

INTERIM REPORT  
2021

# NAVIGATING DELTA



Kerry Logistics  
Network Limited

0636.HK

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

## QUICK FACTS

60

countries & territories

40,000+

full-time employees worldwide

75M ft<sup>2</sup>

land & facilities

10,000+

self-owned operating vehicles

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ASIA SPECIALIST  
CHINA FOCUS  
GLOBAL NETWORK

# CORPORATE INFORMATION & KEY DATES

## BOARD OF DIRECTORS

Executive Directors  
Mr KUOK Khoon Hua (Chairman)  
Mr MA Wing Kai William (Group Managing Director)  
Mr CHEUNG Ping Chuen Vicky  
Mr NG Kin Hang

Non-executive Director  
Ms TONG Shao Ming

Independent Non-executive Directors  
Ms KHOO Shulamite N K  
Ms WONG Yu Pok Marina  
Mr YEO Philip Liat Kok  
Mr ZHANG Yi Kevin

## AUDIT AND COMPLIANCE COMMITTEE

Ms WONG Yu Pok Marina (Chairman)  
Ms TONG Shao Ming  
Mr ZHANG Yi Kevin

## REMUNERATION COMMITTEE

Ms KHOO Shulamite N K (Chairman)  
Mr KUOK Khoon Hua  
Mr MA Wing Kai William  
Mr YEO Philip Liat Kok  
Mr ZHANG Yi Kevin

## NOMINATION COMMITTEE

Mr KUOK Khoon Hua (Chairman)  
Ms KHOO Shulamite N K  
Ms WONG Yu Pok Marina  
Mr YEO Philip Liat Kok

## FINANCE COMMITTEE

Mr MA Wing Kai William (Chairman)  
Mr NG Kin Hang  
Ms TONG Shao Ming

## RISK MANAGEMENT COMMITTEE

Mr MA Wing Kai William (Chairman)  
Mr NG Kin Hang  
(plus two members of the senior management and a department head, who are non-members of the Board)

## COMPANY SECRETARY

Ms LEE Pui Nee

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants and  
Registered PIE Auditor

## LEGAL ADVISER

Norton Rose Fulbright Hong Kong

## REGISTERED OFFICE

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

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

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East, Hong Kong

## INVESTOR RELATIONS

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

## WEBSITE

www.kln.com

## KEY DATES

Record Date  
13 September 2021

Proposed Payment of Interim Dividend  
28 September 2021

# FINANCIAL HIGHLIGHTS

HK\$M

REVENUE  
36,709

▲ 68%

SEGMENT PROFIT  
IL  
1,292

▲ 13%

IFF  
1,437

▲ 279%

CORE OPERATING PROFIT  
2,536

▲ 70%

CORE NET PROFIT  
1,530

▲ 81%

PROFIT ATTRIBUTABLE TO  
THE SHAREHOLDERS  
3,380

▲ 215%

INTERIM DIVIDEND  
HK CENTS PER SHARE

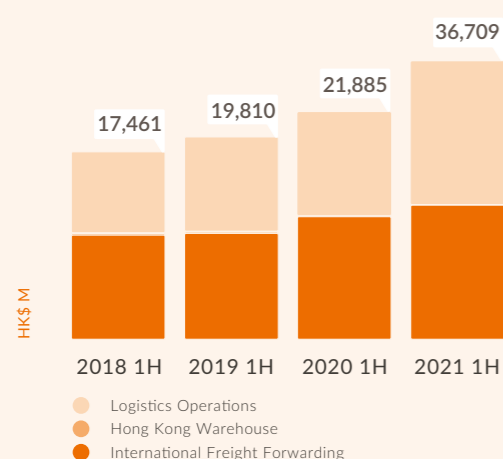
21.1

GEARING

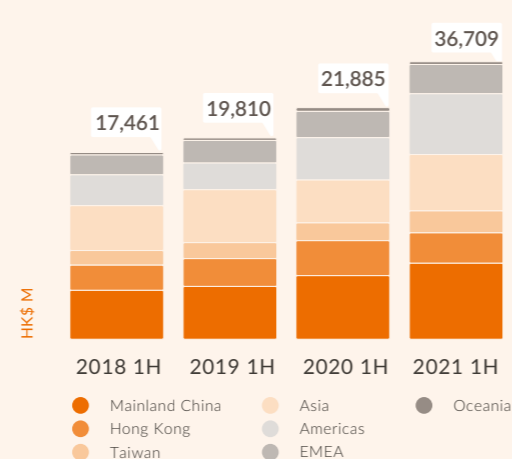
30.8%/7.1%  
GROSS NET

# RESULTS OVERVIEW

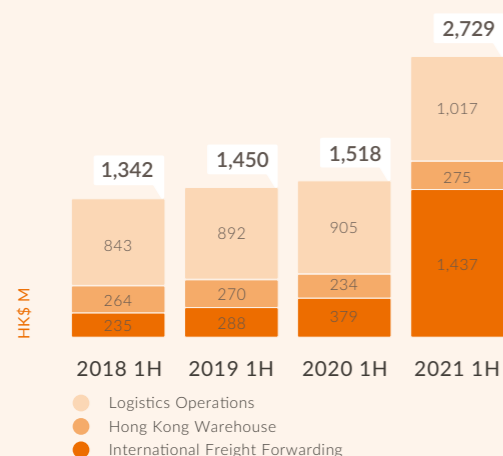
REVENUE BY SEGMENT



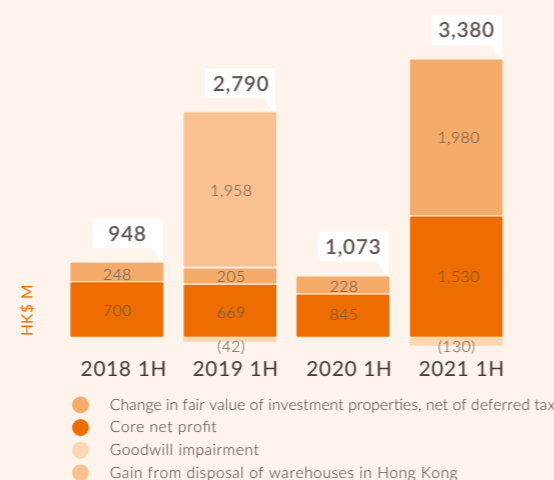
REVENUE BY REGION



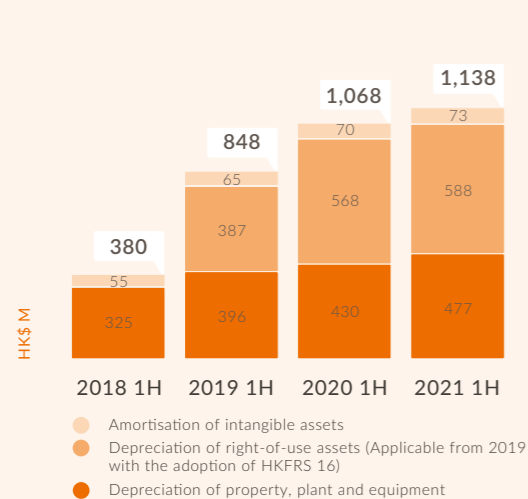
SEGMENT PROFIT



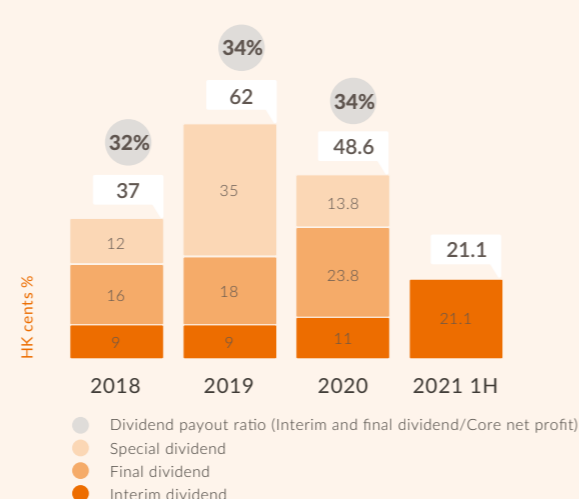
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS



DEPRECIATION AND AMORTISATION



DIVIDEND PER SHARE & PAYOUT RATIO



The Group recorded an increase in revenue of 68% to HK\$36,709 million in 2021 1H (2020 1H: HK\$21,885 million). Core operating profit went up 70% to HK\$2,536 million (2020 1H: HK\$1,489 million). Core net profit also rose 81% year-on-year

to HK\$1,530 million (2020 1H: HK\$845 million). Profit attributable to the Shareholders, after taking into account the change in fair value of investment properties and goodwill impairment, increased 215% to HK\$3,380 million (2020 1H: HK\$1,073 million).

	2021 1H HK\$ million	2020 1H HK\$ million	
Segment profit			
IL			
- Logistics operation	1,017	905	+ 12%
- Hong Kong warehouse	275	234	+ 18%
IFF	1,292	1,139	+ 13%
	1,437	379	+ 279%
	2,729	1,518	
Unallocated administrative expenses and others	(193)	(29)	
Core operating profit	2,536	1,489	+ 70%
Core net profit	1,530	845	+ 81%
Changes in fair value of investment properties, net of deferred tax	1,980	228	
Goodwill impairment	(130)	-	
Profit attributable to the Shareholders	3,380	1,073	+ 215%



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### MARKET OVERVIEW

The COVID-19 pandemic has entered into a new phase with the worldwide spread of the Delta variant, which has been severely affecting global and domestic supply chains and disrupting business operations at different levels around the world. Due to a never-ending series of stop-and-go lockdowns and social distancing measures, domestic consumption has become polarised in which some sectors thrived while others collapsed.

In the IL market, growth for domestic consumption and the F&B sector has stagnated except for daily necessities and stay-at-home products. The IFF market has been critically disrupted with the global supply chains peppered with capacity chokeholds. Freight rates, particularly ocean freight driven by high consumer demand and limited air capacity, are currently standing at record high levels and continue to rise with no end in sight. Ground services have been heavily interrupted by multiple factors.

Global e-commerce sales hit record-high in 2021 1H as online spending surge continued as a result of widespread lockdowns and work-from-home measures around the world.

Prior to the COVID-19 pandemic, the global logistics practice has been commoditised by strong logistics infrastructures as well as advances in digital and communication technology. However, disruptions and capacity chokeholds, together with different government approaches and restrictions in tackling the pandemic, have compelled the logistics industry to move towards a growing focus on service customisation. The new environment has certainly created both challenges and opportunities to 3PLs in what seems to be a perfect storm.

“  
Disruptions and capacity chokeholds have compelled the logistics industry to move towards a growing focus on service customisation.”

The surge of the Delta variant coupled with low vaccination rates and lockdown restrictions have made South East Asia one of the world's worst-hit regions at the moment. The situation is unlikely to improve substantially before 2022 Q2. With countless disruptions to the productivity across the region, the world's reliance on the supply from Mainland China has never been so critical. It remains to be seen when the situation will normalise, although the current market consensus predicts this backlog may have a chance to improve starting 2022 Q2.

### IL GREW

The IL business reported a 13% segment profit growth, mainly riding on a booming manufacturing sector in Mainland China.

### HONG KONG SUSTAINED

In Hong Kong, the warehousing business grew 18% backed by a higher occupancy. The logistics operations business increased by 9% as the pandemic remained largely under control since 2021 Q2.

### MAINLAND CHINA EXPANDED

The IL business in Mainland China continued its rebound in 2021 1H, expanding by 82% year-on-year in segment profit. This was supported by the accelerated resumption of production, revived domestic consumption and thriving online shopping.



Kerry Apex was ranked the number one NVOCC from South East Asia to the US and the number two NVOCC from Asia to the US for the first seven months of 2021

#### TAIWAN MAINTAINED

The segment profit for the IL division in Taiwan maintained stable with a 5% growth.

#### ASIA PROFIT DROPPED

In Asia, the IL division suffered a drop of 12% in segment profit as the pandemic continued to rumble across the region with prolonged lockdowns, restrictions and quarantine measures.

#### IFF THRIVED

The IFF business recorded a 279% segment profit growth (2021 1H: HK\$1,437 million vs 2020 1H: HK\$379 million) in 2021 1H, mainly riding on the change in consumer behaviour and strong exports from Mainland China to the world.

The IFF business is experiencing a rapidly changing market and the Group is adjusting its strategy on

a monthly basis depending on the development of COVID-19 pandemic, such as the recent outbreak in South China in June 2021 which subsequently caused a massive congestion at the Port of Yantian in Mainland China, as well as unpredictable events such as the Suez Canal incident in March 2021.

The air freight sector continued to operate with scarce international belly cargo capacity provided by passenger aircraft, prompting the market to rely on freighters of limited space, which resulted in serious fluctuation in air freight capacity and rates.

In the ocean freight sector, congestion in destination ports has caused severe delays to vessel turnaround time and exacerbated the container equipment shortage in Asia. Currently, there are still huge backlogs in Mainland China where plenty of cargo vessels destined for the Americas and Europe were cancelled or delayed.

#### OUTLOOK

The global prices of raw materials, components, equipment as well as transportation – across air, ocean, land and rail freight – have increased substantially in 2021, exerting a heavy burden on both importers and exporters. Congestion and delays are not expected to ease in 2021 2H.

With no end to the pandemic in sight, the logistics industry will continue to play a pivotal role in supporting production and consumption activities across the globe. As online shopping becomes an essential part of people's daily lives amid the pandemic, the Group's e-commerce business is expected to continue its growth.

Riding on its broad customer mix, diversified business portfolio and broad exposure in key gateways across continents, the Group will further strengthen its product offerings and provide highly customised solutions to facilitate its customers to navigate a highly inefficient and volatile global supply situation.

The Group will also keep on delivering diversified support to various types of humanitarian programmes to facilitate the rapid response and aid in disaster and emergency relief operations.

#### PROPOSED STRATEGIC INVESTMENT FROM S.F. HOLDING

Upon the completion of S.F. Holding's investment in the Group, the Group's profit will have a significant adjustment in light of the disposal of the Hong Kong warehouse and the Taiwan businesses to KHL.

Looking ahead, the cooperation will bring together the core competencies of S.F. Holding and the Group across multiple verticals to create a leading Asia-based global logistics platform to meet ever-changing demands.

#### FINANCIAL REVIEW

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

Most of the Group's assets and liabilities are denominated in different functional currencies of the overseas subsidiaries' respective countries. The Group generally does not enter into foreign exchange hedges in respect of its long-term equity investments in overseas subsidiaries, associates and joint ventures. For the foreign currency exposure arising from business activities, certain subsidiaries used forward contracts to hedge their foreign exchange exposure from trading transactions during the period, the amount of which was insignificant to the Group. The Group will continue to closely monitor its foreign exchange position and if necessary, hedge its foreign exchange exposure by entering into appropriate hedging instruments. As at 30 June 2021, total foreign currency borrowings amounted to the equivalent of HK\$5,328 million (including HK\$2,945 million denominated in New Taiwan Dollar and HK\$924 million denominated in United States Dollar), which represented approximately 59% of the Group's total bank loans of HK\$9,038 million.



KLN Group completed another important shipment of 1.7 million doses of vaccines from Beijing to Hong Kong on 6 July 2021, including origin pickup, customs clearance and air freight to destination



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## STAFF AND REMUNERATION POLICIES

As at 30 June 2021, the Group had approximately 50,400 employees. The remuneration to employees includes salaries maintained at competitive levels while bonuses are granted on a discretionary basis. The Group provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees. Other employee benefits include provident fund, insurance, medical, sponsorship for educational or training programmes, share option schemes and share award scheme.

Out of the Group's total bank loans as at 30 June 2021, HK\$5,321 million (representing approximately 59%) was repayable within one year, HK\$2,098 million (representing approximately 23%) in the second year and HK\$1,619 million (representing approximately 18%) in the third to fifth years. The Group maintains most of its bank loans on an unsecured basis, with unsecured debt accounting for approximately 93% of total bank loans. In relation to the secured bank loans of HK\$591 million as at 30 June 2021, the securities provided include legal charges over certain non-current assets with aggregate net book value of HK\$2,473 million, assignments of insurance proceeds of certain properties, and certain balances of restricted and pledged deposits. A majority of the bank loans were borrowed at floating interest rates and were not held for hedging purposes.

As at 30 June 2021, the gearing ratio for the Group was 30.8% (31 December 2020: 33.6%). The ratio was calculated as total bank loans and overdrafts, divided by equity attributable to the Shareholders excluding put options written on non-controlling interests.

As at 30 June 2021, the Group had total undrawn bank loan and overdraft facilities of HK\$12,603 million which may be used to fund material capital expenditure. The Group will also continue to secure financing as and when the need arises.

As at 30 June 2021, the Group had no material contingent liabilities.

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

As at 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of the associated corporations of the Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

#### (I) THE COMPANY <sup>(1)</sup>

Directors	Ordinary Shares in the Company				Total interests	Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests		
KUOK Khoon Hua <sup>(2)</sup>	1,101,000	-	-	3,018,492	4,119,492	0.23%
MA Wing Kai William <sup>(3)</sup>	5,583,262	-	-	1,300,000	6,883,262	0.38%
CHEUNG Ping Chuen Vicky <sup>(4)</sup>	31,514,956	-	-	-	31,514,956	1.75%
NG Kin Hang <sup>(5)</sup>	362,080	-	-	-	362,080	0.02%
WONG Yu Pok Marina <sup>(6)</sup>	200,000	-	-	-	200,000	0.01%
YEO Philip Liat Kok <sup>(7)</sup>	200,000	-	-	-	200,000	0.01%

#### Notes:

- All interests in Ordinary Shares in the Company were as at 30 June 2021.
- Mr Kuok is interested in (i) 1,101,000 Ordinary Shares as beneficial owner; and (ii) 3,018,492 Ordinary Shares held through investment companies of discretionary trusts of which Mr Kuok is a discretionary beneficiary. On 30 March 2021, Mr Kuok executed and delivered to the Offeror an irrevocable undertaking, pursuant to which Mr Kuok has irrevocably and unconditionally undertaken to duly accept or procure acceptance of the Partial Offer (as defined in the Joint Announcement) in respect of 558,663 Ordinary Shares.
- Mr Ma is interested in (i) 4,999,611 Ordinary Shares as beneficial owner; (ii) award granted under the Share Award Scheme conferring the conditional right upon vesting in the form of 583,651 Ordinary Shares; and (iii) 1,300,000 Ordinary Shares held through an investment company of a discretionary trust of which Mr Ma is a discretionary beneficiary. On 30 March 2021, Mr Ma executed and delivered to the Offeror an irrevocable undertaking, pursuant to which Mr Ma has irrevocably and unconditionally undertaken to duly accept or procure acceptance of the Partial Offer (as defined in the Joint Announcement) in respect of 2,328,403 Ordinary Shares.
- Mr Cheung is interested in 31,514,956 Ordinary Shares as beneficial owner. On 30 March 2021, Mr Cheung executed and delivered to the Offeror an irrevocable undertaking, pursuant to which Mr Cheung has irrevocably and unconditionally undertaken to duly accept or procure acceptance of the Partial Offer (as defined in the Joint Announcement) in respect of 15,991,140 Ordinary Shares.
- Mr Ng is interested in (i) 209,747 Ordinary Shares as beneficial owner; and (ii) award granted under the Share Award Scheme conferring the conditional right upon vesting in the form of 152,333 Ordinary Shares. On 30 March 2021, Mr Ng executed and delivered to the Offeror an irrevocable undertaking, pursuant to which Mr Ng has irrevocably and unconditionally undertaken to duly accept or procure acceptance of the Partial Offer (as defined in the Joint Announcement) in respect of 79,124 Ordinary Shares.
- Ms Wong is interested in 200,000 Ordinary Shares as beneficial owner.
- Mr Yeo is interested in the options granted under the Pre-IPO Share Option Scheme to subscribe for 200,000 Ordinary Shares.

## (II) ASSOCIATED CORPORATIONS

### Kerry Group Limited<sup>(1)</sup>

Directors	Ordinary shares in KGL					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua <sup>(2)</sup>	2,000,000	-	-	233,993,229	235,993,229	15.27%
MA Wing Kai William <sup>(3)</sup>	1,649,329	-	-	1,615,476	3,264,805	0.21%
TONG Shao Ming <sup>(4)</sup>	1,000,000	-	-	-	1,000,000	0.06%

#### Notes:

- (1) All interests in ordinary shares in KGL were as at 30 June 2021.  
(2) Mr Kuok is interested in (i) 2,000,000 ordinary shares in KGL as beneficial owner; and (ii) 233,993,229 ordinary shares in KGL held through discretionary trusts of which Mr Kuok is a discretionary beneficiary.  
(3) Mr Ma is interested in (i) 1,649,329 ordinary shares in KGL as beneficial owner; and (ii) 1,615,476 ordinary shares in KGL held through a discretionary trust of which Mr Ma is a discretionary beneficiary.  
(4) Ms Tong is interested in 1,000,000 ordinary shares in KGL as beneficial owner.

### Kerry Properties Limited<sup>(1)</sup>

Directors	Ordinary shares in KPL					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua <sup>(2)</sup>	2,199,413	-	1,000,000	3,297,763	6,497,176	0.45%
MA Wing Kai William <sup>(3)</sup>	841,020	-	-	50,000	891,020	0.06%

#### Notes:

- (1) All interests in ordinary shares in KPL were as at 30 June 2021.  
(2) Mr Kuok is interested in (i) 2,199,413 ordinary shares in KPL as beneficial owner; (ii) 1,000,000 ordinary shares in KPL held through his controlled corporations; and (iii) 3,297,763 ordinary shares in KPL held through discretionary trusts of which Mr Kuok is a discretionary beneficiary.  
(3) Mr Ma is interested in (i) 341,020 ordinary shares in KPL as beneficial owner; (ii) options granted under the share option scheme of KPL to subscribe for 500,000 ordinary shares in KPL; and (iii) 50,000 ordinary shares in KPL held through a discretionary trust of which Mr Ma is a discretionary beneficiary.

### Kerry Express (Thailand) Public Company Limited<sup>(1)</sup>

Directors	Ordinary shares in Kerry Express Thailand					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
MA Wing Kai William <sup>(2)</sup>	14,211,700	-	-	-	14,211,700	0.82%
NG Kin Hang <sup>(3)</sup>	21,982,400	-	-	-	21,982,400	1.26%

#### Notes:

- (1) All interests in ordinary shares in Kerry Express Thailand were as at 30 June 2021.  
(2) Mr Ma is interested in 14,211,700 ordinary shares in Kerry Express Thailand as beneficial owner.  
(3) Mr Ng is interested in (i) 20,982,400 ordinary shares in Kerry Express Thailand as beneficial owner; and (ii) warrants granted under the employee stock options plan of Kerry Express Thailand to subscribe for 1,000,000 ordinary shares in Kerry Express Thailand.

### Hopemore Ventures Limited<sup>(1)</sup>

Director	Ordinary shares in Hopemore					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua	50 <sup>(2)</sup>	-	-	-	50	3.57%

#### Notes:

- (1) All interests in ordinary shares in Hopemore were as at 30 June 2021.  
(2) Mr Kuok is interested in 50 ordinary shares in Hopemore as beneficial owner.

### Kerry Mining (Mongolia) Limited<sup>(1)</sup>

Director	Ordinary shares in Kerry Mining					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua	-	-	-	500 <sup>(2)</sup>	500	0.46%

#### Notes:

- (1) All interests in ordinary shares in Kerry Mining were as at 30 June 2021.  
(2) Mr Kuok is interested in 500 ordinary shares in Kerry Mining held through a discretionary trust of which Mr Kuok is a discretionary beneficiary.



Majestic Tulip Limited<sup>(1)</sup>

Director	Ordinary shares in Majestic					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua	10 <sup>(2)</sup>	-	-	-	10	3.33%

Notes:

- (1) All interests in ordinary shares in Majestic were as at 30 June 2021.  
 (2) Mr Kuok is interested in 10 ordinary shares in Majestic as beneficial owner.

Marine Dragon Limited<sup>(1)</sup>

Director	Ordinary shares in Marine Dragon					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua	1,200 <sup>(2)</sup>	-	-	-	1,200	4.00%

Notes:

- (1) All interests in ordinary shares in Marine Dragon were as at 30 June 2021.  
 (2) Mr Kuok is interested in 1,200 ordinary shares in Marine Dragon as beneficial owner.

Medallion Corporate Limited<sup>(1)</sup>

Director	Ordinary shares in Medallion					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua	48 <sup>(2)</sup>	-	-	-	48	4.80%

Notes:

- (1) All interests in ordinary shares in Medallion were as at 30 June 2021.  
 (2) Mr Kuok is interested in 48 ordinary shares in Medallion as beneficial owner.

Ocean Fortune Enterprises Limited<sup>(1)</sup>

Director	Ordinary shares in Ocean Fortune					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua	1,000 <sup>(2)</sup>	-	-	-	1,000	6.67%

Notes:

- (1) All interests in ordinary shares in Ocean Fortune were as at 30 June 2021.  
 (2) Mr Kuok is interested in 1,000 ordinary shares in Ocean Fortune as beneficial owner.

Rubyhill Global Limited<sup>(1)</sup>

Director	Ordinary shares in Rubyhill					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua	1 <sup>(2)</sup>	-	-	-	1	10.00%

Notes:

- (1) All interests in ordinary shares in Rubyhill were as at 30 June 2021.  
 (2) Mr Kuok is interested in 1 ordinary share in Rubyhill as beneficial owner.

United Beauty Limited<sup>(1)</sup>

Director	Ordinary shares in United Beauty					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua	-	-	-	15 <sup>(2)</sup>	15	15%

Notes:

(1) All interests in ordinary shares in United Beauty were as at 30 June 2021.

(2) Mr Kuok is interested in 15 ordinary shares in United Beauty held through discretionary trusts of which Mr Kuok is a discretionary beneficiary.

Vencedor Investments Limited<sup>(1)</sup>

Director	Ordinary shares in Vencedor					Approximate percentage of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	
KUOK Khoon Hua	5 <sup>(2)</sup>	-	-	-	5	5.00%

Notes:

(1) All interests in ordinary shares in Vencedor were as at 30 June 2021.

(2) Mr Kuok is interested in 5 ordinary shares in Vencedor as beneficial owner.

Save as disclosed above, as at 30 June 2021, the Company is not aware of any other Director or the chief executive of the Company who has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

As at 30 June 2021, the following are the persons, other than the Directors or the chief executive of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of Ordinary Shares	Approximate percentage of shareholding in the total issued share capital
Kerry Group Limited	Interest of controlled corporations	1,136,512,359 <sup>(1)(3)</sup>	63.00%
Kerry Holdings Limited	Interest of controlled corporations	1,090,744,073 <sup>(1)(3)</sup>	60.46%
Kerry Properties Limited	Beneficial owner	718,340,998 <sup>(1)(3)</sup>	39.82%
WANG Wei	Interest of controlled corporations	594,502,494 <sup>(2)(3)</sup>	32.95%
Shenzhen Mingde Holding Development Co., Ltd.	Interest of controlled corporations	594,502,494 <sup>(2)(3)</sup>	32.95%
S.F. Holding Co., Ltd.	Interest of controlled corporations	594,502,494 <sup>(2)(3)</sup>	32.95%
Flourish Harmony Holdings Company Limited	Beneficial owner	594,502,494 <sup>(2)(3)</sup>	32.95%
Caninco Investments Limited	Beneficial owner	156,124,097 <sup>(1)(3)</sup>	8.65%
Darmex Holdings Limited	Beneficial owner	128,449,630 <sup>(1)(3)</sup>	7.12%

Notes:

(1) KPL is a subsidiary of KHL. Caninco and Darmex are wholly-owned subsidiaries of KHL. KHL is a wholly-owned subsidiary of KGL. Accordingly, KHL is deemed to be interested in the shareholding interest of each of KPL, Caninco and Darmex in the Company and KGL is deemed to be interested in the shareholding interest of each of KHL, KPL, Caninco and Darmex in the Company pursuant to the disclosure requirements under the SFO.

(2) Flourish Harmony Holdings Company Limited, the Offeror, is wholly owned by S.F. Holding. S.F. Holding is a subsidiary of Shenzhen Mingde Holding Development Co., Ltd. ("Shenzhen Mingde"), which is in turn controlled by Mr WANG Wei ("Mr Wang"). Accordingly, S.F. Holding, Shenzhen Mingde and Mr Wang are deemed to be interested in the shareholding interest of the Offeror pursuant to the disclosure requirements under the SFO.

(3) On 30 March 2021, subsidiaries of KGL and KHL (the "Relevant Controlling Shareholders") and the executive Directors executed and delivered to the Offeror irrevocable undertakings, pursuant to which the Relevant Controlling Shareholders have irrevocably and unconditionally undertaken to duly accept or procure acceptance of the Partial Offer (as defined in the Joint Announcement) in respect of an aggregate of 575,545,164 Shares, and the executive Directors have irrevocably and unconditionally undertaken to duly accept or procure acceptance of the Partial Offer (as defined in the Joint Announcement) in respect of an aggregate of 18,957,330 Shares.

Save as disclosed above, as at 30 June 2021, the Company is not aware of any other person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## PRE-IPO SHARE OPTION SCHEME

The Company has adopted the Pre-IPO Share Option Scheme by a resolution of its Shareholder on 25 November 2013 and an ordinary resolution of the shareholders of KPL on 1 November 2013. No further options will be granted under the Pre-IPO Share Option Scheme.

On 2 December 2013, pursuant to the Pre-IPO Share Option Scheme, the Company had granted options to subscribe for 42,770,000 Shares to directors, executives and employees of the Group, representing 2.58% of the issued share capital as at 19 December 2013.

As at 30 June 2021, a total of 4,153,000 options granted under the Pre-IPO Share Option Scheme were outstanding.

Movement of the options, which were granted under the Pre-IPO Share Option Scheme, during the six months ended 30 June 2021 are listed below in accordance with Rule 17.07 of the Listing Rules:

Category	Date of grant (Note c)	Tranche	Number of options			Exercise price HK\$	Exercise period	
			Outstanding as at 01/01/2021	Exercised (Notes a and b)	Lapsed			Outstanding as at 30/06/2021
1. Directors	02/12/2013	I	400,000	(400,000)	-	-	10.20	19/12/2013-01/12/2023
		II	400,000	(400,000)	-	-	10.20	02/12/2014-01/12/2023
	02/12/2013	I	1,500,000	(1,500,000)	-	-	10.20	19/12/2013-01/12/2023
		II	1,500,000	(1,500,000)	-	-	10.20	02/12/2014-01/12/2023
	02/12/2013	I	60,000	(60,000)	-	-	10.20	19/12/2013-01/12/2023
		II	60,000	(60,000)	-	-	10.20	02/12/2014-01/12/2023
	02/12/2013	I	100,000	(100,000)	-	-	10.20	19/12/2013-01/12/2023
		II	100,000	(100,000)	-	-	10.20	02/12/2014-01/12/2023
	02/12/2013	I	100,000	-	-	100,000	10.20	19/12/2013-01/12/2023
		II	100,000	-	-	100,000	10.20	02/12/2014-01/12/2023
	02/12/2013	I	1,611,500	(526,500)	-	1,085,000	10.20	19/12/2013-01/12/2023
		II	5,041,500	(2,173,500)	-	2,868,000	10.20	02/12/2014-01/12/2023
	<b>Total:</b>			<b>10,973,000</b>	<b>(6,820,000)</b>	<b>-</b>	<b>4,153,000</b>	

### Notes:

- The weighted average closing price of the Ordinary Shares of the Company immediately before the dates on which the options were exercised was HK\$23.24.
- During the period, no option was granted/granted for adjustment, transferred from/to other category, lapsed or cancelled under the Pre-IPO Share Option Scheme.
- The vesting period of the options is from the date of grant until the commencement of the exercise period.
- There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

## POST-IPO SHARE OPTION SCHEME

The Company has approved and adopted the Post-IPO Share Option Scheme by a resolution of its Shareholder on 25 November 2013 and an ordinary resolution of the shareholders of KPL on 1 November 2013. The Post-IPO Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

There were (i) no outstanding options granted under the Post-IPO Share Option Scheme as at 1 January 2021 and 30 June 2021, and (ii) no movements in options during the six months ended 30 June 2021.

## SUMMARY OF THE SHARE OPTION SCHEMES

Details	Pre-IPO Share Option Scheme	Post-IPO Share Option Scheme
1. Purpose	To motivate eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group	
2. Participants	Eligible persons include (i) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group (an "Employee"), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (ii) a director or proposed director (including an independent non-executive director) of any member of the Group; (iii) a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (iv) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; (v) an associate (as defined under the Listing Rules) of any of the foregoing persons	
3. Maximum number of Shares	As at 30 June 2021, a total of 4,153,000 options granted under the Pre-IPO Share Option Scheme were outstanding, representing approximately 0.23% and 0.23% of the issued share capital of the Company as at 30 June 2021 and the date of this interim report, respectively. No further option could be granted under the Pre-IPO Share Option Scheme	As at 30 June 2021, no option granted under the Post-IPO Share Option Scheme was outstanding  The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme is 122,966,411 Shares, representing approximately 6.82% and 6.81% of the issued share capital of the Company as at 30 June 2021 and the date of this interim report, respectively  The maximum number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme is 118,616,411 Shares, representing approximately 6.58% and 6.57% of the issued share capital of the Company as at 30 June 2021 and the date of this interim report, respectively



## Details

### Pre-IPO Share Option Scheme

### Post-IPO Share Option Scheme

The maximum number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other scheme of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time

- |    |   |  |  |
|----|---|--|--|
| 4. | Maximum entitlement of each participant | 1% of the issued share capital of the Company from time to time within any 12-month period up to the date of the latest grant  |  |
| 5. | Option period                           | The option period is determined by the Board provided that it is not longer than 10 years commencing on the date of grant. There is no minimum period for which an option must be held before it can be exercised  |  |
|    |   | The Board may in its absolute discretion specify any conditions, restrictions or limitations, including continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period when the right to exercise the option in respect of all or some of the Shares to which the option relates |  |
| 6. | Acceptance of offer                     | Options granted must be accepted within the period as stated in the offer of the grant, upon payment of HK\$1.0 per grant  |  |
| 7. | Exercise price                          | Exercise price is HK\$10.2, the offer price of the Shares for the Global Offering  | The exercise price of the 4,350,000 options granted on 9 January 2015 is HK\$12.26   |
|    |   |  | Exercise price shall be at least the highest of (i) the nominal value of Share; (ii) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant; and (iii) the average closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange for the five trading days immediately preceding the date of the grant |
| 8. | Remaining life of the scheme            | It expired on 19 December 2013   | It shall be valid and effective for a period of ten years commencing on 19 December 2013   |

## SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme by a resolution of the Board on 25 January 2019. The Share Award Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the Share Award Scheme does not involve the grant of options by the Company to subscribe for new Shares.

The purpose of the Share Award Scheme is to support the long-term growth of the Group and enhance its reputation as an employer-of-choice in the industry, to attract and incentivise suitable personnel for the further development of the Group, to recognise contributions by participants, to retain talent and to help align the interests of the Directors and senior management of the Group with the Group's long-term performance.

During the six months ended 30 June 2021, 921,156 awarded Shares were granted under the Share Award Scheme. Since the date of adoption and up to 30 June 2021, a total of 3,600,087 awarded Shares have been granted under the Share Award Scheme (representing approximately 0.20% and 0.20% of the issued share capital of the Company as at 30 June 2021 and the date of this interim report, respectively), of which 1,706,693 have vested and 1,893,394 remain unvested.

The maximum number of Shares which can be awarded under the Share Award Scheme is 10% of the total number of Shares in issue from time to time.

## COMPLIANCE WITH THE CG CODE

The Company has applied the principles and code provisions as set out in the CG Code. During the six months ended 30 June 2021, the Company has complied with the code provisions as set out in the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2021 and up to the date of this interim report.

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

## MATERIAL DISPOSALS OF SUBSIDIARIES

Reference is made to the Joint Announcement. Unless the context requires otherwise, capitalised terms used in this section have the same meanings as those defined in the Joint Announcement.

### DISPOSAL OF HONG KONG WAREHOUSE BUSINESS

On 25 March 2021, in connection with the Partial Offer and the Option Offer, Kerry Warehouse (HK) Holdings Limited (a wholly-owned subsidiary of the Company, as vendor), the Company (as vendor guarantor), Urban Treasure Holdings Limited (a wholly-owned subsidiary of KHL, as purchaser) and KHL (as purchaser guarantor) entered into the Warehouses Sale Agreement, pursuant to which Kerry Warehouse (HK) Holdings Limited conditionally agreed to sell and Urban Treasure Holdings Limited conditionally agreed to purchase, all issued shares in the capital of the Target Warehouse Companies (each a wholly-owned subsidiary of the Company) for a consideration of HK\$13.5 billion (subject to adjustments).

Following completion of the Warehouses Sale, the Target Warehouse Companies will no longer be subsidiaries of the Company and Kerry Warehouse (HK) Holdings Limited. Further details of the Warehouses Sale are as set out in the announcement of the Company dated 25 March 2021, and the circular of the Company dated 3 May 2021.

### DISPOSAL OF TAIWAN BUSINESS

On 25 March 2021, in connection with the Partial Offer and the Option Offer, Kerry Logistics Services Limited (a wholly-owned subsidiary of the Company, as vendor), the Company (as vendor guarantor), Treasure Seeker Group Limited (a wholly-owned subsidiary of KHL, as purchaser) and KHL (as purchaser guarantor) entered into the Taiwan Business Sale Agreement, pursuant to which Kerry Logistics Services Limited conditionally agreed to sell and Treasure Seeker Group Limited conditionally agreed to purchase, the entire issued share capital of the Taiwan Target Companies (each a wholly-owned subsidiary of the Company) for a consideration of the USD equivalent of New Taiwan Dollars 4,537,018,403 (subject to adjustments).

Following completion of the Taiwan Business Sale, the Taiwan Target Companies will no longer be subsidiaries of the Company and Kerry Logistics Services Limited. Further details of the Taiwan Business Sale are as set out in the announcement of the Company dated 25 March 2021, and the circular of the Company dated 3 May 2021.

## REVIEW OF INTERIM REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The interim report has been reviewed by the audit and compliance committee of the Company and the unaudited condensed consolidated interim financial statements have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by the audit and compliance committee of the Company. The review report of the independent auditor is set out on page 24.

## EVENTS AFTER THE REPORTING PERIOD

Reference is made to the Joint Announcement and the Composite Document. Unless the context requires otherwise, capitalised terms used in this section have the same meanings as those defined in the Composite Document.

As stated in the Joint Announcement, the making of the Partial Offer and the Option Offer is subject to the satisfaction or waiver (as applicable) of the Pre-Conditions by the Long Stop Date. Since the Joint Announcement, steps have been taken in relation to the fulfilment or waiver of the Pre-Conditions.

On 19 July 2021, consent from the Executive has been obtained in respect of each of the Special Deal Agreements and the Framework Services Agreement. As disclosed in the announcement published by the Company on 26 May 2021, approval from the Independent Shareholders in respect of the Special Deal Agreements and the Framework Services Agreement had also been obtained at the special general meeting of the Company held on 26 May 2021. Accordingly, Pre-Condition (xi) has been satisfied. Please refer to the announcement jointly published by the Offeror and the Company on 20 July 2021 for details.

As set out in the announcement jointly published by the Offeror and the Company on 2 August 2021, Pre-Condition (iii) has been satisfied with the approval by the National Development and Reform Commission of the PRC and the Enterprise Overseas Investment Certificate (Overseas Investment Certificate No. N4403202100547) issued by the Administrative Committee of China (Guangdong) Pilot Free Trade Zone Qianhai & Shekou Area of Shenzhen.

Further, as set out in the announcement jointly published by the Offeror and the Company on 9 August 2021, Pre-Condition (v) was waived by the Offeror and Pre-Condition (xiv) was satisfied with the entering into of the Placing Agreements by the Controlling Shareholders. As all the remaining Pre-Conditions (viii), (xv) and (xvi) have also been satisfied on 9 August 2021, all Pre-Conditions have been fulfilled or waived on the same day. The Composite Document was subsequently despatched to the Shareholders, and the Partial Offer and the Option Offer were open for acceptance on 12 August 2021.

Save as disclosed, there were no significant events affecting the Company or any of its subsidiaries after the reporting period requiring disclosure in this interim report.

## RECORD DATE FOR PAYMENT OF INTERIM DIVIDEND

The record date (being the last date of registration of any transfer of shares given there will be no closure of Registers of Members) for determining the entitlement of the Shareholders to the interim dividend will be Monday, 13 September 2021. All share transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Monday, 13 September 2021. The interim dividend is payable on Tuesday, 28 September 2021 to Shareholders whose names appear on the Registers of Members on Monday, 13 September 2021.

By Order of the Board  
KUOK Khoon Hua  
*Chairman*

Hong Kong, 27 August 2021

# INDEPENDENT AUDITOR'S REVIEW REPORT



羅兵咸永道

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

### TO THE BOARD OF DIRECTORS OF KERRY LOGISTICS NETWORK LIMITED

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

#### INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 50, which comprise the condensed consolidated interim statement of financial position of Kerry Logistics Network Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and

other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers  
Certified Public Accountants

Hong Kong, 27 August 2021



# INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2021

	Note	Unaudited 2021 HK\$'000	Unaudited 2020 HK\$'000
Revenue	3	36,708,739	21,884,967
Direct operating expenses	4	(32,441,115)	(19,174,211)
Gross profit		4,267,624	2,710,756
Other income and net (loss)/gains	5	(23,991)	158,569
Administrative expenses	4	(1,821,692)	(1,364,576)
Operating profit before fair value change of investment properties		2,421,941	1,504,749
Change in fair value of investment properties	10	1,980,553	227,931
Operating profit		4,402,494	1,732,680
Finance costs	6	(149,478)	(160,103)
Share of results of associates and joint ventures		81,422	41,673
Profit before taxation		4,334,438	1,614,250
Taxation	7	(480,680)	(278,861)
Profit for the period		3,853,758	1,335,389
Profit attributable to:			
Company's shareholders	3	3,380,348	1,072,849
Non-controlling interests		473,410	262,540
		3,853,758	1,335,389
Earnings per share	9		
- Basic		HK\$1.88	HK\$0.61
- Diluted		HK\$1.87	HK\$0.61

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Unaudited 2021 HK\$'000	Unaudited 2020 HK\$'000
Profit for the period	3,853,758	1,335,389
Item that may be reclassified to consolidated income statement		
Net translation differences on foreign operations	(378,887)	(419,306)
Items that will not be reclassified to consolidated income statement		
Fair value change on financial assets at fair value through other comprehensive income	(23,950)	238
Defined benefit pension plans		
- Actuarial (losses)/gains	(3,414)	1,078
- Deferred income tax	683	(216)
Other comprehensive loss for the period	(405,568)	(418,206)
Total comprehensive income for the period	3,448,190	917,183
Total comprehensive income attributable to:		
Company's shareholders	3,066,348	706,060
Non-controlling interests	381,842	211,123
	3,448,190	917,183

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000		Note	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
<b>ASSETS AND LIABILITIES</b>							
<b>Non-current assets</b>							
Intangible assets	10	4,901,197	4,771,897				
Investment properties	10	13,319,409	11,503,215				
Property, plant and equipment	10	11,660,261	11,693,226				
Right-of-use assets		4,922,322	4,766,030				
Associates and joint ventures		2,376,879	1,970,719				
Financial assets at fair value through other comprehensive income		345,262	359,189				
Investment in convertible bonds		5,716	5,875				
Deferred taxation		115,071	98,476				
		37,646,117	35,168,627				
<b>Current assets</b>							
Financial assets at fair value through profit or loss		1,266,193	122,244				
Investment in convertible bond		-	347,507				
Inventories		422,438	404,879				
Accounts receivable, prepayments and deposits	11	13,935,253	12,358,582				
Tax recoverable		35,319	10,205				
Amounts due from fellow subsidiaries		4,027	3,017				
Restricted and pledged bank deposits		13,754	14,143				
Cash and bank balances		7,145,858	8,470,843				
		22,822,842	21,731,420				
<b>Current liabilities</b>							
Lease liabilities		1,146,429	1,012,901				
Accounts payable, deposits received and accrued charges	12	9,534,933	9,269,189				
Amounts due to fellow subsidiaries		7,257	4,366				
Amounts due to related companies		21,758	23,757				
Taxation		605,025	435,719				
Short-term bank loans and current portion of long-term bank loans	13	5,321,397	3,941,835				
Loans from non-controlling interests		35,755	-				
Bank overdrafts		244,658	220,865				
		16,917,212	14,908,632				
<b>Non-current liabilities</b>							
Loans from non-controlling interests		186,777	233,654				
Long-term bank loans	13	3,717,049	5,069,439				
Lease liabilities		3,174,513	3,178,122				
Deferred taxation		784,499	744,467				
Retirement benefit obligations		144,048	143,419				
Other non-current liabilities	12	231,732	142,379				
		8,238,618	9,511,480				
<b>ASSETS LESS LIABILITIES</b>							
		35,313,129	32,479,935				
<b>EQUITY</b>							
<b>Capital and reserves attributable to the Company's shareholders</b>							
Share capital	14	902,010	898,600				
Share premium and other reserves		3,892,745	4,158,329				
Retained profits		25,328,119	22,430,563				
		30,122,874	27,487,492				
Put option written on non-controlling interests		(4,593)	(4,593)				
		30,118,281	27,482,899				
Non-controlling interests		5,194,848	4,997,036				
<b>TOTAL EQUITY</b>		<b>35,313,129</b>	<b>32,479,935</b>				

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Unaudited 2021 HK\$'000	Unaudited 2020 HK\$'000
<b>Operating activities</b>		
Net cash generated from operations	2,349,757	2,593,990
Interest paid	(83,795)	(105,282)
Income tax paid	(293,427)	(288,088)
<b>Net cash generated from operating activities</b>	<b>1,972,535</b>	<b>2,200,620</b>
<b>Investing activities</b>		
Additions of property, plant and equipment	(638,220)	(437,953)
Additions of right-of-use assets – leasehold land and land use rights	(97,676)	(28,867)
Reduction of capital of financial assets at fair value through other comprehensive income	–	3,220
Additions of financial assets at fair value through other comprehensive income	(16,431)	–
Disposal of financial assets at fair value through other comprehensive income	5,937	–
Additions of financial assets at fair value through profit or loss	(1,119,600)	–
Disposal of financial assets at fair value through profit or loss	–	16,800
Proceeds from sale of property, plant and equipment	106,519	29,960
Proceeds from sale of associate	27	4,480
Dividend income from financial assets at fair value through other comprehensive income	3,920	6,022
Dividends received from associates	30,024	–
Net (increase)/decrease in balances with associates and joint ventures	(34,984)	7,655
Interest received	16,431	15,735
Interest income from investment in convertible bonds	2,416	10,436
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(107,410)	–
Acquisition of associates and joint ventures	(30,795)	(488,521)
Cash consideration paid for prior year's acquisition	(120,340)	(33,921)
Decrease/(increase) in restricted and pledged bank deposits	389	(402)
<b>Net cash used in investing activities</b>	<b>(1,999,793)</b>	<b>(895,356)</b>

	Unaudited 2021 HK\$'000	Unaudited 2020 HK\$'000
<b>Financing activities</b>		
Repayment of bank loans	(3,943,087)	(1,972,391)
Drawdown of bank loans	4,012,051	2,724,237
Dividends of subsidiaries paid to non-controlling interests	(297,870)	(238,380)
Capital injection from non-controlling interests	69,015	60,513
Reduction of capital to non-controlling interests	–	(22,985)
Increase in loans from non-controlling interests	15,393	12,559
Repayment of loans from non-controlling interests	(26,432)	(11,219)
Payments of lease liabilities	(574,953)	(526,213)
Changes in ownership of interests in subsidiaries without change of control (note 15)	(81,861)	(634,740)
Dividend paid	(429,145)	(322,917)
Proceeds from exercise of pre-/post-IPO share option scheme allotment	69,564	15,934
<b>Net cash used in financing activities</b>	<b>(1,187,325)</b>	<b>(915,602)</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(1,214,583)</b>	<b>389,662</b>
Effect of exchange rate changes	(134,195)	(118,721)
Cash and cash equivalents at beginning of the period	8,249,978	5,591,496
<b>Cash and cash equivalent at end of the period</b>	<b>6,901,200</b>	<b>5,862,437</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	7,145,858	6,012,473
Bank overdrafts	(244,658)	(150,036)
	<b>6,901,200</b>	<b>5,862,437</b>



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Put option written on non-controlling interests HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
(unaudited)									
Balance at 1 January 2021	898,600	3,962,825	195,504	22,002,829	427,734	(4,593)	27,482,899	4,997,036	32,479,935
Profit for the period	-	-	-	3,380,348	-	-	3,380,348	473,410	3,853,758
Net translation differences on foreign operations	-	-	(289,814)	-	-	-	(289,814)	(89,073)	(378,887)
Defined benefit pension plan									
- Actuarial losses	-	-	-	(2,888)	-	-	(2,888)	(526)	(3,414)
- Deferred income tax	-	-	-	578	-	-	578	105	683
Fair value change on financial assets at fair value through other comprehensive income	-	-	(21,876)	-	-	-	(21,876)	(2,074)	(23,950)
Total comprehensive income for the six months ended 30 June 2021	-	-	(311,690)	3,378,038	-	-	3,066,348	381,842	3,448,190
Dividends paid	-	-	-	(1,411)	(427,734)	-	(429,145)	-	(429,145)
Dividends of subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	(297,870)	(297,870)
2021 proposed interim dividend	-	-	-	(381,208)	381,208	-	-	-	-
Transfers	-	-	51,337	(51,337)	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	73,650	73,650
Deemed disposal of a subsidiary with retained interest recognised as an associate	-	-	-	-	-	-	-	(18,349)	(18,349)
Changes in ownership of interests in subsidiaries without change of control (note 15)	-	-	(71,385)	-	-	-	(71,385)	(10,476)	(81,861)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	69,015	69,015
Exercise of pre-IPO share option scheme allotment	3,410	74,271	(8,117)	-	-	-	69,564	-	69,564
Total transactions with owners	3,410	74,271	(28,165)	(433,956)	(46,526)	-	(430,966)	(184,030)	(614,996)
Balance at 30 June 2021	902,010	4,037,096	(144,351)	24,946,911	381,208	(4,593)	30,118,281	5,194,848	35,313,129

	Attributable to shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Put option written on non-controlling interests HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
(unaudited)									
Balance at 1 January 2020	858,102	3,236,063	(243,848)	20,016,745	308,917	(1,162,630)	23,013,349	4,061,146	27,074,495
Profit for the period	-	-	-	1,072,849	-	-	1,072,849	262,540	1,335,389
Net translation differences on foreign operations	-	-	(367,450)	-	-	-	(367,450)	(51,856)	(419,306)
Defined benefit pension plan									
- Actuarial gains	-	-	-	679	-	-	679	399	1,078
- Deferred income tax	-	-	-	(136)	-	-	(136)	(80)	(216)
Fair value change on financial assets at fair value through other comprehensive income	-	-	118	-	-	-	118	120	238
Total comprehensive income for the six months ended 30 June 2020	-	-	(367,332)	1,073,392	-	-	706,060	211,123	917,183
Dividends paid	-	-	-	(14,000)	(308,917)	-	(322,917)	-	(322,917)
Dividends of subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	(238,380)	(238,380)
2020 proposed interim dividend	-	-	-	(197,016)	197,016	-	-	-	-
Transfers	-	-	32,441	(32,441)	-	-	-	-	-
Changes in ownership of interests in subsidiaries without change of control	38,223	673,102	(983,904)	-	-	1,130,000	857,421	(371,286)	486,135
Lapse of put options written on non-controlling interests	-	-	-	-	-	28,037	28,037	-	28,037
Capital injection from non-controlling interests	-	-	-	-	-	-	-	60,513	60,513
Reduction of capital to non-controlling interests	-	-	-	-	-	-	-	(22,985)	(22,985)
Exercise of pre-IPO share option scheme allotment	117	2,548	(278)	-	-	-	2,387	-	2,387
Exercise of post-IPO share option scheme allotment	552	15,150	(2,155)	-	-	-	13,547	-	13,547
Share option lapsed	-	-	(184)	184	-	-	-	-	-
Shares buy back (note)	-	-	(9,309)	-	-	-	(9,309)	-	(9,309)
Total transactions with owners	38,892	690,800	(963,389)	(243,273)	(111,901)	1,158,037	569,166	(572,138)	(2,972)
Balance at 30 June 2020	896,994	3,926,863	(1,574,569)	20,846,864	197,016	(4,593)	24,288,575	3,700,131	27,988,706

Note:

During the six months ended 30 June 2020, the Company repurchased a total of 900,000 ordinary shares at an aggregate price plus transaction cost of approximately HK\$9,309,000. The highest price paid and the lowest price paid were HK\$10.4 and HK\$10.12 per share respectively. The repurchased shares were held as treasury shares as at 30 June 2020, and were cancelled subsequently on 10 July 2020.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company was incorporated in the British Virgin Islands in 1991 and migrated to Bermuda to become an exempted company with limited liability in 2000. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

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

These unaudited condensed consolidated interim financial statements are prepared in accordance with HKAS 34 'Interim Financial Reporting' issued by the HKICPA and the disclosure requirements of Appendix 16 to the Listing Rules.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with HKFRS. The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

The following new amendments to existing standards that are effective for the accounting period of the Group beginning on 1 January 2021 have been published:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, "Interest Rate Benchmark Reform – Phase 2".

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

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

Amendments to HKAS 1, "Classification of Liabilities as Current or Non-current"<sup>1</sup>

Amendments to HKAS 16, "Property, Plant and Equipment: Proceeds before Intended Use"<sup>1</sup>

Amendments to HKAS 37, "Onerous Contracts – Cost of Fulfilling a Contract"<sup>1</sup>

Amendments to HKFRS 3, "Reference to the Conceptual Framework"<sup>1</sup>

Annual Improvements to HKFRS Standards 2018–2020<sup>1</sup>

Amendments to HKAS 1, HKAS 8 and Practice Statement 2, "Disclosure of Accounting Policies and Definition of Accounting Estimates"<sup>2</sup>

HKFRS 17, "Insurance Contract"<sup>2</sup>

Amendments to HKAS 28 (2011) and HKFRS 10, "Sales or contribution of assets between an Investor and its Associate or Joint Venture"<sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective date to be determined

### 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2020 except for the adoption of new standards as set out above.

### 2 FINANCIAL RISK MANAGEMENT

#### (a) FINANCIAL RISK FACTORS

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

These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; and should be read in conjunction with the Group's annual financial statements as at 31 December 2020. There have been no changes in the Group's financial risk management structure and policies since the year end.

#### (b) FAIR VALUE ESTIMATION

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

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

There were no transfers between levels during the period (2020: nil).

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) FAIR VALUE ESTIMATION (CONTINUED)

The following table presents the Group's financial instruments that are measured at fair value as at 30 June 2021 and 31 December 2020.

At 30 June 2021	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Investment in convertible bonds	-	-	5,716	5,716
Financial assets at fair value through other comprehensive income	-	-	345,262	345,262
Financial assets at fair value through profit or loss	-	1,266,193	-	1,266,193
<b>Total assets</b>	<b>-</b>	<b>1,266,193</b>	<b>350,978</b>	<b>1,617,171</b>
Liability				
Put option written on non-controlling interests	-	-	4,305	4,305

At 31 December 2020	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Investment in convertible bonds	-	-	353,382	353,382
Financial assets at fair value through other comprehensive income	-	-	359,189	359,189
Financial assets at fair value through profit or loss	-	122,244	-	122,244
<b>Total assets</b>	<b>-</b>	<b>122,244</b>	<b>712,571</b>	<b>834,815</b>
Liability				
Put option written on non-controlling interests	-	-	4,186	4,186

## LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents the changes in level 3 instruments.

As at 30 June 2021	Financial assets at fair value through other comprehensive income HK\$'000	Investment in convertible bonds HK\$'000	Put option written on non-controlling interests HK\$'000
Opening balance	359,189	353,382	4,186
Transfers <sup>#</sup>	-	(359,899)	-
Fair value adjustment	(23,950)	-	-
Additions	16,431	-	-
Disposals	(5,937)	-	-
Exchange adjustment	(471)	12,233	119
<b>Closing balance</b>	<b>345,262</b>	<b>5,716</b>	<b>4,305</b>

<sup>#</sup> In March 2021, KLN (Singapore) Pte. Ltd., a wholly owned subsidiary of the Company, exercised its underlying conversion right of the convertible bond of PT. Puninar Saranaraya ("PT. Puninar") as an acquisition of additional 25% equity interest.

As at 30 June 2020	Financial assets at fair value through other comprehensive income HK\$'000	Investment in convertible bonds HK\$'000	Put option written on non-controlling interests HK\$'000
Opening balance	150,843	540,983	1,163,848
Transfers	182,445	(182,445)	-
Fair value adjustment	238	-	-
Capital reduction	(3,220)	-	-
Exchange adjustment	(3,037)	(5,410)	(198)
Lapse of unexercised option	-	-	(29,725)
Extinguishment	-	-	(1,130,000)
<b>Closing balance</b>	<b>327,269</b>	<b>353,128</b>	<b>3,925</b>

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) FAIR VALUE ESTIMATION (CONTINUED)

#### LEVEL 3 FINANCIAL INSTRUMENTS (CONTINUED)

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

There were no changes in valuation techniques during the period (2020: nil).

#### VALUATION PROCESSES OF THE GROUP

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

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

#### INVESTMENT IN CONVERTIBLE BONDS

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

#### FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

## PUT OPTION WRITTEN ON NON-CONTROLLING INTERESTS

The Group established fair value of written put option liabilities by using valuation techniques. These include the use of assumptions of estimated exercise price determined by the estimated performance of the newly acquired subsidiaries, estimated time to exercise, discount rate and volatility.

#### FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

#### FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The fair value of the following financial assets and liabilities approximate their carrying amount as at 30 June 2021 and 31 December 2020:

- Accounts receivable, deposits, other receivables and amounts due from fellow subsidiaries
- Cash and bank balances
- Accounts payable, accrued charges and amounts due to fellow subsidiaries and related companies
- Loans from non-controlling interest
- Bank loans and overdrafts

## 3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

(a) Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Integrated logistics		
Logistics operations	11,403,942	9,279,982
Hong Kong warehouse	119,888	97,253
International freight forwarding	25,184,909	12,507,732
	<b>36,708,739</b>	<b>21,884,967</b>

### 3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(b) An analysis of the Group's financial results by operating segment and geographical area for the six months ended 30 June 2021, together with comparative figures for the six months ended 30 June 2020 is as follows:

	For the six months ended 30 June									
	Integrated logistics				International freight forwarding	Elimination	Consolidation			
	Logistics operations		Hong Kong warehouse				2021	2020	2021	2020
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue										
Revenue	11,403,942	9,279,982	119,888	97,253	25,184,909	12,507,732	-	-	36,708,739	21,884,967
Inter-segment revenue	827,971	230,804	228,766	248,166	7,056,568	2,902,311	(8,113,305)	(3,381,281)	-	-
	12,231,913	9,510,786	348,654	345,419	32,241,477	15,410,043	(8,113,305)	(3,381,281)	36,708,739	21,884,967
Revenue by geographical area:										
Hong Kong	2,867,477	2,389,650	348,654	345,419	1,927,844	1,268,018	(1,140,972)	(792,544)	4,003,003	3,210,543
Mainland China	3,445,296	1,934,785	-	-	11,589,797	5,667,769	(3,768,481)	(1,410,152)	11,266,612	6,192,402
Taiwan	1,752,672	1,521,120	-	-	380,090	281,075	(156,857)	(132,374)	1,975,905	1,669,821
Asia	4,097,029	3,603,331	-	-	5,113,617	2,268,743	(2,695,723)	(731,595)	6,514,923	5,140,479
Americas	-	-	-	-	8,542,091	3,092,540	(138,081)	(152,629)	8,404,010	2,939,911
EMEA	-	-	-	-	4,182,673	2,591,075	(195,279)	(147,181)	3,987,394	2,443,894
Oceania	69,439	61,900	-	-	505,365	240,823	(17,912)	(14,806)	556,892	287,917
	12,231,913	9,510,786	348,654	345,419	32,241,477	15,410,043	(8,113,305)	(3,381,281)	36,708,739	21,884,967
Segment profit by geographical area:										
Hong Kong	239,944	219,987	275,051	233,531	137,233	85,068	-	-	652,228	538,586
Mainland China	178,513	98,120	-	-	474,440	126,184	-	-	652,953	224,304
Taiwan	253,064	240,126	-	-	27,000	17,317	-	-	280,064	257,443
Asia	302,485	344,012	-	-	262,973	50,886	-	-	565,458	394,898
America	-	-	-	-	432,214	74,343	-	-	432,214	74,343
EMEA	-	-	-	-	67,242	13,423	-	-	67,242	13,423
Oceania	43,023	2,658	-	-	36,107	12,149	-	-	79,130	14,807
	1,017,029	904,903	275,051	233,531	1,437,209	379,370	-	-	2,729,289	1,517,804
Less: Unallocated administrative expenses									(193,779)	(146,790)
Add: Net gain from settlement of put option written on non-controlling interests									-	118,000
Core operating profit									2,535,510	1,489,014
Finance income									16,431	15,735
Finance costs									(149,478)	(160,103)
Share of results of associates and joint ventures									81,422	41,673
Profit before taxation*									2,483,885	1,386,319
Taxation*									(478,118)	(278,528)
Profit for the period*									2,005,767	1,107,791
Non-controlling interests*									(475,404)	(262,347)
Core net profit									1,530,363	845,444
Change in fair value of investment properties									1,980,553	227,931
Deferred tax on change in fair value of investment properties									(2,562)	(333)
Less: Non-controlling interests' share of after-tax change in fair value of investment properties									1,994	(193)
Goodwill impairment									(130,000)	-
Profit attributable to the Company's shareholders									3,380,348	1,072,849
Depreciation and amortisation	935,279	875,333	22,052	23,608	180,644	169,407			1,137,975	1,068,348

\* Excluding the change in fair value of investment properties and its related deferred tax and goodwill impairment

### 3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(c) DISAGGREGATION OF REVENUE

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

	For the six months ended 30 June							
	2021				2020			
	Revenue recognised at a point in time	Revenue recognised over time	Rental income	Total	Revenue recognised at a point in time	Revenue recognised over time	Rental income	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By operating segment								
Revenue from contracts with customers								
Integrated logistics								
- Logistics operations	597,211	10,747,638	59,093	11,403,942	716,078	8,505,839	58,065	9,279,982
- Hong Kong warehouse	-	9,537	110,351	119,888	-	3,029	94,224	97,253
International freight forwarding	-	25,184,909	-	25,184,909	-	12,507,732	-	12,507,732
	597,211	35,942,084	169,444	36,708,739	716,078	21,016,600	152,289	21,884,967
By geographical area								
Revenue from contracts with customers								
Hong Kong	575,309	3,316,742	110,952	4,003,003	715,060	2,400,958	94,525	3,210,543
Mainland China	1,655	11,221,925	43,032	11,266,612	1,018	6,145,798	45,586	6,192,402
Taiwan	6,073	1,969,832	-	1,975,905	-	1,669,821	-	1,669,821
Asia	14,174	6,485,289	15,460	6,514,923	-	5,128,301	12,178	5,140,479
Americas	-	8,404,010	-	8,404,010	-	2,939,911	-	2,939,911
EMEA	-	3,987,394	-	3,987,394	-	2,443,894	-	2,443,894
Oceania	-	556,892	-	556,892	-	287,917	-	287,917
	597,211	35,942,084	169,444	36,708,739	716,078	21,016,600	152,289	21,884,967



### 3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(d) Management has determined the operating segments based on the reports reviewed by the executive directors. The executive directors assess the performance of the three principal activities of the Group, namely logistics operations, Hong Kong warehouse and international freight forwarding, in each geographical area.

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

Hong Kong warehouse segment derives revenue from provision of warehouse leasing, general storage and other ancillary services.

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

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

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

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

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

	Segment non-current assets <sup>#</sup>	
	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Hong Kong	13,477,883	11,576,408
Mainland China	7,241,149	6,873,735
Taiwan	5,756,546	5,418,544
Asia	8,158,591	8,189,365
Americas	1,082,690	1,016,005
EMEA	1,300,087	1,436,507
Oceania	163,122	194,523
	37,180,068	34,705,087

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

### 4 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Business tax and other taxes	11,354	5,514
Cost of goods sold	517,926	607,924
Freight and transportation costs	28,020,237	15,046,800
Depreciation of property, plant and equipment (note 10)	476,689	430,329
Depreciation of right-of-use assets	588,391	567,975
Amortisation of intangible assets (note 10)	72,895	70,044
Provision for impairment of receivables	61,861	49,997
Reversal of provision for impairment of receivables	(420)	(4,432)
Expenses relating to short-term and low-value leases	129,485	101,160
Employee benefit expenses (note)	3,722,709	3,180,979

Note:

Government grants amounting to HK\$1,487,000 (2020: 23,906,000) which have been recognised and deducted in employee benefit expenses for the six months ended 30 June 2021.

### 5 OTHER INCOME AND NET (LOSS)/GAINS

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Interest income from investment in convertible bonds	2,416	10,436
Interest income from banks	14,762	13,806
Gain on disposal of property, plant and equipment	30,825	5,311
Interest income from associates	1,669	1,929
Dividend income from financial assets at fair value through other comprehensive income	3,920	6,022
Loss on disposal of associates	(32)	(1,253)
Fair value change of financial assets at fair value through profit or loss	52,449	4,318
Goodwill impairment (note 10)	(130,000)	-
Net gain from settlement of put options written on non-controlling interests (note)	-	118,000
	(23,991)	158,569

Note:

On 31 March 2020, the Group has completed the acquisition of the remaining 49% of Apex, with the consideration of US\$176,132,511 (approximately HK\$1,372,432,000), which was settled by cash of approximately HK\$409,550,000 and the Company's shares of 76,445,430. The net gain was resulted from the settlement of put options liabilities with equity instruments issued and measured at fair value.

## 6 FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Interest expenses on bank loans and overdrafts	83,795	105,282
Interest expenses on lease liabilities	65,683	54,821
	149,478	160,103

## 7 TAXATION

### HONG KONG AND OVERSEAS PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) for the six months ended 30 June 2021 on the estimated assessable profit for the period. Income tax on the overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the overseas countries in which the Group operates.

### PRC ENTERPRISE INCOME TAX

PRC enterprise income tax has been provided at the rate of 25% (2020: 25%) on the estimated assessable profit for the period.

### WITHHOLDING TAX ON DISTRIBUTED/UNDISTRIBUTED PROFITS

Withholding tax in the Group's associates and joint ventures is levied on the undistributed earnings for the period at the rates of taxation prevailing in the PRC and overseas countries.

Withholding tax on undistributed earnings of the Group's certain subsidiaries are not provided as the Directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future.

The amount of taxation charged to the consolidated income statement represents:

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Hong Kong profits tax		
- Current	133,324	89,094
- Overprovision in prior years	-	(56)
- Deferred	(23)	(1,554)
	133,301	87,484
PRC taxation		
- Current	82,736	33,986
- Underprovision in prior years	8,285	1,925
- Deferred	43	10,968
	91,064	46,879
Overseas taxation		
- Current	356,154	188,834
- Overprovision in prior years and tax refund (note)	(139,661)	(29,865)
- Deferred	39,822	(14,471)
	256,315	144,498
	480,680	278,861

Note:

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

## 8 DIVIDENDS

The Directors have declared an interim dividend of 21.1 HK cents per share for the six months ended 30 June 2021 (for the six months ended 30 June 2020: an interim dividend of 11 HK cents), which is payable on Tuesday, 28 September 2021 to shareholders whose names appear on the registers of members of the Company on Monday, 13 September 2021. These financial statements do not reflect this dividend payable.

## 9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is as follows:

### BASIC

	Six months ended 30 June	
	2021	2020
Adjusted weighted average number of ordinary shares in issue ('000)	1,799,521	1,756,140
Profit attributable to the Company's shareholders (HK\$'000)	3,380,348	1,072,849
Basic earnings per share (HK\$)	1.88	0.61

## DILUTED

	Six months ended 30 June	
	2021	2020
Adjusted weighted average number of ordinary shares in issue ('000)	1,799,521	1,756,140
Adjustment for share options ('000)	4,748	1,368
Weighted average number of shares for the purpose of calculating diluted earnings per share ('000)	1,804,269	1,757,508
Profit attributable to the Company's shareholders (HK\$'000)	3,380,348	1,072,849
Diluted earnings per share (HK\$)	1.87	0.61

## 10 NON-CURRENT ASSETS

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Intangible assets HK\$'000
Opening net book value at 1 January 2020	11,343,539	10,308,139	4,764,904
Additions	437,953	-	-
Change in fair value	-	227,931	-
Disposals	(24,649)	-	-
Depreciation and amortisation	(430,329)	-	(70,044)
Transfer/reclassification	(85,842)	-	-
Exchange adjustment	(206,194)	(36,791)	(53,221)
Closing net book value at 30 June 2020	11,034,478	10,499,279	4,641,639
Opening net book value at 1 January 2021	11,693,226	11,503,215	4,771,897
Additions	638,220	-	-
Change in fair value	-	1,980,553	-
Disposals	(75,694)	-	-
Depreciation and amortisation	(476,689)	-	(72,895)
Acquisition of subsidiaries	41,252	-	352,552
Deemed disposal of a subsidiary	(146,388)	-	-
Transfer/reclassification	112,487	(168,834)	-
Exchange adjustment	(126,153)	4,475	(20,357)
Goodwill impairment	-	-	(130,000)
Closing net book value at 30 June 2021	11,660,261	13,319,409	4,901,197

Goodwill of HK\$4,129,000,000 (At 31 December 2020: HK\$4,021,000,000) was included in the balances of intangible assets. Goodwill is allocated to the Group's cash generating units (CGUs) that are expected to benefit from business combination and impairment testing is performed annually and when there is indication that they may be impaired.

The recoverable amount of a CGU is determined based on higher of its fair value less costs of disposal and value-in-use calculations. The value-in-use calculations use cash flow projections based on financial budgets approved by management covering five years.

The Group tests whether goodwill and intangible assets have suffered any impairment on an annual basis in December and when circumstances indicated that the carrying value may be impaired. Information on the impairment tests carried out in 2020, including estimates and assumptions used to measure recoverable amounts, were disclosed in the annual financial statements in 2020.

## 10 NON-CURRENT ASSETS (CONTINUED)

Considering the strong performance of the respective business units in the first half of 2021, management did not identify any major adverse changes that indicate the carrying value of goodwill might be impaired, except for an acquired business within EMEA. The Group recognised an impairment charge against goodwill of HK\$130 million, primarily resulted from a construction of facilities which has been put on hold due to a dispute with a third party, and slows down the business growth and expansion.

For the impairment assessment of that business unit, the recoverable amount is determined using the higher of value-in-use and fair value less costs of disposal. The projected cash flows were based on the latest management's business plan which has been updated to reflect the aforesaid changes in circumstances during the period, and a pre-tax discount rate of 13.0% (31 December 2020: 13.0%), revenue growth rate of 15.0% – 20.0% (31 December 2020: 20.0% – 25.0%) and profit margin of 2.2% – 4.2% (31 December 2020: 2.2% – 5.5%) were applied. Cash flows beyond the five-year period have been extrapolated using a growth rate of 3.0% (31 December 2020: 3.0%), for the purpose of the impairment testing for this business unit, to estimate the terminal value at the end of the five-year period. All other assumptions remained consistent with those used in the 2020 impairment assessment. The impairment charge is recorded within "Other income and net (loss)/gains" in the condensed consolidated income statement. Consequently, any adverse change in a key assumption could result in a further impairment loss.

### VALUATION OF INVESTMENT PROPERTIES

#### FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUTS

	Hong Kong HK\$'000	PRC HK\$'000	Overseas HK\$'000	Total HK\$'000
Opening balance as at 1 January 2020	8,623,350	1,204,407	480,382	10,308,139
Change in fair value	226,600	8,531	(7,200)	227,931
Exchange adjustment	-	(24,531)	(12,260)	(36,791)
Closing balance as at 30 June 2020	8,849,950	1,188,407	460,922	10,499,279
Opening balance as at 1 January 2021	9,726,080	1,294,051	483,084	11,503,215
Change in fair value	1,969,920	2,425	8,208	1,980,553
Exchange adjustment	-	8,899	(4,424)	4,475
Transfer	-	-	(168,834)	(168,834)
Closing balance as at 30 June 2021	11,696,000	1,305,375	318,034	13,319,409

## 10 NON-CURRENT ASSETS (CONTINUED)

### VALUATION OF INVESTMENT PROPERTIES (CONTINUED)

#### FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUTS (CONTINUED)

All investment properties are included in level 3 category, which requires recurring fair value measurement at each period end. There were no transfers between levels during the period (2020: nil).

#### VALUATION PROCESSES OF THE GROUP

The Group measures its investment properties at fair value. For all investment properties, their current use equates to the highest and best use.

Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department:

- assesses property valuations movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

#### VALUATION TECHNIQUES

Fair value of investment properties in Hong Kong, the PRC and overseas are generally derived using the income approach and wherever appropriate,

by direct comparison approach. Income approach is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Direct comparison approach is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. Fair value of certain investment properties in Vietnam are generally derived using Depreciated Replacement Cost ("DRC") approach.

#### SIGNIFICANT UNOBSERVABLE INPUTS USED TO DETERMINE FAIR VALUE

Capitalisation rates are estimated by valuer based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value.

Prevailing market rents are estimated based on recent lettings for Hong Kong, the PRC and overseas investment properties, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and with information available to management as of 30 June 2021.

## 11 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

Included in accounts receivable, prepayments and deposits are mainly trade receivables. The Group maintains a defined credit policy. The ageing analysis of trade receivables based on the date of the invoice and net of provision for impairment is as follows:

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Below 1 month	6,748,599	6,357,161
Between 1 month and 3 months	3,556,743	2,875,869
Over 3 months	782,903	598,132
Total trade receivables, net	11,088,245	9,831,162
Prepayments, deposits and other receivables (note a)	2,847,008	2,527,420
	13,935,253	12,358,582

Notes:

- (a) The balances mainly comprise prepaid freight and transportation costs, rental deposits, deposits to suppliers, and temporary payment made on behalf of the customers.
- (b) The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group determines the provision for expected credit losses by grouping together trade and other receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. For trade and other receivables relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

## 12 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Trade payables	5,362,314	5,062,805
Deposits received, accrued charges and other payables (note a)	4,404,351	4,348,763
	9,766,665	9,411,568
Less: Non-current contingent consideration payable for acquisition of subsidiaries	(227,427)	(138,193)
Non-current written put option liability	(4,305)	(4,186)
	9,534,933	9,269,189

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

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Below 1 month	3,014,301	3,377,540
Between 1 month and 3 months	1,397,973	1,028,065
Over 3 months	950,040	657,200
Total trade payables	5,362,314	5,062,805

Note:

- (a) The balances mainly comprise customer deposits, consideration payable for acquisition of subsidiaries, accrued charges which mainly comprise accrued employee benefit expenses, freight and transportation costs, freight charges received in advance and value added tax payables.



### 13 BANK LOANS

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Non-current		
– unsecured	3,298,139	4,329,402
– secured	418,910	740,037
	3,717,049	5,069,439
Current		
– unsecured	5,148,625	3,848,685
– secured	172,772	93,150
	5,321,397	3,941,835
<b>Total bank loans</b>	<b>9,038,446</b>	<b>9,011,274</b>

### 14 SHARE CAPITAL

	As at 30 June 2021		As at 31 December 2020	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Ordinary shares, authorised, issued and fully paid:				
At beginning of the period/year	1,797,200,042	898,600	1,716,203,112	858,102
Exercise of pre-IPO share option scheme allotment	6,820,000	3,410	6,385,500	3,193
Exercise of post-IPO share option scheme allotment	–	–	1,105,000	552
Issuance of shares (note 5)	–	–	76,445,430	38,223
Shares buy back	–	–	(2,939,000)	(1,470)
<b>At end of the period/year</b>	<b>1,804,020,042</b>	<b>902,010</b>	<b>1,797,200,042</b>	<b>898,600</b>

### 15 TRANSACTION WITH NON-CONTROLLING INTERESTS

During the period, the Group changed its ownership interests in certain subsidiaries without change of its control.

The effect of these transactions are summarised as follows:

	HK\$'000
Net cash consideration paid to non-controlling interests	(81,861)
Net decrease in non-controlling interests	10,476
Changes in other reserves arising from changes in ownership of interests in subsidiaries without change of control	(71,385)

### 16 COMMITMENTS

As at 30 June 2021, the Group had capital commitments in respect of property, plant and equipment and acquisition of subsidiaries not provided for in these financial statements as follows:

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Contracted but not provided for	1,367,532	823,367

### 17 BUSINESS COMBINATIONS

In January 2021, the Group acquired 51% interest in Lanhai Hong Meng (Tianjin) Logistics Co., Ltd., approximately 51% interest in Logistikus Inc. and Logistikus Express Philippines, Inc., which are the local logistics services providers based in Mainland China and Philippines respectively.

Aggregate consideration of the acquisition transactions is as follows:

	HK\$'000
Cash consideration paid in prior year	62,339
Cash consideration paid during the period	128,820
Consideration payable	128,820
	319,979

The recognised amounts of identifiable assets acquired and liabilities assumed as at the respective dates of such acquisitions are as follow:\*

	HK\$'000
Property, plant and equipment (note 10)	41,252
Right-of-use assets	38,156
Accounts receivable, prepayments and deposits	166,890
Cash and bank balances	21,410
Accounts payable, deposits received and accrued charges	(99,670)
Bank loans	(110,628)
Other non-current liabilities	(16,333)
<b>Total identifiable net assets (excluding intangible assets)</b>	<b>41,077</b>
Intangible assets (note 10)	100,314
Goodwill (note 10)	252,238
Non-controlling interests	(73,650)
<b>Total</b>	<b>319,979</b>

\* As at 30 June 2021, verification of individual assets/liabilities of the acquired business/subsidiaries is in progress and the Group has not finalised the fair value assessments. The relevant fair value of individual assets/liabilities stated as above are provisional.

## 17 BUSINESS COMBINATIONS (CONTINUED)

The goodwill of HK\$252,238,000 arising from these acquisitions is attributable to the future profitability of the acquired businesses.

The acquired businesses contributed revenue of HK\$172,334,000 and net profit of HK\$5,396,000 to the Company's shareholders for the period from their respective acquisition dates up to 30 June 2021.

## 18 PLEDGE OF ASSETS

As at 30 June 2021, the Group's total bank loans of HK\$9,038,446,000 (31 December 2020: HK\$9,011,274,000) included an aggregate amount of HK\$591,682,000 (31 December 2020: HK\$833,187,000) which are secured. The Group's total bank overdrafts of HK\$244,658,000 (31 December 2020: HK\$220,865,000) included an aggregate amount of HK\$34,553,000 (31 December 2020: HK\$26,969,000) which are secured. The securities provided for the secured banking facilities available to the Group are as follows:

- (i) legal charges over certain investment properties, leasehold land and land use rights, freehold land and buildings, warehouse and logistics centres and port facilities of the Group with an aggregate net book value of HK\$2,473,130,000 (31 December 2020: HK\$2,656,318,000);
- (ii) assignments of insurance proceeds of certain properties of the Group; and
- (iii) certain balances of restricted and pledged deposits of the Group.

## 19 SUBSEQUENT EVENTS

On 10 February 2021, a joint announcement (the "Joint Announcement") was jointly published by Flourish Harmony Holdings Company Limited (the "Offeror"), an indirectly wholly-owned subsidiary of S.F. Holding Co., Ltd., the Company and KPL, a controlling shareholder and substantial shareholder of the Company. Unless the context requires otherwise, capitalised terms used in this note have the same meanings as those defined in the Joint Announcement.

As set out in the Joint Announcement, J.P. Morgan Securities (Asia Pacific) Limited (acting on behalf of the Offeror) would make a pre-conditional voluntary partial cash offer to acquire 931,209,117 shares of the Company (representing approximately 51.8% of the shares in issue as at the date of the Joint Announcement), at the offer price of HK\$18.8 per Offer Share in cash. The Offeror would also extend a partial offer to the Optionholders to cancel such number of outstanding Share Options representing 51.8% of the outstanding Share Options as at the Final Closing Date at the option offer price of HK\$8.6 per Share Option in cash.

Also set out in the Joint Announcement were certain proposed transactions in connection with the Partial Offer including but not limited to (i) the Warehouses Sale, and (ii) the Taiwan Business Sale (together (i) and (ii), the "Proposed Sale Transactions"). Further details of the Proposed Sale Transactions are as set out in the announcement of the Company dated 25 March 2021 and the circular of the Company dated 3 May 2021. The Proposed Sale Transactions are conditional upon, amongst other conditions, the Partial Offer becoming or being declared unconditional in all respects.

As of 30 June 2021, the Partial Offer was subject to the satisfaction or waiver (where applicable) of certain pre-conditions. Subsequently on 9 August 2021, all the pre-conditions of the Partial Offer have been fulfilled or waived (where applicable) and the completion of the Partial Offer is subject to, among the fulfilment of other conditions, valid acceptance of the Partial Offer being received in respect of 931,209,117 shares and the approval from Shareholders holding over 50% of the Shares not held by the Offeror and parties acting in concert with it. Offers were open for acceptance on 12 August 2021.

# DEFINITIONS

"1H" or "2H"	first half or second half
"3PL"	third party logistics
"Apex" or "Kerry Apex"	14 wholly-owned US subsidiaries of KLN Investment (US) LLC, an indirect wholly-owned subsidiary of the Company
"Asia"	Asia continent, for the purpose of this interim report only, excludes Greater China and Middle East
"Board"	the board of Directors
"Caninco"	Caninco Investments Limited, a wholly-owned subsidiary of KHL
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"CIS"	the Commonwealth of Independent States
"Company"	Kerry Logistics Network Limited, incorporated in the British Virgin Islands and continued into Bermuda to become an exempted company with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Composite Document"	the composite document jointly published by the Offeror and the Company dated 12 August 2021
"Controlling Shareholder(s)"	shall have the meaning ascribed to it under the Listing Rules
"Darmex"	Darmex Holdings Limited, a wholly-owned subsidiary of KHL
"Director(s)"	director(s) of the Company
"EMEA"	Europe, Middle East and Africa

“Executive”	the executive director (or any of his delegates) of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong	“Kerry Express Thailand”	Kerry Express (Thailand) Public Company Limited, a public company with limited liability registered in Thailand and listed on The Stock Exchange of Thailand on 24 December 2020 (stock code: KEX), is a subsidiary of the Company
“F&B”	food and beverage	“Kerry Mining”	Kerry Mining (Mongolia) Limited, a subsidiary of KHL
“Global Offering”	the initial public offering of the Shares whereby the Shares were listed on the Main Board of the Stock Exchange on 19 December 2013	“KGL”	Kerry Group Limited, one of the Controlling Shareholders of the Company
“Greater China”	Mainland China, Hong Kong, Macau and Taiwan	“KHL”	Kerry Holdings Limited, a wholly-owned subsidiary of KGL
“Group” or “KLN Group”	the Company and its subsidiaries	“KPL”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 683), and is one of the Controlling Shareholders of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong	“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“HKAS”	Hong Kong Accounting Standards	“Macau”	Macao Special Administrative Region of the PRC
“HKFRS”	Hong Kong Financial Reporting Standards	“Mainland China”	The People’s Republic of China and, for the purpose of this interim report only, excludes Hong Kong, Macau and Taiwan
“HKICPA”	Hong Kong Institute of Certified Public Accountants	“Majestic”	Majestic Tulip Limited, a subsidiary of KHL
“Hong Kong”	Hong Kong Special Administrative Region of the PRC	“Marine Dragon”	Marine Dragon Limited, a subsidiary of KHL
“Hopemore”	Hopemore Ventures Limited, a subsidiary of KHL	“Medallion”	Medallion Corporate Limited, a subsidiary of KHL
“IFF”	international freight forwarding	“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“IL”	integrated logistics		
“Joint Announcement”	the announcement jointly published by the Offeror, the Company and KPL on 10 February 2021		

“NVOCC”	non-vessel operating common carrier	“Share Award Scheme”	share award scheme of the Company
“Ocean Fortune”	Ocean Fortune Enterprises Limited, a subsidiary of KGL	“Shareholders”	the holders of the Shares
“Oceania”	Australia and New Zealand, for the purpose of this interim report only	“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Offeror”	Flourish Harmony Holdings Company Limited, a company incorporated in the Cayman Islands, an indirect wholly-owned subsidiary of S.F. Holding	“United Beauty”	United Beauty Limited, a subsidiary of KHL
“Ordinary Share(s)” or “Share(s)”	share(s) of nominal value of HK\$0.50 each of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company	“United States” or “US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“Post-IPO Share Option Scheme”	post-IPO share option scheme of the Company	“Vencedor”	Vencedor Investments Limited, a subsidiary of KHL
“PRC”	The People’s Republic of China		
“Pre-IPO Share Option Scheme”	pre-IPO share option scheme of the Company		
“Q2”	second quarter		
“Registers of Members”	registers of members of the Company		
“Rubyhill”	Rubyhill Global Limited, a subsidiary of KHL		
“S.F. Holding”	S.F. Holding Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Shenzhen Stock Exchange		
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)		





## ASIA-BASED, GLOBAL 3PL 建基亞洲 服務全球

KLN Group is an Asia-based, global 3PL with a highly diversified business portfolio and the strongest coverage in Asia. It offers a broad range of supply chain solutions from integrated logistics, international freight forwarding (air, ocean, road, rail and multimodal), industrial project logistics, to cross-border e-commerce, last-mile fulfilment and infrastructure investment.

With a global presence across 60 countries and territories, the Group has established a solid foothold in half of the world's emerging markets. Its diverse infrastructure, extensive coverage in international gateways and local expertise span across China, India, Southeast Asia, the CIS, Middle East, LATAM and other locations.

嘉里物流聯網集團是以亞洲為基地，擁有高度多元化業務及強大亞洲網絡覆蓋的國際第三方物流服務供應商，業務涵蓋一系列供應鏈解決方案，包括綜合物流、國際貨運（海陸空、鐵路及多式聯運）、工業項目物流、跨境電子商貿，以及最後一里派送和基建投資等。

本集團的辦事處遍佈全球60個國家及地區，於全球一半新興市場設立據點，其多元基建設施、廣泛國際樞紐覆蓋和本地專業知識遍及中國、印度、東南亞、獨聯體、中東、拉美及其他地區。



KLN Group is equipped to deliver air, land and ocean freight service, with a new Trans-Pacific air freight service poised to be launched, and 100 brand-new 40ft high-cube containers for ocean freight now in service (computer-processed image)

嘉里物流聯網集團具備提供海、陸、空運服務能力，即將推出跨太平洋空運服務，而100個全新的40呎高櫃現已投入服務（電腦處理圖片）