsidiaries is less than the share of the fair value of the investee's identifiable net assets at the time of acquisition of investment	–	2,375
Reversal of impairment provision for receivables individually assessed for impairment	94,297	46,264
Net amount of other non-operating income and expenses	(73,330)	(136,453)
Sub-total	1,301,823	2,835,390
Less: Income tax effect	(235,481)	(381,549)
Less: Non-recurring profit or loss attributable to minority shareholders	(229,502)	(18,942)
Non-recurring profit or loss attributable to shareholders of the parent company	836,840	2,434,899
Including: Non-recurring profit or loss from continuing operations	836,840	2,434,899

Basis for preparation of statement of non-recurring profit or loss

Pursuant to the *Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No. 1 – Non-recurring Profit or Loss (2008)* issued by China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss arising from transactions and events those are not directly related to the company's normal course of business, also from transactions and events those even are related to the company's normal course of business, but will interfere with the right judgement of users of the financial statements on the company's operation performance and profitability due to their special nature and occasional occurrence.

2. Return on net assets and earnings per share

	Weighted average		Earnings per share			
	Return on net assets (%)		Basic earnings per share (Yuan/share)		Diluted earnings per share (Yuan/share)	
	2022	2021	2022	2021	2022	2021
Net profit attributable to ordinary shareholders of the Company	7.34%	6.81%	1.27	0.93	1.27	0.93
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	6.35%	2.93%	1.10	0.40	1.10	0.40
Including:						
– Continuing operations						
Net profit attributable to ordinary shareholders of the Company	7.34%	6.81%	1.27	0.93	1.27	0.93
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	6.35%	2.93%	1.10	0.40	1.10	0.40

S.F. Holding Co., Ltd.

2023 Third Quarter Report



October 2023

Stock Code: 002352

Stock Abbreviation: SF Holding

Announcement No.: 2023-082

S.F. Holding Co., Ltd.

2023 Third Quarter Report

The Company and all members of the Board of Directors hereby guarantee that the contents disclosed herein are true, accurate, and complete, and that there are no misrepresentations, misleading statements, or material omissions.

Important Information:

1. The Company's Board of Directors, Supervisory Committee, directors, supervisors, and senior management hereby guarantee that the contents of the Quarterly Report are true, accurate, and complete, and that there are no misrepresentations, misleading statements, or material omissions, and shall assume individual and joint legal liabilities.

2. Wang Wei, the Company's legal representative, Ho Chit, Chief Financial Officer (financial head), and Hu Xiaofei, the accounting director, hereby declare and warrant that the financial report contained herein is true, accurate, and complete.

3. Has the 2023 Third Quarter Report been audited?

Yes No

I. Key Financial Data

(I) Major accounting data and financial indicators

Whether the Company needs to retrospectively adjust or restate the accounting data of previous years?

Yes No

	The Reporting Period	Increase/decrease during the Reporting Period over the same period of previous year	From the beginning of the year to the end of the Reporting Period	Increase/decrease from the beginning of the year to the end of the Reporting Period over the same period of previous year
Revenue (RMB'000)	64,646,001	-6.42%	189,011,599	-5.09%
Net profit attributable to shareholders of the listed company (RMB'000)	2,088,176	6.56%	6,264,458	40.08%
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss (RMB'000)	1,840,603	7.29%	5,545,912	43.55%
Net cash flow generated from operating activities (RMB'000)	-	-	20,976,094	-13.95%
Basic earnings per share (RMB/share)	0.43	7.50%	1.29	40.22%
Diluted earnings per share (RMB/share)	0.43	7.50%	1.29	40.22%
Weighted average return on net assets (%)	2.31%	A decrease of 0.04 percentage points	7.04%	An increase of 1.72 percentage points
	End of the Reporting Period	End of previous year	Increase/decrease at the end of the Reporting Period over the end of previous year	
Total assets (RMB'000)	222,415,935	216,842,707		2.57%
Owner's equity attributable to shareholders of the listed company (RMB'000)	90,747,247	86,263,741		5.20%

(II) Non-recurring profit or loss items and amounts
 Applicable Not applicable

Unit: RMB'000

Item	Amount of the Reporting Period	Amount from the beginning of the year to the end of the Reporting Period	Description
Investment income from disposal of subsidiaries	23,423	268,405	
Non-current asset disposal gains and losses (including the write-off part of the provision for impairment of assets)	-4,321	41,629	
Government subsidies included in the current profit and loss (except for government subsidies that are closely related to the Company's normal business operations, and are in line with national policies and are continuously granted on a certain standard or quantitative basis)	224,696	649,925	Mainly including financial appropriations, transportation capacity subsidies, tax refunds, and job stabilization subsidies for the logistics industry.
In addition to the effective hedging business related to the Company's normal business operations, the profit or loss from fair value changes in holding held-for-trading financial assets and held-for-trading financial liabilities, as well as the investment income from the disposal of held-for-trading financial assets and held-for-trading financial liabilities	57,362	64,149	
Reversal of provisions for impairment of accounts receivable that have been separately tested for impairment	9,000	40,217	
Other non-operating income and expenses other than the above	2,365	-60,957	
Less: Income tax impact	52,218	146,061	
Impact on minority shareholders' equity (after tax)	12,734	138,761	
Total	247,573	718,546	-

The specific situation of other profit and loss items that meet the definition of non-recurring profit or loss:

 Applicable Not applicable

The Company does not have other profit and loss items that meet the definition of non-recurring profit or loss.

Description of defining the non-recurring profit or loss listed in Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit or Loss as recurring profit or loss.

 Applicable Not applicable

The Company does not define the non-recurring profit or loss listed in the Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit or Loss as recurring profit or loss.

(III) Changes in major accounting data and financial indicators and the reasons
 Applicable Not applicable

Focusing on the core logistics strategy, the Company adhered to the business keynote of long-term sustainable and healthy development, and maintained steady performance growth in the first three quarters of 2023: the net profit attributable to shareholders of the listed company (hereinafter referred to as "Net Profit Attributable to the Parent Company") was RMB 6.264 billion, a year-on-year increase of 40.08%; The net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss (hereinafter referred to as "Net Profit Attributable to the Parent Company after Deducting Non-recurring Profit or Loss") was RMB 5.546 billion, a year-on-year increase of 43.55%; Among them, the net profit attributable to the parent company in the third quarter was RMB 2.088 billion, a

year-on-year increase of 6.56%, and the net profit attributable to the parent company after deducting non-recurring profit or loss was RMB 1.841 billion, a year-on-year increase of 7.29%.

(1) In terms of revenue, the Company's revenue in third quarter of 2023 reached RMB 64.646 billion, and its business volume¹ reached 2.824 billion. Among them, ① the Company pursued high-quality business segments and revenue growth, and continued to provide customers with high-quality comprehensive logistics services. In the third quarter, the revenue and business volume of the express logistics segment² excluding Fengwang increased by 7.43% and 13.39% year on year, respectively. ② The supply chain and international segments were mainly affected by the year-on-year decline of international air and sea transportation demand and price. In the third quarter, the revenue of the supply chain and international segments decreased by 32.69% year on year, but it rebounded moderately from the second quarter.

(2) In terms of cost and expenses, the Company adhered to lean resource planning and cost control, continuously promoted multi-network integration, accurately planned resources, and continuously optimized the cost structure; Moreover, it relied on technology empowerment to continuously improve management efficiency and strengthen lean operation and management. In the third quarter, the net profit margin attributable to the parent company was 3.23%, an increase of 0.39% over the same period of previous year.

The specific financial data changes are as follows:

Unit: RMB'000

Item	From the beginning of the year to the end of the Reporting Period	Same period of previous year	Change (%)	Description
Revenue	189,011,599	199,147,351	-5.09%	No major changes.
Operating costs	164,459,018	174,415,535	-5.71%	No major changes.
Other income	1,191,886	1,693,032	-29.60%	Mainly due to a decrease in the weighted deduction of input tax.
Investment income	622,137	862,816	-27.89%	Mainly due to a decrease in income from the disposal of associates.
Reversal of credit impairment/(loss)	33,671	-322,096	110.45%	Mainly due to the decrease in bad debt loss of accounts receivable.
Item	End of the Reporting Period	End of previous year	Change (%)	Description
Trading financial assets	16,358,510	7,385,379	121.50%	Mainly due to an increase in structured deposits.
Other non-current financial assets	2,278,302	1,012,209	125.08%	Mainly due to new investments.
Fixed assets	51,580,531	43,657,404	18.15%	Mainly due to the transfer to fixed assets of projects, such as industrial parks and transit depots..
Construction in progress	4,872,938	11,149,860	-56.30%	Mainly due to the transfer to fixed assets of projects, such as industrial parks and transit depots.
Short-term borrowings	19,931,242	12,837,870	55.25%	Mainly due to new borrowings.
Other current liabilities	1,656,637	5,122,276	-67.66%	Mainly due to the repayments of extra-short term commercial notes and short-term corporate debentures.
Long-term borrowings	11,483,220	7,472,010	53.68%	Mainly due to new borrowings.
Item	From the beginning of the year to the end of the Reporting Period	Same period of previous year	Change (%)	Description
Net cash flows from operating activities	20,976,094	24,376,690	-13.95%	No major changes.
Net cash flows from investing activities	-18,003,514	-22,044,469	18.33%	Mainly due to the decrease in the net outflow of structural deposits and the decrease in the net outflow of long-term assets for purchase and construction.
Net cash flows from financing activities	-6,483,643	-9,787,028	33.75%	Mainly due to reduced repayment of lease liabilities.

¹ The business volume does not include that of Kerry Logistics, nor does it include that of the Company's international freight, forwarding and supply chain segments.

² The express & logistics segment mainly included time-definite express, economy express, freight, cold chain and pharmaceuticals, and intra-city on-demand delivery segment.

II. Shareholder Information

(1) Table of the total number of ordinary shareholders and the number of preferred shareholders with restored voting rights, as well as the shareholdings of the top 10 shareholders

Unit: Share

Total number of ordinary shareholders at the end of the Reporting Period		208,056	Total number of preferred shareholders with restored voting rights at the end of the Reporting Period (if any)		0	
Shareholdings of the top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Quantity of shares held	Number of restricted shares held	Pledged, marked or frozen shares	
					Status of shares	Amount
Shenzhen Mingde Holding Development Co., Ltd.	Domestic non-state-owned legal person	48.25%	2,361,927,139	-	Pledge	712,500,000
Hong Kong Securities Clearing Company Limited	Overseas legal person	5.01%	245,019,458	-	-	-
Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account	Domestic non-state-owned legal person	4.09%	200,000,000	-	Pledge	200,000,000
Shenzhen Zhaoguang Investment Co., Ltd.	State-owned legal person	3.88%	189,716,864	-	-	-
Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)	Domestic non-state-owned legal person	2.06%	100,914,904	-	Pledge	14,000,000
Shenzhen Weishun Enterprise Management Co., Ltd.	Domestic non-state-owned legal person	2.04%	100,000,000	-	-	-
Lin Zheyang	Domestic natural person	0.82%	40,000,000	-	-	-
Liu Jilu	Domestic natural person	0.73%	35,793,780	33,542,835	Pledge	9,230,000
NSF Portfolio #112	Others	0.42%	20,581,472	-	-	-
Hua Life Insurance Co., Ltd. - self-owned funds	Others	0.38%	18,522,420	-	-	-
Top ten shareholders holding unrestricted shares						
Name of shareholder	Number of non-restricted shares held	Type of shares				
		Type of shares	Amount			
Shenzhen Mingde Holding Development Co., Ltd.	2,361,927,139	RMB-dominated ordinary shares	2,361,927,139			
Hong Kong Securities Clearing Company Limited	245,019,458	RMB-dominated ordinary shares	245,019,458			
Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account	200,000,000	RMB-dominated ordinary shares	200,000,000			
Shenzhen Zhaoguang Investment Co., Ltd.	189,716,864	RMB-dominated ordinary shares	189,716,864			
Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)	100,914,904	RMB-dominated ordinary shares	100,914,904			
Shenzhen Weishun Enterprise Management Co., Ltd.	100,000,000	RMB-dominated ordinary shares	100,000,000			
Lin Zheyang	40,000,000	RMB-dominated ordinary shares	40,000,000			
NSF Portfolio #112	20,581,472	RMB-dominated ordinary shares	20,581,472			
Hua Life Insurance Co., Ltd. - self-owned funds	18,522,420	RMB-dominated ordinary shares	18,522,420			
Hiseas Investment Co., Ltd.	17,488,632	RMB-dominated ordinary shares	17,488,632			
Explanation on associated relationship or persons acting in concert between the above-mentioned shareholders	Shenzhen Mingde Holding Development Co., Ltd. holds a total of 2,661,927,139 shares in the Company, accounting for 54.38% of the Company's total share capital, of which 2,361,927,139 shares are directly held, 100,000,000 shares are held through its wholly-owned subsidiary Shenzhen Weishun Enterprise Management Co., Ltd., and 200,000,000 shares are held through the "Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account", a special account for guarantee and trust opened for the issuance of exchangeable bonds (EB). The Company is not certain as to whether there is an associated relationship between the other above-mentioned shareholders and whether they are acting in concert.					
Explanation on the participation of the top ten shareholders in margin trading and securities lending business (if any)	Not applicable.					
Special explanation on the top 10 non-restricted shareholders having special repurchase accounts	At the end of the Reporting Period, the "Special Securities Account for Repurchase of S.F. Holding Co., Ltd." held 51,050,946 shares not subject to trading restrictions on sales. According to relevant regulations, the repurchase account is not included in the presentation of top ten ordinary shareholders and the top ten ordinary shareholders holding unrestricted shares.					

(II) Total number of preferred shareholders of the Company and shareholdings of the top ten preferred shareholders

Applicable Not applicable

III Other Significant Events

Applicable Not applicable

(I) The preparation for the issue and listing of H shares

In order to further promote its globalization strategy, build an international capital operation platform, enhance its international brand image and improve its overall competitiveness, the Company plans to issue overseas listed foreign shares (H-shares) and apply for listing on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Issue and Listing").

The Company held the 6th Meeting of the 6th Session of the Board of Directors and the First Extraordinary General Meeting of 2023 on August 1 2023 and August 17 2023, respectively, and passed the "Proposal on the Issuance of H Shares and Listing of the Company on The Stock Exchange of Hong Kong Limited" and other relevant proposals. The Company will take into full consideration the interests of the existing shareholders and the conditions of domestic and overseas capital markets, and will select timing and window as appropriate to complete the Issuance and Listing within the validity period of the resolution of the general meeting (i.e., 18 months from the date of consideration and approval at the general meeting of the Company, or such other period as may be agreed to be extended).

On August 21 2023, the Company submitted the application for the Issue and Listing to the Hong Kong Stock Exchange and published the application proof for the Issue and Listing on the website of the Hong Kong Stock Exchange on the same day. The Issue and Listing of the Company is subject to the approval, ratification or filing by the relevant governmental authorities, regulatory authorities and stock exchanges such as the China Securities Regulatory Commission and the Hong Kong Stock Exchange, and is still subject to uncertainties. The Company will fulfill its information disclosure obligations in a timely manner according to the progress of the aforementioned matter.

(II) The results of exercise for the first exercise period of the Company's 2022 Stock Option Incentive Plan

On August 1 2023, the Company held the 6th Meeting of the 6th Session of the Board of Directors and the fourth meeting of the sixth session of Board of Supervisors, respectively, and reviewed and approved the "Proposal on Achievement of Exercise Conditions for the First Exercise Period of the 2022 Stock Option Incentive Plan". The Board of Directors agreed that the number of exercisable stock options for the 1,328 incentive targets who met the assessment requirements during the first exercise period was 8,964,763, with an exercise price of RMB 42.183 per share. During the registration process for this exercise, 5 of the incentive targets no longer met the eligibility criteria for the incentive targets due to resignation, and 71 voluntarily gave up their exercise qualifications. The actual number of incentive targets for this exercise was 1,252, with a total of 8,420,193 exercised shares outstanding. The exercised shares will be listed on September 5 2023.

(III) The Company repurchased its shares by centralized bidding.

Based on confidence in the future development prospects and high recognition of the Company's value, in order to further improve the Company's long-term incentive mechanism, upon comprehensively considering business development prospects, operating conditions, financial conditions, and future profitability, the Company repurchased its shares with its own funds through the secondary market for employee stock ownership plans or equity incentives. The Company held the 28th meeting of the 5th session of Board of Directors on 22 September 2022, and reviewed and approved the Proposal on the Company's Share Repurchase Plan by Centralized Bidding. The total repurchase amount shall not be less than RMB 1 billion and shall not exceed RMB 2 billion, and the repurchase price shall not exceed RMB 70 per share. The repurchase period shall be within 12 months from the date of approval of the repurchase plan by the Board of Directors of the Company.

As of September 21 2023, the repurchase period of the Company's shares has expired. During the repurchase period, the Company has repurchased 20,674,084 shares through centralized bidding transactions, accounting for 0.42% of the Company's current total share capital.

The average transaction price was RMB 48.39/share (the highest transaction price was RMB 54.42/share, the lowest transaction price was RMB 45.70/share), and the total transaction amount was RMB 1,000,328,880.44 (excluding transaction fees). The implementation of this share repurchase has been completed.

For specific details, please refer to the announcements disclosed by the Company on CNINFO.

Interim announcement	Date of disclosure	Website for disclosure
Announcement on the Progress of Repurchasing the Company's Shares	5 July 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Progress of Repurchasing the Company's Shares	13 July 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Achievement of Exercise Conditions for the First Exercise Period of the 2022 Stock Option Incentive Plan	2 August 2023	CNINFO (www.cninfo.com.cn)
Announcement on Matters Related to Planning for the Issuance and Listing of H Shares	2 August 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Progress of Repurchasing the Company's Shares	2 August 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Progress of Repurchasing the Company's Shares	11 August 2023	CNINFO (www.cninfo.com.cn)
Announcement on Submission of Application for Issue and Listing of Overseas-Listed Foreign Shares (H Shares) to the Stock Exchange of Hong Kong Limited and Publication of Application Materials	22 August 2023	CNINFO (www.cninfo.com.cn)
Announcement on Acceptance of Filing Application Materials for Issuing Overseas-Listed Foreign Shares (H Shares) by China Securities Regulatory Commission	2 September 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Progress of Repurchasing the Company's Shares	5 September 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Results of Exercise for the First Exercise Period of the 2022 Stock Option Incentive Plan and the Listing of Shares	6 September 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Expiration of Repurchase Term and the Implementation Results of Share Repurchase	22 September 2023	CNINFO (www.cninfo.com.cn)

IV. Quarterly Financial Statements

(I) Financial statements

1. Consolidated balance sheet

Prepared by: S.F. Holding Co., Ltd.

Unit: RMB'000

Item	30 September 2023	31 December 2022
Current assets:		
Cash at bank and on hand	37,775,998	41,062,750
Financial assets held for trading	16,358,510	7,385,379
Notes receivable	201,624	236,244
Accounts receivable	23,969,779	25,560,433
Receivables financing	77,919	63,310
Advances to suppliers	3,012,084	3,464,911
Loans and advances	65,303	34,212
Other receivables	3,454,359	3,341,237
Interest receivable	-	-
Dividends receivable	-	-
Inventories	2,166,671	1,948,354
Contract assets	1,465,307	1,522,996
Current portion of non-current assets	357,331	440,739
Other current assets	4,984,986	5,612,928
Total current assets	93,889,871	90,673,493
Non-current assets:		
Long-term receivables	417,334	631,278
Long-term equity investments	7,585,713	7,858,000
Investments in other equity instruments	7,476,759	7,365,684
Other non-current financial assets	2,278,302	1,012,209
Investment properties	5,190,171	4,875,366
Fixed assets	51,580,531	43,657,404
Construction in progress	4,872,938	11,149,860
Right-of-use assets	14,687,864	15,429,775
Intangible assets	18,679,087	19,176,684
Capitalised development expenditures	234,473	311,757
Goodwill	9,831,956	9,345,744
Long-term prepaid expenses	3,085,989	3,097,621
Deferred tax assets	1,869,498	1,632,964
Other non-current assets	735,449	624,868
Total non-current assets	128,526,064	126,169,214
Total assets	222,415,935	216,842,707
Current liabilities:		
Short-term borrowings	19,931,242	12,837,870
Financial liabilities held for trading	87,143	96,647
Notes payable	78,716	32,699
Accounts payable	23,792,383	24,715,352
Advances from customers	44,787	49,035
Contract liabilities	1,752,701	1,244,418
Deposits from customers and interbank	9,676	20,670
Employee benefits payable	4,865,172	6,276,551
Taxes payable	1,934,432	2,761,146
Other payables	12,312,796	13,346,595

Among: Interests receivable	-	-
Dividends payable	144,908	165,014
Current portion of non-current liabilities	9,465,365	11,173,650
Other current liabilities	1,656,637	5,122,276
Total current liabilities	75,931,050	77,676,909
Non-current liabilities:		
Long-term borrowings	11,483,220	7,472,010
Debentures payable	19,306,783	18,927,508
Among: Preferred shares	-	-
Perpetual bonds	-	-
Lease liabilities	8,469,870	8,582,372
Long-term accounts payable	255,075	209,675
Long-term employee benefits payable	81,137	114,024
Provisions	52,737	55,415
Deferred incomes	1,037,792	860,791
Deferred tax liabilities	4,747,814	4,657,954
Total non-current liabilities	45,434,428	40,879,749
Total liabilities	121,365,478	118,556,658
Equity:		
Capital stock	4,895,202	4,895,202
Capital reserve	43,225,255	43,996,237
Less: Treasury stock	2,575,532	2,040,377
Other comprehensive income	5,398,868	4,538,027
Surplus reserve	1,010,253	1,010,253
General risk reserve	492,896	493,048
Undistributed profits	38,300,305	33,371,351
Total equity attributable to the shareholders of parent company	90,747,247	86,263,741
Minority interests	10,303,210	12,022,308
Total equity	101,050,457	98,286,049
Total liabilities and equity	222,415,935	216,842,707

Legal representative: Wang Wei

Chief Financial Officer (Head of Accounting director: Hu Xiaofei
finance): Ho Chit

2. Consolidated and Company Income Statement from the Beginning of the Year to the End of the Reporting Period

Unit: RMB'000

Item	Amount in the current period	Amount in the previous period
I. Total revenue	189,011,599	199,147,351
Among: Revenue	189,011,599	199,147,351
II. Total operating cost	182,999,727	193,175,366
Among: Operating cost	164,459,018	174,415,535
Taxes and surcharges	346,550	333,053
Selling and distribution expenses	2,146,264	2,074,714
General and administrative expenses	12,946,296	13,426,489
Research and development investment	1,681,042	1,582,389
Financial costs	1,420,557	1,343,186
Among: Interest expenses	1,682,652	1,509,636
Interest income	430,842	217,179
Add: Other income	1,191,886	1,693,032
Investment income ("-" for loss)	622,137	862,816

Among: Investment income from associates and joint ventures	-44,137	56,786
Income on discontinued recognition of financial assets measured at amortized cost	-	-
Gains arising from changes in fair value ("-" for losses)	83,264	26,608
Reversal of/(Losses on) credit impairment ("-" for losses)	33,671	-322,096
Asset impairment losses ("-" for losses)	-2,537	-6,235
Gains on disposal of assets ("-" for losses)	43,066	15,111
III. Operating profit ("-" for loss)	7,983,359	8,241,221
Add: Non-operating income	201,181	140,502
Less: Non-operating expenses	255,687	178,318
IV. Total profit ("-" for total loss)	7,928,853	8,203,405
Less: Income tax expenses	1,934,368	2,691,522
V. Net profit ("-" for net loss)	5,994,485	5,511,883
(I) Classified by continuity of operations		
1. Net profit from continuing operations ("-" for net loss)	5,994,485	5,511,883
2. Net profit from discontinued operations ("-" for net loss)	-	-
(II) Classified by ownership of the equity		
1. Net profit attributable to shareholders of the Company ("-" for loss)	6,264,458	4,471,956
2. Minority interests ("-" for net loss)	-269,973	1,039,927
VI. Other comprehensive income, net of tax	396,712	1,064,629
Attributable to shareholders of the Company, net of tax	738,801	2,004,415
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss	-51,082	-5,559
1. Other comprehensive income items which will not be transferred to profit or loss under the equity method	-329	-1,489
2. Changes in fair value of investments in other equity instruments	-50,753	-4,070
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	789,883	2,009,974
1. Other comprehensive income items which will be transferred to profit or loss under the equity method	9,191	-
2. Cash flow hedging reserve	12,002	9,882
3. Exchange differences on translation of foreign currency financial statements	768,690	2,000,092
Attributable to minority interests, net of tax	-342,089	-939,786
VII. Total comprehensive income	6,391,197	6,576,512
(I) Attributable to shareholders of the Company	7,003,259	6,476,371
(II) Attributable to minority interests	-612,062	100,141
VIII. Earnings per share:		
(1) Basic earnings per share	1.29	0.92
(2) Diluted earnings per share	1.29	0.92

Legal representative: Wang Wei

Chief Financial Officer (Head of
finance): Ho ChitAccounting director:
Hu Xiaofei**3. Consolidated and Company Cash Flow Statements from the Beginning of the Year to the End of the Reporting Period**

Unit: RMB'000

Item	Amount in the current period	Amount in the previous period
I. Cash flow from operating activities		
Cash received from sales of goods or rendering of services	199,948,280	212,210,267
Net increase in customer deposits and interbank deposits	-	4,520
Refund of taxes and levies	830,514	5,257,909
Cash received relating to other operating activities	68,534,389	63,292,141
Sub-total of operating cash inflows	269,313,183	280,764,837
Cash paid for goods and services	138,533,514	154,422,702
Net increase in loans to customers and advances	7,301	18,787
Net increase in deposits with central banks and interbank deposits	270,831	94,954
Net decrease in deposit-taking and interbank payments	10,966	-
Cash paid to and on behalf of employees	25,247,291	24,386,819
Payments of taxes and levies	4,704,600	5,870,147
Cash paid relating to other operating activities	79,562,586	71,594,738
Sub-total of operating cash outflows	248,337,089	256,388,147
Net cash flows from operating activities	20,976,094	24,376,690
II. Cash flows from investing activities		
Cash received from disposal of investments	493,611	1,738,686
Cash received from returns on investments	629,731	693,082
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	193,558	98,531
Net cash received from disposal of subsidiaries and other business units	377,259	285,763
Cash received relating to other investing activities	70,400,000	115,283,957
Sub-total of investing cash inflows	72,094,159	118,100,019
Cash paid to acquire fixed assets and other long-term assets	8,465,250	10,545,036
Cash paid to acquire investments	1,566,242	975,969
Net cash paid to acquire subsidiaries	962,153	2,285,356
Cash paid relating to other investing activities	79,104,028	126,338,127
Sub-total of investing cash outflows	90,097,673	140,144,488
Net cash flows from investing activities	-18,003,514	-22,044,469
III. Cash flows from financing activities:		
Cash received from capital contributions	138,948	113,913
Including: Cash received from capital contributions by minority interests of subsidiaries	138,948	113,913
Cash received from borrowings	29,369,161	36,933,638
Cash received relating to other financing activities	368,375	4,432
Sub-total of financing cash inflows	29,876,484	37,051,983
Cash repayments of borrowings	24,042,520	32,360,170
Cash payments for interest expenses and distribution of dividends or profits	3,043,092	3,170,228
Including: Dividends and profits paid by subsidiaries to minority shareholders	537,151	1,256,746
Cash payments relating to other financing activities	9,274,515	11,308,613

Sub-total of financing cash outflows	36,360,127	46,839,011
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Net cash flows from financing activities	-6,483,643	-9,787,028
IV. Effect of foreign exchange rate changes on cash and cash equivalents	10,123	674,519
V. Net increase in cash and cash equivalents	-3,500,940	-6,780,288
Plus: Cash and cash equivalents at the beginning of the period	40,279,947	34,813,768
VI. Cash and cash equivalents at the end of the period	36,779,007	28,033,480

(II) Implementation of New Accounting Standards for the First Time from 2023 to Adjust Relevant Items of the Financial Statements at the Beginning of the Year

Applicable Not applicable

(III) Audit Report

Has the 2023 Third Quarter Report been audited

Yes No

The Company's 2023 Third Quarter Report has not been audited.

Board of Directors of S.F. Holding Co., Ltd.

October 31 2023