Investing in the Shares involves certain risks. You should read this prospectus in its entirety and carefully consider each of the risks described below and all of the other information contained in this prospectus before deciding to purchase the Shares. If any of the following risks materialises, our business, financial condition and results of operations could be materially and adversely affected. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESSES

Our integrated logistics and international freight forwarding businesses are significantly affected by changes in global economic conditions.

We are engaged in integrated logistics operations across Asia and we provide the vast majority of our international freight forwarding services intra-Asia as well as between Asia and Europe. Accordingly, any adverse economic developments in Asia, in particular China, as a result of a global economic slowdown or otherwise, could lead to a general decline in domestic consumption and a slowdown in international trade, which could have a significant impact on our businesses. In addition, an economic slowdown in Europe and the shifting of outsourced manufacturing activities away from China could have a significant impact on our international freight forwarding business. For example, the global financial crisis in 2008 and the more recent European sovereign debt crisis resulted in a slowdown and instability of the global economy, which in turn led to weaker imports into Europe and exports from China. There are also signs among U.S. and other multinational companies of shifting outsourced manufacturing activities from China to other regions or countries with lower production costs, such as South America. These factors could have a negative impact on the outbound activities of international freight forwarding from China and consequently on the results of our freight forwarding business and our associates. For the year ended 31 December 2012, our share of results of associates decreased by 8.1% to HK$136.4 million, which was principally due to the weaker results of CCT in 2012 primarily as a result of the slowdown in China's exports. If China continues to experience slower growth or a decline in exports, our business, financial condition and results of operations could be materially and adversely affected.

We are dependent on our customers' business performance and their continuing outsourcing of logistics operations and demand for international freight forwarding services.

As a logistics service provider, we are primarily engaged in providing services to manufacturers, retailers and other customers to serve their needs along their supply chains. We are therefore dependent on our customers' business performance and developments in their markets and industries. If our customers' sales in a geographic market served by us decline, such decline will likely lead to a corresponding decrease in demand for our integrated logistics and international freight forwarding services. In addition, as we serve as a third-party logistics provider for our customers, adverse changes in their outsourcing decisions could materially and adversely affect our business, financial condition and results of operations. If our customers change their supply chain strategy and decide to reduce their outsourcing of logistics operations and perform certain or all of the operations themselves, this will have a direct negative impact on our integrated logistics business. Furthermore, when a customer ceases to outsource its logistics operations to us, the customer may find it less compelling or attractive to engage us as a stand-alone provider of freight forwarding services as a result of which our international freight forwarding business may also be negatively affected. Adverse developments in our customers' business performance and outsourcing decisions could therefore materially and adversely affect our business, financial condition and results of operations.

Trade restrictions could materially and adversely affect our business, financial condition and results of operations.

We are engaged in the international freight forwarding business to transport cargo worldwide. Our international freight forwarding business may be affected by trade restrictions implemented by countries or territories in which our customers are located or in which our customers' products are manufactured or sold. For example, we are subject to risks relating to changes in trade policies, tariff regulations, embargoes or other trade restrictions adverse to our customers' business. Actions by governments that result in restrictions on movement of cargo or otherwise could also impede our ability to carry out our international freight forwarding operations. In addition, international trade and political issues, tensions and conflicts may cause delays and interruptions to cross-border transportation and result in limitations on our insurance coverage. If we are unable to transport cargo to and from countries with trade restrictions in a timely manner or at all, our business, financial condition and results of operations could be materially and adversely affected.

We may be unable to renew leases with our customers upon expiration or re-let space at rates equal to or above the current rates, or at all, for our warehouses in Hong Kong.

A substantial portion of our profit is derived from rental and other income from our warehouses in Hong Kong. For the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, our Hong Kong warehouse segment accounted for 39.7%, 30.5%, 28.5% and 27.1% of our total segment results, respectively. Our results of operations could therefore be materially and adversely affected in the event of a significant decline in rental or occupancy rates due to changes in market conditions, difficulties in securing renewals or obtaining new customers, a reduction of space used by existing customers or other reasons. We cannot assure you that our customers will renew their long-term or short-term leases upon expiration or that we will be able to find replacement customers at rates equal to or higher than the current rates. Moreover, we may be unable to find replacement customers in time to minimise the vacancy periods. Any of these events could materially and adversely affect our business, financial condition and results of operations.

We face intense competition which may adversely affect our market position and business.

We face competition from a number of international, regional and domestic logistics companies, particularly in the international freight forwarding market. Many of our competitors may have significantly greater financial and marketing resources and operate larger global networks than we do. In the industry sectors and regions in which we are active, we also face competition from certain niche logistics providers, some of which have a significant market presence in their respective sectors. If we cannot maintain or gain sufficient market presence or are unable to differentiate ourselves from our competitors, we may not be able to compete effectively with our competitors. Our ability to compete effectively may be constrained by the following factors:

- We may lose key members of our management team and experienced employees (in particular those from our sales force who have established relationships with our key customers) to our competitors;

- Our competitors may deploy more advanced technology platforms;

- Our competitors may enter into alliances with international transportation or logistics services providers and have access to an extensive distribution network as well as resources and technologies that may not be available to us; and

- Certain domestic or regional competitors may have a lower cost base than ours.

As a result, we may not be able to compete effectively with our existing or potential competitors. In addition, increased competition may reduce the growth of our customer base, reduce our market share and result in higher selling and promotional expenses. If we are unable to compete effectively with our competitors, we may experience a decline in revenues and profitability and our business, financial condition and results of operations could be materially and adversely affected.

Our finance costs are affected by changes in interest rates.

As at 30 June 2013, we had total outstanding bank loans and overdrafts of HK$2,942.6 million, including a current amount of HK$658.2 million and a non-current amount of HK$2,284.4 million. Our finance costs consist principally of interest expense on bank loans and overdrafts, which amounted to HK$57.7 million and HK$42.0 million, or 4.4% and 5.8% of operating profit before fair value change of investment properties, for the year ended 31 December 2012 and the six months ended 30 June 2013, respectively. As at 30 June 2013, the effective annual interest rates of our major bank loans ranged between 1.32% (for loans denominated in New Taiwan dollars) and 5.82% (for loans denominated in Renminbi). Many of our bank loans bear floating interest rates determined by reference to an applicable benchmark interest rate, such as the Hong Kong Interbank Offer Rate or the People's Bank of China benchmark lending rate, which is subject to market movements. We cannot assure you that these benchmark interest rates will not be raised in the future. As at 30 June 2013, if interest rates had increased by 25 basis points and all other variables were held constant, our profit for the six months ended 30 June 2013 would have decreased by approximately HK$3.1 million as a result of the change in interest income on bank deposits and the borrowing costs of bank borrowings. Any significant increase in interest rates could therefore increase our finance costs and materially and adversely affect our profitability.

We require substantial capital resources to fund our business and we may not be able to obtain such resources.

We have substantial cash requirements for funding our working capital needs and our capital expenditures. For the year ended 31 December 2012 and the six months ended 30 June 2013, our total additions of property, plant and equipment, additions of investment properties and additions of leasehold land and land use rights amounted to HK$1,490.1 million and HK$669.3 million, respectively, and our capital expenditures for acquisitions of subsidiaries and associates amounted to HK$1,039.7 million and HK$518.2 million, respectively. We have historically met our substantial cash requirements by relying principally on cash flows from operations, bank loans and loans from fellow subsidiaries controlled by KPL. The outstanding loans from our fellow subsidiary will be fully settled through capitalisation of a portion of the loans prior to the Listing and repayment of the remaining portion promptly after the Listing, and we do not expect to obtain any new loans from any Controlling Shareholders or any fellow subsidiaries controlled by them. Following the Listing, we expect to continue to rely on cash flows from operations and bank loans and may also rely on other forms of debt financing. However, we cannot assure you that we will have sufficient cash flows or that we will be able to obtain additional bank loans or other third-party financing on satisfactory terms, or at all. Our ability to obtain adequate financing at reasonable costs depends on a number of factors, many of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, investors' confidence in us, our operating and financial performance, as well as any legal and regulatory restrictions. If we fail to obtain sufficient capital resources, we may be unable to complete future acquisitions or the construction of logistics facilities under development or we may be unable to undertake new acquisitions or developments. As a result, our business development, if any, will be curtailed until such time when we are able to obtain additional capital resources and our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to continue or effectively manage our expansion.

We seek to further expand our business by, among other things, pursuing commercially sustainable opportunities to invest in strategically located logistics facilities. However, our efforts to continue and effectively manage our expansion may not be successful. If we expand too rapidly resulting in an over-leveraged financial condition, we may encounter financial difficulties in a business downturn. On the other hand, if we fail to expand at a sufficiently rapid pace, we may lose market share and potential customers to our competitors. Our expansion is subject to many risks and uncertainties, including, for example: (i) the growth and development of the integrated logistics market in Asia and the international freight forwarding market; (ii) the development of our businesses in accordance with our projected costs and within our estimated time frame; and (iii) our delivery of commercially viable services based on new business processes or technologies.

In addition, in conjunction with making further investments in assets, we will continue to pursue opportunities to acquire strategic businesses globally. Acquisition activities, however, involve significant risks and uncertainties, including, for example: (i) difficulties in identifying suitable acquisition targets and competition from other potential acquirers; (ii) difficulties in determining the appropriate purchase price of acquired businesses, which may result in potential impairment of goodwill; (iii) potential increases in debt, which may increase our finance costs as a result of higher interest payments; and (iv) exposure to unanticipated contingent liabilities of acquired businesses.

We cannot assure you that we will be able to address all the risks involved in expanding our business or that we will be successful in expanding our business beyond our current services or geographic network. Furthermore, our acquired businesses may not achieve the anticipated financial results or be profitable at all. Failure to adequately address expansion or acquisition risks could materially and adversely affect our business, financial condition and results of operations.

We may not be able to successfully integrate acquired businesses.

We have expanded our integrated logistics and international freight forwarding businesses in part through acquisitions and we intend to continue to pursue suitable acquisition opportunities, in particular to expand our geographic network and further strengthen our market position. However, integration of newly acquired businesses may be costly and time-consuming and each acquisition could present us with significant risks and difficulties, for example, in:

- integrating the operations and personnel of the acquired businesses and implementing uniform IT systems, controls, procedures and policies;
- retaining relationships with key employees, customers, business partners and suppliers of the acquired businesses;
- successfully entering a business segment or geographic market in which we have limited prior experience;
- achieving the anticipated synergies and strategic or financial benefits from the acquisitions; and
- addressing the economic, political, regulatory and foreign exchange risks associated with the relevant jurisdiction in which the acquired businesses are located.

In addition, we have acquired, and may continue to acquire, non-controlling interests in companies operating as our associates. As we do not control but only have influence over their operating and financial policies, it is uncertain whether we will be able to achieve the intended objectives or benefits of those investments. As a result, we cannot assure you that our acquisitions will always be successful. Our business, financial condition and results of operations could be materially and adversely affected if we are unable to integrate or benefit from major acquisitions.

We may encounter difficulties in managing the operations of our joint ventures effectively.

We have entered into a number of joint ventures with third-party partners in various businesses and in different countries or territories. For example, we operate, in conjunction with local partners, certain joint ventures in integrated logistics in China and in international freight forwarding in Brazil. We cannot assure you that disputes will not arise between us and our joint venture partners, or that our joint venture partners will not breach their obligations to us or under the relevant joint venture agreements. In particular, our joint venture partners may:

- have economic or business interests inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our objectives or policies;
- be unable or unwilling to fulfil the obligations under the relevant joint venture agreements;
- have financial difficulties; or
- have disputes with us relating to the provisions in the joint venture agreements.

If we encounter difficulties or have any disputes with our joint venture partners, the performance of these joint ventures will be negatively affected and we may not be able to manage their operations effectively. Any of these events could have a material and adverse effect on our business, financial condition and results of operations.

Our business and growth prospects depend on our ability to continue to attract and retain qualified personnel, including our senior management.

Members of our senior management team have extensive management experience and have been with us for a significant period of time. We believe the experience and stability of our senior management team have been critical to our success and business growth and our continuing success depends on our ability to attract and retain a large group of experienced professionals. However, the turnover rate of the logistics industry is relatively high and there is a limited supply of experienced professionals in the industry. As a result, any loss of the services of any members of our senior management team and failure to recruit and retain a sufficient number of experienced personnel could materially and adversely affect our business, financial condition and results of operations.

Our business is highly dependent on information technology.

We have developed proprietary IT systems to enable efficient operational management and to better serve our customers' supply chain needs. Our proprietary IT systems include the Warehouse Management System ("WMS"), which is an internally designed, developed and supported IT solution that we deploy globally to manage our logistics operations. In addition, we have also developed KerrierVISION, which is an online platform designed to enhance visibility, accessibility and connectivity by enabling prompt information flow between our customers and their supply chains. Moreover, we have been implementing in stages a single freight management system designed to consolidate our diverse operations worldwide into one global practice. Therefore, our ability to maintain effective information management depends, in part, upon our ability to make timely and cost-effective enhancements and additions to the technology underpinning our operational platform and to introduce new technological products and services that meet customer demands. We cannot assure you that we will be able to successfully keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our services less competitive or attractive. In addition, hardware or software failure relating to our IT systems could significantly disrupt customer workflows and cause economic losses for which we could be held liable and which could damage our reputation. We are also subject to hacking or other attacks on our IT systems. Although we have anti-virus and anti-hacking measures in place, we cannot assure you that we can successfully block and prevent all hacking or other attacks. As a result, failure to meet our customers' IT demand or to protect against technological disruptions of our operations or operations of our customers could materially and adversely affect our business, financial condition and results of operations.

Significant increases in freight and transportation costs may materially and adversely affect our business, financial condition and results of operations.

We incur significant costs in procuring cargo space from airlines and ocean carriers, as well as providing or arranging for land transportation services. For the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013, freight and transportation costs were HK$7,234.2 million, HK$10,606.5 million, HK$13,102.4 million and HK$6,319.7 million, respectively, representing 66.5%, 66.1%, 67.9% and 66.4% of our total revenue, respectively. Freight and transportation costs are significantly affected by a variety of factors, including fuel prices, the imposition of, or increases in, import or export taxes, vehicle taxes and duties, the supply of cargo space and other factors, many of which are beyond our control. We generally price our services, in particular our freight forwarding contracts, by reference to freight and transportation costs. The inability to pass on to our customers any significant increases in freight and transportation costs could therefore materially and adversely affect our business, financial condition and results of operations.

We derive a significant portion of our revenue from international operations and are exposed to foreign exchange risk.

We currently have a presence in 35 countries and territories, including three through our sales staff. Our business is therefore exposed to fluctuations in foreign exchange rates as our commercial transactions and our assets and liabilities are denominated in many different currencies, but we report our consolidated financial results in Hong Kong dollars. As we currently do not hedge foreign currency exposure in general, significant volatility in foreign exchange rates may negatively affect our results of operations and other comprehensive income. While we may consider hedging any significant future foreign currency exposure by using foreign exchange forward contracts, we cannot assure you of the availability and effectiveness of those instruments, and we may not be able to adequately hedge our exposure.

Costs of compliance with existing or future environmental laws and regulations could significantly increase our costs of operations.

We maintain a fleet of more than 6,500 self-owned vehicles, including delivery trucks, cargo vans and container trucks, for our integrated logistics and international freight forwarding operations. Our motor vehicles are subject to environmental laws and regulations governing, among other things, greenhouse gas emission. As climate change initiatives become more prevalent globally, many governments have increased their focus on reducing greenhouse gas emissions and enhancing environmental sustainability in the business sector. Customers may also demand higher environmental standards with respect to our logistics facilities and motor vehicles. Any change in environmental laws and regulations, including those which require us to modify or retire our existing fleet or require us to modify our operations, could cause us to incur substantial additional costs, as a result of which we could suffer increased costs of operations and a loss of business.

Our business, financial condition and results of operations could be materially and adversely affected if we experience any severe damage to reputation or if we lose the right to use or fail to protect our brand, trademarks or other intellectual property rights.

We market our services primarily under the "Kerry" brand name and related trademarks. As we consider the use of these trademarks to be important to our business and our customers and suppliers may also associate us with KGL, KPL and their related businesses, we are vulnerable to reputational risk. Any incidents which could generate negative publicity concerning our businesses, such as any failure to deliver satisfactory services to a high-profile customer, or concerning KGL, KPL or their related businesses could cause severe damage to our reputation and our brand image.

The trademarks relating to the "Kerry" brand name (as set out in the section headed "Appendix VII — Statutory and General Information — C. Further Information about the Business of our Company — 2. Our material intellectual property rights") are owned by Kuok Registrations Limited, a subsidiary of KGL. We have entered into a licensing agreement with Kuok Registrations Limited, pursuant to which we have been granted a non-exclusive licence to use the trademarks for an indefinite term until the agreement is terminated by Kuok Registrations Limited upon the occurrence of certain specified termination events. These termination events include, among others, KGL ceasing to hold or control, directly and/or indirectly, 30% or more of the voting rights in our Company, any material breach of the licensing agreement on our part that is not cured in a timely manner, and our Company being unable to pay its debts, becoming insolvent or being wound up. Our right to use the trademarks is therefore subject to revocation if the licensing agreement is terminated in any such event. We will not be able to use the internet domain names of any level containing the word "Kerry" if the licensing agreement is terminated. In addition, our owned or licensed trademarks may be misused by third parties and we may have to incur expenses in protecting these trademarks. Any unauthorised use of the "Kerry" brand, our owned or licensed trademarks or other intellectual property rights could harm our competitive advantage. In the event that we lose the right to use or fail to protect the "Kerry" brand, our owned or licensed trademarks or other intellectual property rights, our business, financial condition and results of operations could be materially and adversely affected.

We may have to incur significant charges for impairment of goodwill.

Goodwill represents the excess of the cost of an acquisition over the fair value of our share of the net identifiable assets of the acquired subsidiary or associate as at the date of acquisition. We typically engage an independent valuer for valuation of goodwill of an acquisition target and attribute purchase price to different categories of intangible assets accordingly. As at 30 June 2013, the carrying balance of our goodwill was HK$1,792.6 million. As required by HKFRSs, we test goodwill annually for impairment. We allocate goodwill to our cash-generating units identified according to the place of operation and determine the recoverable amount of a cash-generating unit based on value-in-use calculations, except for Taiwan in which the recoverable amount is determined based on the excess of fair value less costs to sell. For the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, we recorded a charge for impairment of goodwill in the amounts of HK$40.4 million, HK$7.3 million, HK$7.0 million and nil, respectively. The impairment of goodwill charged for the year ended 31 December 2010 related primarily to a number of subsidiaries acquired prior to 2008. We determined that goodwill was impaired in 2010 in light of the impact of the global financial crisis on these subsidiaries. Any significant charge for impairment of goodwill in the future could materially and adversely affect our profitability.

Our results of operations include fair value adjustment on investment properties, which is unrealised and could be subject to significant fluctuations.

As at 30 June 2013, we held investment properties with an aggregate carrying amount of HK$6,228.9 million. In accordance with HKFRSs, we reassess the fair value of our investment properties at every balance sheet date based on valuations carried out by independent professional valuers. Such valuations involve the exercise of professional judgement and use certain bases and assumptions, which, by their nature, are subjective and uncertain. These assumptions include, among others, that (i) we have enforceable title to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted; and (ii) the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values. See "Financial Information — Critical Accounting Policies — Fair Value of Investment Properties". As such, the valuations may be subject to substantial fluctuations and the actual realisable value upon disposal of our investment properties may be lower than the carrying amount of our investment properties. Unforeseeable factors such as national and local economic conditions may also affect the value of our properties. In particular, the fair value of our investment properties could remain stable or decrease if the market for comparable properties experiences a downturn as a result of economic downturn or for other reasons.

In addition, any gains or losses arising from changes in fair value of investment properties are included in our consolidated income statement in the period in which they arise. For the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, we recorded an increase in fair value of investment properties in the amounts of HK$176.0 million, HK$130.3 million, HK$265.2 million and HK$458.3 million, respectively, representing 14.9%, 9.5%, 16.0% and 38.1% of profit before taxation, respectively. While these increases in fair value of investment properties contributed a significant part of profit before taxation during the Track Record Period, none of these gains were cash transactions. Any increase or decrease in fair value of investment properties does not change our cash position or liquidity as long as the relevant investment properties are retained by us. Therefore, any increase in fair value of investment properties by itself does not generate a flow of funds from which dividends could be paid. The amount of fair value adjustment has been, and will continue to be, subject to market fluctuations, which could result in significant fluctuations in profit from year to year. Any significant decrease in fair value of investment properties could have a material negative impact on our profitability.

Our ability to pay dividends and utilise cash resources in our subsidiaries and associates is dependent upon the earnings of, and distributions by, our subsidiaries and associates and may be subject to governmental control and restrictions over currency conversion and remittance of currency.

We are a holding company and we conduct substantially all of our business operations through our subsidiaries. We also invest in certain logistics businesses and hold such companies as our associates. Accordingly, our ability to pay dividends is dependent upon the earnings of our subsidiaries and our associates and their distribution of funds to us. The ability of these subsidiaries and associates to make distributions to us is subject to applicable legal and other restrictions, including governmental control and restrictions over currency conversion and remittance of currency out of the countries in which the subsidiaries or associates are located, the amount of distributable earnings, cash flow conditions, restrictions contained in the articles of association of such companies and associates and shareholder arrangements. Any of these restrictions could reduce the amount of distributions that we receive from our subsidiaries and our associates, which would restrict our ability to fund our business operations, pay any debt by the Company and pay dividends to our Shareholders.

We rely on income from our associates in which we do not have a controlling interest.

We derive a significant portion of profit from our interests in our associates. During the Track Record Period, our share of results of our associates principally comprised (i) our share of results of CCT, in which we own a 25% equity interest, and (ii) our share of results of AAT, in which we own a 15% equity interest. For the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, our share of results of our associates was HK$208.8 million, HK$148.5 million, HK$136.4 million and HK$71.6 million, which accounted for 21.4%, 13.2%, 10.1% and 6.8% of our profit for the year or period, or 31.4%, 20.0%, 16.7% and 15.7% of our core net profit for the year or period, respectively. In particular, our share of results of CCT for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 was HK$150.0 million, HK$110.4 million, HK$99.5 million and HK$55.4 million, respectively. We do not have a controlling interest in any of our associates, including CCT and AAT, and their results could be adversely affected by a variety of factors beyond our control. Our share of results of associates, in particular CCT, had declined during the period from 2010 to 2012 and we cannot assure you that our share of results of associates will continue to contribute an equal or higher amount to our profit or at all. Any significant reduction in their contribution to our profit could materially and adversely affect our business, financial condition and results of operations.

Prolonged disruptions of business operations due to work stoppages or strikes could adversely affect our business.

We employ a large workforce, with certain employees in China and Australia being part of labour unions. Industrial action or other labour unrest directed against us or our suppliers, including terminal operators or our overseas agents, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to delays in satisfying our client orders and decreases in our revenue. These actions are impossible for us to predict or control. Further, we cannot assure you that labour unrest will not affect general labour market conditions or result in changes to labour laws, which in turn could materially and adversely affect our business, financial condition and results of operations.

Our insurance may be insufficient to cover all losses associated with our business operations.

We procure insurance for our operations against third-party liability, transportation risks, property loss and damage, and workers' compensation for injury and death. Our existing insurance coverage may be insufficient to cover all the risks associated with our business and operations, for example the risks involved in handling pharmaceutical and healthcare products as well as food and beverages. In the case of an uninsured loss or a loss in excess of insured limits, including those caused by natural disasters and other events beyond our control, we may be required to pay for losses, damages and liabilities out of our own funds, which could materially and adversely affect our business, financial condition and results of operations. Even if our insurance coverage is adequate to cover our direct losses, we may not be able to take remedial actions or other appropriate measures. Furthermore, our claim records may affect the premiums which insurance companies may charge us in the future.

We may incur losses as a result of excess capacity of logistics facilities.

We are typically required to provide warehouse capacity for our integrated logistics customers. In order to meet such customer requirements, we maintain our own warehouses and logistics centres as well as lease additional warehousing space from third parties. We maintain or increase our logistics facilities on the basis of actual demand or projections as to future demand for our integrated logistics services. Such projections involve uncertainties, including changes in the economic conditions in the specific industry sector for which the capacity is purchased or maintained and any decision by our customers to terminate or not to renew their contracts with us. If we are not able to use or sell the excess warehouse capacity that we own or lease, we may incur losses and may also be required to record impairments on assets, which could materially and adversely affect our business, financial condition and results of operations.

Major litigation may affect our business.

We are from time to time involved in legal proceedings and are exposed to the possibility of being involved in other major legal proceedings. See the section headed "Business — Legal and Regulatory Matters — Legal Proceedings". If we are unsuccessful in defending any legal proceedings, or are unsuccessful in settling any legal proceedings on commercially reasonable terms, and the damages which we may be liable to pay in respect of such legal proceedings are not covered by our insurance policies, our business, financial condition and results of operations could be materially and adversely affected. In addition, our management's attention could be diverted from the operation of our business in order to defend the legal proceedings in which we are involved, which could also negatively affect our business.

Natural disasters, epidemics, acts of war, terrorist attacks and other events could materially and adversely affect our business.

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to global or regional economic instability, which may in turn materially and adversely affect our business, financial condition and results of operations.

An outbreak or epidemic, such as those of the severe acute respiratory syndrome ("SARS") or the H1N1 and H5N1 viruses, could cause general consumption or the demand for specific products to decline, which could result in reduced demand for our services. Such an outbreak or epidemic may also cause significant interruption to our operations as health or governmental authorities may impose quarantine and inspection measures on our contract carriers or restrict the flow of cargo to and from areas affected by the epidemic. In addition, airplanes, shipping vessels and other transportation vehicles can be targets of terrorist attacks, which could lead to, among other things, increased insurance and security costs. Political tensions or conflicts and acts of war or the potential for war could also cause damage and disruption to our business, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO COUNTRIES AND TERRITORIES IN WHICH WE OPERATE

The economic, political, legal and social conditions and government policies of the PRC could have a material adverse effect on our business.

We have significant operations in China. For the year ended 31 December 2012 and the six months ended 30 June 2013, our subsidiaries in China accounted for 45.3% and 44.6% of our total revenue, respectively. As at 30 June 2013, our subsidiaries in China accounted for 23.1% of our total non-current assets. Accordingly, our business, financial condition and results of operations are affected by changes in local governmental policies and political and social conditions in China. The economy of China differs from other countries in many respects such as its structure, government involvement, level of development, growth rate, capital investment, allocation of resources, rate of inflation and balance of payments position. The economy of China has been transitioning from a planned economy to a more market-oriented economy and the PRC Government has implemented measures emphasising the utilisation of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. These economic reform measures may be adjusted or modified or applied inconsistently from industry to industry, or across different regions of China. We cannot assure you that the PRC Government will continue to pursue a policy of economic reform. In addition, we may be unable to capitalise on the economic reform measures adopted by the PRC Government. Any changes in the political, economic, legal and social conditions in China or the relevant policies of the PRC Government, such as changes in laws and regulations or their interpretation, in particular changes in labour laws which may result in wage increases, inflationary measures, changes in the rate or method of taxation, further foreign exchange restrictions and the imposition of additional import restrictions, could materially and adversely affect our business, financial condition and results of operations.

The introduction of VAT by the PRC Government to replace business tax may subject us to higher tax expenses.

The PRC Government has adopted changes to the tax system to gradually replace the business tax with a new VAT for various service sectors. Pursuant to the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax promulgated by the Ministry of Finance and the State Administration of Taxation of the PRC in 2012 (the "2012 VAT regime"), companies in the transportation sector in certain municipalities and provinces have ceased to be subject to business tax, which was typically charged at a rate of 5% on total sales, and instead are subject to VAT at rates ranging between 6% and 11% charged on the amount of value added during the business process. Our subsidiaries in these municipalities and provinces, including those in Shanghai, Beijing, Anhui, Tianjin, Jiangsu, Fujian (including Xiamen) and Guangdong (including Shenzhen), have been subject to the 2012 VAT regime. Since 1 August 2013, the implementation of the 2012 VAT regime has been extended to cover the whole of China for companies in the transportation sector. Since the nationwide implementation of the VAT regime on companies in the transportation industry is relatively new, it is uncertain how the introduction of VAT will influence the transportation sector, including our suppliers, our competitors, and our subsidiaries and associates in China and the extent to which it will increase our tax expenses. Any significant increase in tax expenses due to the new VAT could materially and adversely affect our results of operations.

We are subject to stringent licensing requirements in China.

We are required to comply with the regulatory requirements to obtain and maintain certain licences and permits in the jurisdictions in which we operate. These licences and permits are subject to regular review, replacement or renewal. In particular, the PRC Government imposes stringent requirements for the issuance, replacement and renewal of these licences and permits. Licensing authorities in different provinces and cities may apply different licensing criteria and standards, and such criteria and standards may change from time to time. We cannot assure you that the licences and permits applied for or held by us in China will be issued or approved under these regulatory reviews and be replaced or renewed in a timely manner, or at all, or that we will be able to respond successfully to new legal and regulatory requirements in a timely manner, or at all. Furthermore, we may incur significant costs in complying with the conditions for the inspection, approval or renewal of licences and permits in China. In the event that we are unable to successfully complete the reviews on a timely basis or to receive or obtain replacement or renewal of the licences and permits, our business may be suspended in part or in its entirety. In the event that we are fined for non-compliance with regulatory requirements, or if we are unable to obtain necessary permits to provide certain services, or if we are unable to pass on any costs of increased regulation to our customers, our business, financial condition and results of operations could be materially and adversely affected.

We rely on independent third-party employment agencies to provide contract personnel for our operations. We have limited control over these contract personnel and we may be liable for the employment agencies' violations of the applicable PRC labour laws and regulations.

We engage a substantial number of staff through employment agencies on an as-needed basis for our operations across the PRC. We have entered into agreements with these agencies for the engagement of contract personnel. For further details, see the section headed "Business — Employees". Since these contract personnel are not directly employed by us, our control over them is limited. If any contract personnel fail to operate in accordance with our business guidelines, our market reputation, brand image and results of operations could be materially and adversely affected.

Since we depend on the employment agencies to meet our staffing requirements, we rely on them for the performance of their respective obligations under our agreements with them and in accordance with all applicable laws in the PRC. Nevertheless, under the PRC Labour Contract Law, which became effective on 1 January 2008 and was amended on 28 December 2012 (which amendment became effective on 1 July 2013), we may be jointly liable for the employment agencies' failure to comply with all applicable labour laws and regulations concerning the contract personnel provided to us. Accordingly, if the employment agencies violate any relevant requirements under the applicable PRC labour laws, regulations or otherwise, we may incur legal liability and our business, financial condition and results of operations could be materially and adversely affected.

The implementation of the PRC Social Insurance Law may increase our operating expenses and may materially and adversely affect our business, financial condition and results of operations.

The Social Insurance Law of the PRC (the "Social Insurance Law") was promulgated on 28 October 2010 and became effective on 1 July 2011. Pursuant to the Social Insurance Law, companies in the PRC are required to make social insurance contributions for the benefit of their employees. As at 30 June 2013, we had a total of 6,995 employees in China. The implementation of the Social Insurance Law could increase our staff costs and expenses associated with social insurance payable in the PRC and may materially and adversely affect our business, financial condition and results of operations.

We may be adversely affected by inflation in China.

In recent years, the PRC economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. During the past ten years, the rate of inflation in China has been as high as 6.2% and as low as -0.8%, and as at June 2013, the consumer price index in China increased by 2.7% year-over-year, according to the National Bureau of Statistics of China. That has led to the adoption by the PRC Government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC Government to impose controls on credit or prices, or to take other action, which could inhibit economic activity in China, and thereby harm our business and the businesses of our customers, which could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with PRC regulations in respect of the registration of shares granted to our PRC citizen employees may subject such employees or us to fines and legal or administrative sanctions.

Pursuant to the Implementation Rules of the Administrative Measures for Foreign Exchange for Individuals issued by the State Administration of Foreign Exchange ("SAFE") on 5 January 2007 and the Notice on Issues Concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies issued by SAFE on 15 February 2012, PRC citizens who are granted shares or share options by an overseas listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company, to collectively entrust a domestic agent to handle matters such as foreign exchange registration, account opening, funds transfers and remittance, and entrust an overseas institution to handle matters such as the exercise of options, purchases and sales of related stocks, and funds transfer. In addition, the domestic agent shall open a domestic special foreign exchange account with a designated bank. After repatriation of foreign currency income earned by PRC citizens from participation in an employee share option or share incentive plan, the domestic agent must request the bank to transfer the funds from its special foreign currency account to the respective personal foreign currency deposit accounts. We and our PRC citizen employees who were granted Pre-IPO Share Options, Post-IPO Share Options or RSUs will be subject to these requirements upon the Listing. If we or such PRC citizen employees fail to comply with these requirements, we or such PRC citizen employees may be subject to fines and legal or administrative sanctions.

Disruptions in Taiwan's political environment or a deterioration in Taiwan's economic condition could materially and adversely affect our business.

We have significant operations in Taiwan. For the year ended 31 December 2012 and the six months ended 30 June 2013, Taiwan accounted for 10.3% and 10.2% of our total revenue, respectively. As at 30 June 2013, Taiwan accounted for 16.5% of our total non-current assets. Accordingly, our business, financial condition and results of operations may be affected by changes in local governmental policies and political and social instability in Taiwan. Taiwan has a unique international political status. The PRC Government asserts sovereignty over mainland China and Taiwan, and does not recognise the legitimacy of the government of Taiwan. An increase in tensions between Taiwan and China and the possibility of instability and uncertainty could adversely affect the price of the Shares. Relations between Taiwan and the PRC and other factors affecting Taiwan's political environment could affect our business, particularly in Taiwan. Our business, financial condition and results of operations may be affected by changes made by the government of Taiwan in the policies, taxation, inflation and interest rates in Taiwan, as well as general economic conditions in Taiwan.

We face risks associated with our operations in South and Southeast Asia.

We operate in various countries in South and Southeast Asia, including several developing countries with evolving legal frameworks and government policies, such as India, Thailand, Vietnam, Laos, Cambodia and Myanmar. For the year ended 31 December 2012 and the six months ended 30 June 2013, South and Southeast Asia accounted for 12.4% and 14.7% of our total revenue, respectively. As at 30 June 2013, South and Southeast Asia accounted for 17.5% of our total non-current assets. Our business, financial condition and results of operations are subject to risks and uncertainties relating to the relevant countries in which we operate, including:

- exposure to international, regional and local economic and political conditions and regulatory policies;
- changes in legal developments and enforcement risks;
- control of foreign exchange and fluctuations in foreign exchange rate;
- inflation;
- developments in labour law and increase in labour cost;
- restrictions or requirements relating to foreign investment;
- limitations on repatriation of earnings, including withholding and other taxes on remittances and other payments by subsidiaries; and
- compliance with the requirements of applicable sanctions, anti-bribery and related laws and regulations.

For example, as a result of territorial and maritime disputes in the South China Sea, diplomatic relations between China and Vietnam as well as the Philippines have been tense from time to time and affected by events surrounding the assertion of sovereignty and territorial claims over the disputed areas, such as maritime confrontation and competing territorial claims. In April 2012, the Philippines was engaged in a standoff with China over a disputed area while, in June 2012, Vietnam criticised China's move to incorporate disputed island groups into a new administrative entity. Any deterioration in relations among any of China, Vietnam and the Philippines could result in the closing of borders, the imposition of trade barriers or a breakdown of diplomatic ties, any of which could have a negative effect on the general trading and economic conditions of these countries, which could negatively affect our business.

The South and Southeast Asian countries in which we operate may continue to undergo changes in political, economic and social conditions, as well as legal developments and government policies. We cannot assure you that any future changes will not materially and adversely affect our business, financial condition and results of operations.

Several countries in which we operate impose restrictions on foreign ownership of businesses. Changes in relevant laws and regulations or policies could materially and adversely affect our business, financial condition and results of operations.

Foreign investors are subject to restrictions on foreign ownership in certain industries in several countries in which we operate, including Thailand, Vietnam and other countries. The governments of these countries and other countries in which we operate may re-evaluate or amend the relevant laws and regulations or policies, and any adverse changes in the laws and regulations or policies, including their application or interpretation, could require us to remove or amend our existing arrangements or reduce our voting or economic interests in any existing or future subsidiaries and associates in these countries. Any such removal, amendment or reduction could affect our ability to successfully implement our business strategies and operate in the relevant countries. Furthermore, we cannot assure you that our subsidiaries or associates will be able to comply with any new restrictions on foreign ownership because compliance may be affected by whether other shareholders are considered domestic or foreign investors, as determined in accordance with the applicable laws and regulations. If foreign ownership restrictions are determined to have been violated, monetary and criminal penalties could be imposed and relevant licences or agreements could be cancelled or voided. Any of these events could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and an active trading market for the Shares may not develop or be sustained.

Prior to the Global Offering, no public market for the Shares existed. Following the completion of the Global Offering, the Hong Kong Stock Exchange will be the only market on which the Shares are publicly traded. We cannot assure you that an active trading market for the Shares will develop or be sustained after the Global Offering. In addition, we cannot assure you that the Shares will trade in the public market subsequent to the Global Offering at or above the Offer Price. The Offer Price for the Shares will be determined by agreement among the Joint Global Coordinators (on behalf of the Hong Kong Underwriters and the International Underwriters) and us, and may not be indicative of the market price of the Shares following the completion of the Global Offering. If an active trading market for the Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of the Shares could be materially and adversely affected.

The trading price of the Shares may be volatile, which could result in substantial losses to you.

The trading price of the Shares may be volatile and could fluctuate widely in response to factors beyond our control, including the general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the trading price performance of other companies offering services related to ours, such as transport, logistics, shipping, aviation or freight companies, may affect the trading price of the Shares. In addition to market and industry factors, the price and trading volume for the Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow could cause the market price of the Shares to change substantially. Any of these factors may result in large and sudden changes in the trading volume and price of the Shares.

The interests of our Controlling Shareholders may differ from those of our other Shareholders.

Prior to the completion of the Spin-off, we were a wholly-owned subsidiary of KPL, and KPL and KGL were our Controlling Shareholders. Immediately following the Spin-off and the issuance of Shares pursuant to the RSU Scheme, the Controlling Shareholders will together own approximately 67.65% of our issued share capital, assuming the Over-allotment Option is not exercised (or approximately 66.35%, if the Over-allotment Option is exercised in full), but without taking into account any Shares to be issued upon the exercise of the Pre-IPO Share Options or the Post-IPO Share Options. For details, please refer to page 143 of this prospectus. Our Controlling Shareholders may be able to exercise substantial control or influence over our business by directly or indirectly voting at shareholders' meetings on matters that are significant to us and our other Shareholders. The interests of the Controlling Shareholders may not be the same as, and may differ from, the interests of our other Shareholders. Accordingly, the Controlling Shareholders may take actions that favour their own interests over our interests or those of our other Shareholders.

Since there will be a gap of several days between pricing and trading of the Shares, holders of our Shares are subject to the risk that the price of the Shares could fall during the period before trading of the Shares begins.

The Offer Price of the Shares is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be seven days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of the Shares are subject to the risk that the price of the Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

Any sale of a substantial amount of the Shares in the public market, or the perception that such sale may occur in the near future, could materially and adversely affect the market price of the Shares.

We cannot assure you that, after the expiry of the restrictions in respect of their lock-up undertakings, the Controlling Shareholders will not dispose of any Shares that they may own now or in the future. See the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering". It is also uncertain if KPL's shareholders who receive our Shares from the Distribution will continue to hold the Shares after the Listing and, if so, how long they will continue to do so. Any sale of a substantial amount of the Shares in the public market after the completion of the Global Offering, or the perception that these sales may occur in the near future, could negatively affect the market price of the Shares. Such sale or perception could also materially impair our ability to raise capital through offerings of additional Shares in the future.

The availability of Shares for sale in the future could reduce the market price of the Shares.

In the future, we may issue additional Shares, or securities convertible into the Shares, to raise capital. We may also acquire interests in other companies by issuing Shares, or using a combination of cash and Shares. Any of these events may dilute your ownership interest in our Company and could negatively affect the market price of the Shares.

Because the Offer Price of the Shares is higher than our net tangible book value per Share, purchasers of the Shares in the Global Offering will experience immediate dilution.

If you purchase Shares in the Global Offering, you will pay more for your Shares than our net book value on a per Share basis. As a result, you will experience an immediate dilution of approximately HK$4.02 per Share, representing the difference between our pro forma net tangible book value per Share as at 30 June 2013, after giving effect to the Global Offering, and the assumed initial public offering price of HK$9.50 per Share (being the midpoint of the estimated Offer Price range of HK$8.80 and HK$10.20 per Offer Share).

The laws of Bermuda relating to the protection of the interests of minority shareholders may differ from the laws of Hong Kong and other jurisdictions.

Our corporate affairs are governed by the Memorandum of Continuance, the Bye-laws, the Companies Act, and the common law of Bermuda, which is derived in part from relatively limited judicial precedents in Bermuda as well as from English common law which has persuasive, but not binding, authority on a court in Bermuda. The laws of Bermuda relating to the protection of the interests of minority shareholders may differ in certain respects from those established under the statutes or judicial precedents in Hong Kong or other jurisdictions. The rights of Shareholders and the fiduciary duties of our Directors under Bermuda law may not be as clearly established as they would be under the statutes or judicial precedents in Hong Kong or other jurisdictions where investors may be located. In particular, Bermuda has a relatively less developed body of securities laws. Accordingly, minority Shareholders may have different protection than they would have under the laws of Hong Kong or other jurisdictions. See "Appendix IV — Summary of the Constitution of the Company and Companies Act" for a summary of the applicable Bermuda laws.

We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various public data sources and other independent third-party sources contained in this prospectus.

Certain facts, forecasts and other statistics relating to the logistics industry contained in this prospectus have been derived from various public data sources and other independent third-party sources, including the Armstrong Report, and generally are believed to be reliable. However, we cannot guarantee the accuracy or completeness of such information. These facts, forecasts, and other statistics have not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, their respective directors and advisers or any other parties involved in the Global Offering and none of them makes any representation as to the accuracy or completeness of such information. Furthermore, such facts, forecasts, and other statistics may not be prepared on a comparable basis or may not be consistent with other sources. For these reasons, you should not place undue reliance on such information as a basis for making your investment in the Shares.

You should not place any reliance on any information contained in press articles, research analysts' reports or other media regarding us and the Global Offering.

You should not place any reliance on any information contained in press articles, reports of research analysts or other media regarding us and the Global Offering. There has been prior to the date of this prospectus, and there may be, after the date of this prospectus, press, media and research analyst coverage regarding us and the Global Offering which cited certain financial information, financial projections, valuations and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage, any research report or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, you should not rely on any such information.