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Kerry Logistics
Network Limited
嘉里物流網絡有限公司

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

Stock Code 636

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2024, together with comparative figures for the six months ended 30 June 2023.

GROUP'S FINANCIAL HIGHLIGHTS

- Revenue* grew by 10% year-on-year to HK\$25,432 million (2023 1H: HK\$23,197 million).
- Core operating profit* increased by 11% to HK\$1,200 million (2023 1H: HK\$1,078 million).
- Core net profit* also increased by 5% year-on-year to HK\$606 million (2023 1H: HK\$575 million).
- Profit attributable to the Shareholders for 2024 1H was HK\$831 million (2023 1H: HK\$368 million), which includes profit generated from discontinued operations of HK\$241 million (2023 1H: loss of HK\$207 million), and represents a year-on-year growth of 126%.
- IL business recorded a segment profit* of HK\$693 million (2023 1H: HK\$718 million), which represents a slight drop of 3%.
- IFF business recorded a segment profit* of HK\$740 million (2023 1H: HK\$626 million), which represents a growth of 18%.
- Interim dividend of 10 HK cents per Share to be payable on or around Monday, 23 September 2024.

* For continuing operations only

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2024

	Note	Unaudited 2024 HK\$'000	Unaudited 2023 HK\$'000 (restated)
Continuing operations			
Revenue	2	25,432,488	23,197,039
Direct operating expenses	3	(22,914,125)	(20,763,607)
Gross profit		2,518,363	2,433,432
Other income and net gains		40,171	42,748
Administrative expenses	3	(1,319,131)	(1,361,380)
Operating profit before fair value change of investment properties		1,239,403	1,114,800
Change in fair value of investment properties		(4,515)	4
Operating profit		1,234,888	1,114,804
Finance expenses	4	(285,884)	(265,381)
Share of results of associates and a joint venture		53,772	82,680
Profit before taxation		1,002,776	932,103
Taxation	5	(260,393)	(225,750)
Profit for the period from continuing operations		742,383	706,353
Discontinued operations:			
Profit/(loss) for the period from discontinued operations	13	157,771	(406,174)
Profit for the period		900,154	300,179
Profit/(loss) attributable to:			
Company's shareholders			
From continuing operations		589,956	574,986
From discontinued operations		241,167	(207,367)
Non-controlling interests			
From continuing operations		139,557	131,367
From discontinued operations		(83,396)	(198,807)
Holders of perpetual convertible securities			
From continuing operations		12,870	–
From discontinued operations		–	–
		900,154	300,179
Earnings per share from continuing operations	7		
– Basic		HK\$0.33	HK\$0.32
– Diluted		HK\$0.33	HK\$0.32
Earnings per share from discontinued operations			
– Basic		HK\$0.13	HK\$(0.12)
– Diluted		HK\$0.13	HK\$(0.12)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2024

	Unaudited 2024 HK\$'000	Unaudited 2023 HK\$'000 (restated)
Profit for the period	900,154	300,179
Other comprehensive loss:		
Items that will not be reclassified subsequently to consolidated income statement		
Defined benefit pension plans		
– Actuarial loss	(662)	–
– Deferred income tax	133	–
Fair value change on financial assets at fair value through other comprehensive income	(139,001)	(52,606)
Item that may be reclassified to consolidated income statement		
Net translation differences on foreign operations	(469,372)	(362,178)
Other comprehensive loss for the period	(608,902)	(414,784)
Total comprehensive income/(loss) for the period	291,252	(114,605)
Total comprehensive income/(loss) attributable to:		
Company's shareholders		
From continuing operations	(87,525)	235,324
From discontinued operations	379,693	(216,729)
Non-controlling interests	(13,786)	(133,200)
Holders of perpetual convertible securities	12,870	–
	291,252	(114,605)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Intangible assets		5,751,567	5,785,503
Investment properties		2,482,051	2,538,606
Property, plant and equipment		6,813,282	6,986,802
Right-of-use assets		2,571,704	2,543,977
Associates and a joint venture		1,570,899	1,681,808
Financial assets at fair value through other comprehensive income		318,582	461,270
Investment in convertible bonds		5,571	5,831
Other non-current assets		316,654	314,556
Deferred taxation		259,121	381,120
		20,089,431	20,699,473
Current assets			
Financial assets at fair value through profit or loss		389	389
Inventories		388,584	410,790
Accounts receivable, prepayments and deposits	8	13,234,989	11,920,703
Tax recoverable		282,679	429,375
Amounts due from fellow subsidiaries		730,087	45,682
Amounts due from related companies		308	106
Amounts due from associates		4,982	9,431
Restricted and pledged bank deposits		18,756	12,843
Cash at bank and in hand		5,819,024	6,521,438
		20,479,798	19,350,757
Asset classified as held for distribution	13	–	2,070,685
		20,479,798	21,421,442
Current liabilities			
Lease liabilities		743,122	927,103
Accounts payable, deposits received and accrued charges	9	9,316,456	8,409,541
Amounts due to fellow subsidiaries		46,632	160
Amounts due to related companies		137,983	157,537
Taxation		709,254	363,631
Loans from non-controlling interests		24,010	–
Short-term bank loans and current portion of long-term bank loans	10	2,869,646	3,262,675
Bank overdrafts		126,269	62,535
		13,973,372	13,183,182
Liabilities associated with assets classified as held for distribution	13	–	1,471,618
		13,973,372	14,654,800

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
	Note		
Non-current liabilities			
Loans from non-controlling interests		245,119	270,841
Long-term bank loans	10	5,930,363	5,235,456
Lease liabilities		1,264,624	1,100,566
Deferred taxation		546,758	731,734
Retirement benefit obligations		19,916	20,259
		8,006,780	7,358,856
ASSETS LESS LIABILITIES		18,589,077	20,107,259
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		903,715	903,715
Share premium		4,074,218	4,074,218
Shares held for share award scheme		(18,324)	(27,639)
Retained profits and other reserves		10,576,760	11,861,985
		15,536,369	16,812,279
Perpetual convertible securities		774,101	774,101
Non-controlling interests		2,278,607	2,520,879
TOTAL EQUITY		18,589,077	20,107,259

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Kerry Logistics Network Limited (the “Company”) is an investment holding company and its subsidiaries are principally engaged in the provision of logistics and freight forwarding services. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

To align with the Group’s strategy of focusing on its core business of integrated logistics and international freight forwarding, during the period ended 30 June 2024, the Group completed the distribution of special interim dividend by way of a distribution in species of all its shares held in KEX Express (Thailand) Public Company Limited (“KEX Express Thailand”) and ceased certain express operations in Asia (together with KEX Express Thailand, “Express Operations”). These constituted discontinued operations (“Discontinued Operations”) under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operation”, the related financial information of the Discontinued Operations is required to be presented separately as discontinued operations of the Group in the condensed consolidated interim financial information for the period ended 30 June 2024. The results of the discontinued operations has been presented separately as one-line item below profit for the period from continuing operations as “discontinued operations”, and the comparative figures in the condensed consolidated interim income statement and the note thereto have also been restated accordingly. The comparative figures in the condensed consolidated interim statement of financial position were not represented. Further detail of the financial information of the Discontinued Operations are set out in note 13.

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

These unaudited condensed consolidated interim financial information 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 information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with HKFRS issued by the HKICPA. The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2023.

(I) ADOPTION OF AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATION

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

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

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

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

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

Amendments to HKAS 7 and HKFRS 7, 'Supplier Finance Arrangements'

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

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

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

Amendments to HKFRS 1 and HKAS 21, 'Lack of Exchangeability'¹

Amendments to HKFRS 7 and HKFRS 9, 'Classification and Measurement of Financial Instruments'²

HKFRS 18, 'Presentation and Disclosure in Financial Statements'³

HKFRS 19, 'Subsidiaries without Public Accountability: Disclosures'³

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

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

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date to be determined

The Group will adopt the above new standards, amendments to existing standards and interpretation as and when they become effective. None of the above is expected to have a significant effect on the condensed consolidated interim financial information 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 information 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 information, 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 2023 except for the adoption of amendments to existing standards and interpretation as set out above.

2 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

An analysis of the Group's financial results by operating segment and geographical area for the six months ended 30 June 2024, together with comparative figures for the six months ended 30 June 2023 is as follows:

	For the six months ended											
	Continuing operations								Discontinued operations			
	Integrated logistics		International freight forwarding		Elimination		Consolidation		after elimination		Consolidation	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000 (restated)
Revenue												
Turnover	6,932,633	7,089,495	18,499,855	16,107,544	-	-	25,432,488	23,197,039	548,169	2,117,584	25,980,657	25,314,623
Inter-segment revenue	559,702	356,892	2,959,682	2,690,365	(3,519,384)	(3,047,257)	-	-	-	-	-	-
	7,492,335	7,446,387	21,459,537	18,797,909	(3,519,384)	(3,047,257)	25,432,488	23,197,039	548,169	2,117,584	25,980,657	25,314,623
Turnover by Geographic												
Hong Kong	3,103,128	2,887,311	826,902	816,384	(490,398)	(385,661)	3,439,632	3,318,034	-	-	3,439,632	3,318,034
Mainland of China	2,829,181	3,070,131	7,181,000	6,253,578	(1,552,915)	(1,234,944)	8,457,266	8,088,765	-	-	8,457,266	8,088,765
Asia	1,480,864	1,410,797	3,133,173	2,993,994	(899,028)	(720,120)	3,715,009	3,684,671	548,169	2,002,853	4,263,178	5,687,524
Americas	-	-	6,352,255	4,762,666	(260,373)	(376,871)	6,091,882	4,385,795	-	-	6,091,882	4,385,795
EMEA	-	-	3,604,778	3,533,375	(294,625)	(307,866)	3,310,153	3,225,509	-	99,348	3,310,153	3,324,857
Oceania	79,162	78,148	361,429	437,912	(22,045)	(21,795)	418,546	494,265	-	15,383	418,546	509,648
	7,492,335	7,446,387	21,459,537	18,797,909	(3,519,384)	(3,047,257)	25,432,488	23,197,039	548,169	2,117,584	25,980,657	25,314,623
Segment profit/(loss)												
Hong Kong	256,570	287,758	33,338	9,182	-	-	289,908	296,940	-	-	289,908	296,940
Mainland of China	216,779	229,125	286,697	229,307	-	-	503,476	458,432	-	-	503,476	458,432
Asia	209,161	192,362	138,354	134,636	-	-	347,515	326,998	(193,689)	(508,556)	153,826	(181,558)
Americas	-	-	206,761	124,987	-	-	206,761	124,987	-	-	206,761	124,987
EMEA	-	-	53,748	87,441	-	-	53,748	87,441	-	(434)	53,748	87,007
Oceania	10,720	8,538	21,230	41,011	-	-	31,950	49,549	-	(1,108)	31,950	48,441
	693,230	717,783	740,128	626,564	-	-	1,433,358	1,344,347	(193,689)	(510,098)	1,239,669	834,249
Less: Unallocated administration expenses							(233,703)	(266,093)	(5)	(6)	(233,708)	(266,099)
Core operating profit							1,199,655	1,078,254	(193,694)	(510,104)	1,005,961	568,150
Interest income							39,748	36,546	129	971	39,877	37,517
Finance expenses							(285,884)	(265,381)	(6,171)	(10,262)	(292,055)	(275,643)
Share of results of associates and a joint venture							53,772	82,680	-	(84)	53,772	82,596
Profit before taxation*							1,007,291	932,099	(199,736)	(519,479)	807,555	412,620
Taxation*							(261,549)	(225,804)	(2,647)	113,305	(264,196)	(112,499)
Profit for the period*							745,742	706,295	(202,383)	(406,174)	543,359	300,121
Non-controlling interests*							(140,077)	(131,367)	97,668	198,807	(42,409)	67,440
Core net profit							605,665	574,928	(104,715)	(207,367)	500,950	367,561
Change in fair value of investment properties							(4,515)	4	-	-	(4,515)	4
Deferred tax of change in fair value of investment properties							1,156	54	-	-	1,156	54
Less: Non-controlling interests' share of change in fair value of investment properties and its related deferred tax							520	-	-	-	520	-
Gain on distribution of Express Operations (net of tax)							-	-	479,614	-	479,614	-
Loss on cessation of Express Operations attribute to the Company's shareholders							-	-	(133,732)	-	(133,732)	-
Profit attributable to Company's shareholders and holders of perpetual convertible securities							602,826	574,986	241,167	(207,367)	843,993	367,619
Holders of perpetual convertible securities							(12,870)	-	-	-	(12,870)	-
Profit attributable to Company's shareholders							589,956	574,986	241,167	(207,367)	831,123	367,619
Depreciation and amortisation	625,346	662,583	238,779	214,072	-	-	864,125	876,655	86,678	272,652	950,803	1,149,307

* Excluding the change in fair value of investment properties and its related deferred tax, gain on distribution of Express Operations and loss on cessation of Express Operations

Prior period corresponding segment turnover figures of both integrated logistics and international freight forwarding have been reclassified to conform with current period classification.

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

By operating segment	2024				2023			
	Revenue	Revenue	Rental	Total	Revenue	Revenue	Rental	Total
	recognised	recognised	income		recognised	recognised	income	
	at a point in time HK\$'000	over time HK\$'000	HK\$'000		at a point in time HK\$'000 (restated)	over time HK\$'000 (restated)	HK\$'000 (restated)	
Revenue from contracts with customers								
Integrated logistics	734,706	6,143,414	54,513	6,932,633	815,751	6,210,869	62,875	7,089,495
International freight forwarding	-	18,499,855	-	18,499,855	-	16,107,544	-	16,107,544
Discontinued operations	-	548,169	-	548,169	-	2,117,584	-	2,117,584
	734,706	25,191,438	54,513	25,980,657	815,751	24,435,997	62,875	25,314,623

By geographical area	2024				2023			
	Revenue	Revenue	Rental	Total	Revenue	Revenue	Rental	Total
	recognised	recognised	income		recognised	recognised	income	
	at a point in time HK\$'000	over time HK\$'000	HK\$'000		at a point in time HK\$'000 (restated)	over time HK\$'000 (restated)	HK\$'000 (restated)	
Revenue from contracts with customers								
Hong Kong	624,255	2,815,377	-	3,439,632	671,568	2,646,466	-	3,318,034
Mainland of China	99,555	8,313,227	44,484	8,457,266	135,523	7,913,190	40,052	8,088,765
Asia	10,896	3,694,084	10,029	3,715,009	8,660	3,653,188	22,823	3,684,671
Americas	-	6,091,882	-	6,091,882	-	4,385,795	-	4,385,795
EMEA	-	3,310,153	-	3,310,153	-	3,225,509	-	3,225,509
Oceania	-	418,546	-	418,546	-	494,265	-	494,265
Discontinued operations	-	548,169	-	548,169	-	2,117,584	-	2,117,584
	734,706	25,191,438	54,513	25,980,657	815,751	24,435,997	62,875	25,314,623

Management has determined the operating segments based on the reports reviewed by the executive directors. The executive directors assess the performance of the two principal activities in continuing operations of the Group, namely integrated logistics and international freight forwarding, in each geographical area.

As set out in note 1, the results of Express Operations, which was presented in a separate segment namely, E-commerce and express in prior period, are presented under “Discontinued Operations” in the current segmental analysis of operations. The prior period corresponding segment information that is presented for comparative purpose has been restated accordingly. The reclassification has no impact on the profit for the current and comparative period of the Group for the period ended 30 June 2024 and 30 June 2023 nor on the assets and liabilities of the Group as of 31 December 2023. Further details of financial information of the Discontinued Operations are set out in note 13.

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

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

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

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

The executive directors also assess the performance of the Group based on core operating profit, which is the profit before taxation excluding interest income, finance expenses, share of results of associates and a joint venture and also core net profit, which is the profit attributable to Company’s shareholders before the after-tax effect of change in fair value of investment properties, gain on distribution of Express Operations and loss on cessation of Express Operations.

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

	Segment non-current assets[#]	
	As at 30 June 2024 HK\$’000	As at 31 December 2023 HK\$’000
Hong Kong	1,384,712	1,499,881
Mainland of China	7,546,427	7,589,767
Asia	6,357,237	6,548,548
Americas	2,800,039	2,866,405
EMEA	1,249,960	1,186,944
Oceania	167,782	159,707
	19,506,157	19,851,252

[#] Other than financial assets at fair value through other comprehensive income, investment in convertible bonds and deferred taxation.

3 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000 (restated)
Continuing operations		
Business tax and other taxes	5,193	3,525
Cost of goods sold	610,371	696,268
Freight and transportation costs	19,669,976	17,533,317
Depreciation of property, plant and equipment	268,169	282,749
Depreciation of right-of-use assets	517,806	506,688
Amortisation of intangible assets	78,150	87,218
Provision for impairment of receivables	80,378	40,864
Reversal of provision for impairment of receivables	(17,068)	(15,179)
Rental expenses on land and buildings	215,397	219,908
Employee benefit expenses (note)	2,466,116	2,503,307

Note:

Government grants amounting to HK\$55,000 (2023: HK\$16,260,000) have been recognised and deducted in employee benefit expenses for the six months ended 30 June 2024.

4 FINANCE EXPENSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000 (restated)
Continuing operations		
Interest expenses on bank loans and overdrafts	236,963	222,647
Interest expenses on lease liabilities	48,921	42,734
	285,884	265,381

5 TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000 (restated)
Continuing operations		
Hong Kong profits tax		
– Current	41,898	45,047
– Over provision in prior years	(4,977)	(125)
– Deferred	(23,748)	(15,319)
	13,173	29,603
PRC taxation		
– Current	101,735	63,687
– Under/(over) provision in prior years	514	(8,791)
– Deferred	(2,747)	47,546
	99,502	102,442
Overseas taxation		
– Current	156,427	139,429
– Under provision in prior years	1,753	921
– Deferred	(10,462)	(46,645)
	147,718	93,705
	260,393	225,750

HONG KONG AND OVERSEAS PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) for the six months ended 30 June 2024 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% (2023: 25%) on the estimated assessable profit for the period.

OECD PILLAR TWO MODEL RULES

The Group is within the scope of the OECD Pillar Two Model Rules. Hong Kong has yet to introduce its draft legislation for implementation of the Pillar Two Model Rules, but it is expected that the new regime will come into effect on 1 January 2025. For certain jurisdiction where the Group has operations, the Pillar Two legislation had become effective on 1 January 2024. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its Global Anti-Base Erosion (“GloBE”) effective tax rate in each jurisdiction and the 15% minimum rate. The Group’s assessment indicates that the quantitative impact of the Pillar Two legislation is not material to the Group.

WITHHOLDING TAX ON DISTRIBUTED/UNDISTRIBUTED PROFITS

Withholding tax in the Group's associates and a joint venture 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.

6 DIVIDENDS

On 29 December 2023, the Directors have declared a special interim dividend, to be effected by way of a distribution in specie of 907,200,000 shares of KEX Express Thailand (representing approximately 52.1% of all issued shares of KEX Express Thailand) indirectly held by the Company to qualifying shareholders, subject to obtaining a waiver from the Securities and Exchange Commission, Thailand (the "Thai SEC") in respect of its tender offer obligations arising out of the distribution. On 5 February 2024, the Company has obtained a waiver from the Thai SEC in respect of its tender offer obligations arising out of the distribution, and that the condition to the distribution has been satisfied and the distribution has become unconditional. Dividend payable for distribution in specie was approximately HK\$983,215,000 right before the completion date, measured at fair value using the share price of KEX Express Thailand. On 26 March 2024, the distribution was completed, the assets and liabilities held for distribution (the corresponding share in net asset value of KEX Express Thailand was approximately HK\$330,897,000) and dividend payable for distribution in specie were derecognised. The difference between the carrying amount of the net assets distributed and the carrying amount of the dividend payable, net of transaction costs, is recognised in profit or loss in accordance with the HKFRS.

The Directors have declared an interim dividend of 10 HK cents per share for the six months ended 30 June 2024 (for the six months ended 30 June 2023: an interim dividend of 9 HK cents), which is payable on or around Monday, 23 September 2024 to shareholders whose names appear on the Registers of Members on Thursday, 12 September 2024. These financial statements do not reflect this dividend payable.

7 EARNINGS PER SHARE

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

BASIC

	Six months ended 30 June	
	2024	2023 (restated)
Adjusted weighted average number of ordinary shares in issue ('000)	1,804,097	1,807,385
Profit attributable to the Company's shareholders (HK\$'000)		
From continuing operations	589,956	574,986
From discontinued operations	241,167	(207,367)
Basic earnings per share (HK\$)		
From continuing operations	0.33	0.32
From discontinued operations	0.13	(0.12)

DILUTED

	Six months ended 30 June	
	2024	2023 (restated)
Adjusted weighted average number of ordinary shares in issue ('000)	1,804,097	1,807,385
Adjustment for share options and share awards ('000)	2,315	102
Adjustment for perpetual convertible securities ('000)	41,489	–
Weighted average number of shares for the purpose of calculating diluted earnings per share ('000)	1,847,901	1,807,487
Profit attributable to the Company's shareholders (HK\$'000)		
From continuing operations	589,956	574,986
Adjustment for profit attributable to holders of perpetual convertible securities	12,870	–
From continuing operation for the purpose of calculating diluted earning per share	602,826	574,986
From discontinued operations	241,167	(207,367)
Diluted earnings per share (HK\$)		
From continuing operations	0.33	0.32
From discontinued operations	0.13	(0.12)

8 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

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

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Below 1 month	5,450,515	5,242,078
Between 1 month and 3 months	2,611,592	2,455,724
Over 3 months	1,246,832	870,399
Total accounts receivable, net	9,308,939	8,568,201
Prepayments, deposits and other receivables	3,926,050	3,352,502
	13,234,989	11,920,703

9 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in accounts payable, deposits received and accrued charges are mainly accounts payable and accruals. The ageing analysis of accounts payable based on the date of the invoice is as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Below 1 month	2,738,097	2,864,692
Between 1 month and 3 months	1,098,407	810,182
Over 3 months	862,013	635,698
Total accounts payable	4,698,517	4,310,572
Deposits received, accrued charges and other payables	4,617,939	4,098,969
	9,316,456	8,409,541

10 BANK LOANS

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Non-current		
– unsecured	5,927,906	5,230,744
– secured	2,457	4,712
	5,930,363	5,235,456
Current		
– unsecured	2,789,682	3,195,994
– secured	79,964	66,681
	2,869,646	3,262,675
Total bank loans	8,800,009	8,498,131

11 COMMITMENTS

As at 30 June 2024, the Group had capital commitments in respect of property, plant and equipment and acquisition of subsidiaries not provided for in these financial information as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Contracted but not provided for	290,743	384,661

12 PLEDGE OF ASSETS

As at 30 June 2024, the Group's total bank loans of HK\$8,800,009,000 (31 December 2023: HK\$8,575,580,000, including bank loans associated with assets classified as held for distribution) included an aggregate amount of HK\$82,421,000 (31 December 2023: HK\$71,393,000) which is secured. The Group's total bank overdrafts of HK\$126,269,000 (31 December 2023: HK\$62,535,000) included an aggregate amount of HK\$311,000 (31 December 2023: Nil) 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 with an aggregate net book value of HK\$796,318,000 (31 December 2023: HK\$871,326,000);
- (ii) assignments of insurance proceeds of certain properties; and
- (iii) certain balances of restricted and pledged deposits.

13 DISCONTINUED OPERATIONS

Analysis of the results relating to the Discontinued Operations is presented below:

(a) RESULTS FROM DISCONTINUED OPERATIONS

	2024 HK\$'000	2023 HK\$'000
Revenue	548,169	2,117,584
Direct operating expenses	(677,807)	(2,422,227)
Other income and net gains	953	6,643
Administrative expenses	(64,880)	(211,133)
Finance expenses	(6,171)	(10,262)
Share of results of associates	–	(84)
Loss before taxation	(199,736)	(519,479)
Taxation	(2,647)	113,305
Loss after taxation	(202,383)	(406,174)
Gain on distribution of Express Operations (net of tax)	479,614	–
Loss on cessation of Express Operations	(119,460)	–
Profit/(loss) for the period from discontinued operations	157,771	(406,174)
Exchange differences on translation of discontinued operations	266,618	(18,618)
Other comprehensive income from discontinued operations	(529)	888

(b) ASSETS AND LIABILITIES OF THE DISCONTINUED OPERATIONS

The assets and liabilities related to the Discontinued Operations have been presented as assets classified as held for distribution and liabilities associated with assets classified as held for distribution. The Discontinued Operations' assets and liabilities were measured at the lower of carrying amount and fair value less costs to sell at the date of held for distribution classification. The major classes of assets and liabilities of the Discontinued Operations are as follows:

31 December
2023
HK\$'000

(i)	Assets classified as held for distribution	
	Property, plant and equipment	480,065
	Right-of-use assets	559,050
	Associates	3,831
	Non-current assets	47,921
	Deferred taxation	358,105
	Inventories	11,989
	Accounts receivable, prepayments and deposits	440,985
	Tax recoverable	658
	Amounts due from fellow subsidiaries	2,020
	Cash and bank balances	166,061
	Assets classified as held for distribution	2,070,685
(ii)	Liabilities associated with assets classified as held for distribution	
	Lease liabilities	506,175
	Accounts payable, deposits received and accrued charges	853,137
	Amounts due to fellow subsidiaries	1,525
	Taxation	4,104
	Short-term bank loans and current portion of long-term bank loans	70,734
	Long-term bank loans	6,715
	Retirement benefit obligations	29,228
	Liabilities associated with assets classified as held for distribution	1,471,618

RESULTS OVERVIEW

The Group recorded a growth in revenue* of 10% to HK\$25,432 million in 2024 1H (2023 1H: HK\$23,197 million). Core operating profit* increased by 11% to HK\$1,200 million (2023 1H: HK\$1,078 million). Core net profit* also increased by 5% year-on-year to HK\$606 million (2023 1H: HK\$575 million). Profit attributable to the Shareholders was HK\$831 million (2023 1H: HK\$368 million), which represents a year-on-year increase of 126%.

	2024 1H HK\$ million	2023 1H HK\$ million	
Segment profit*			
IL	693	718	-3%
IFF	740	626	+18%
	1,433	1,344	
Unallocated administrative expenses and others	(233)	(266)	
Core operating profit*	1,200	1,078	+11%
Core net profit*	606	575	+5%
Changes in fair value of investment properties, net of deferred tax	(3)	–	
Profit attributable to holders of perpetual convertible securities	(13)	–	
Results generated from discontinued operations	241	(207)	
Profit attributable to the Shareholders	831	368	+126%

* For continuing operations only

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

MARKET OVERVIEW

In 2024 1H, against intensifying geopolitical turmoil and persistently high interest rates, inflation moderated to a three-year low and the global economy returned to growth after three years of slowing, albeit with a weak momentum. An array of factors, including the unresolved Red Sea Crisis and the historically low water levels at the Panama Canal, alongside port congestion, robust e-commerce performance and shippers frontloading imports ahead of the peak season, pushed ocean and air freight rates up in late 2024 Q2.

Supported by its resilience and agility in providing flexible and cost-effective solutions to customers, KLN Group was able to ride the waves in this highly volatile market and recorded a 10% year-on-year growth in revenue and 5% growth in core net profit for its continuing operations 2024 1H, outperforming its international peers. The Group has remained vigilant and promptly responsive to drastic and unexpected changes in the global logistics landscape to capture opportunities that have arisen.

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

INTEGRATED LOGISTICS

The Group's IL business experienced a short-term contraction in 2024 1H, reporting a 3% drop in segment profit due to the business decline in key markets, Hong Kong and the Mainland of China, amid sluggish economic recovery and prolonged weakness in domestic demand.

The Hong Kong business recorded an 11% drop in segment profit as a result of changes in the consumption patterns of visitors and local citizens, leading to subdued local spending, particularly in the F&B sector. The decrease compared to the previous year was also due to the impact of certain pandemic-related government grants in 2023.

In the Mainland of China, the IL business recorded a 5% drop as stagnant global demand dampened manufacturing activity alongside falling retail consumption amid economic uncertainties.

The IL business in the rest of Asia registered a 9% growth riding on the growth in Singapore, Vietnam, the Philippines and India, as well as the stable performance of Kerry Siam Seaport in Thailand. KLN Group's extensive presence across Southeast Asia also allowed the Group to capitalise on the supply chain shifts to the region from the Mainland of China. The growth rate would have been better if it was calculated in local currency terms, as the strong US dollar has offset a fraction of the growth rate.

INTERNATIONAL FREIGHT FORWARDING

The Group's IFF business recorded an 18% growth in 2024 1H, supported by the growth in key markets including the US, the Mainland of China and Hong Kong.

Building on its broad customer base, competitive rates and strong capacity, KLN Group outperformed the market on the Asia-US trade routes in 2024 1H, retaining its top spot as the leading NVOCC in the world's busiest trade lane.

Contrary to market expectation, the segment profit of the IFF division has not been as significantly buoyed by the ocean freight rate spike that began in May 2024, due to frequent rate increase and aggressive space allocation strategies. On the other hand, the positive impact of the high freight rate in May and June 2024 will be more significantly reflected in the profit and loss statements in the later months of the year, as ocean freight shipments normally take one to two months to complete.

The air freight business under the IFF division recorded steady volume growth during the traditional slack season, thanks to upswings in cross-border e-commerce. Positive results were also brought by the integration and collaborations with S.F. Holding including cross-selling and the joint venture formed to manage the international cargo terminal of the Ezhou Airport in Central China. Kerry Freight Controlled Network, the Group's Trans-Pacific air freight service to connect multiple Asian locations to the US, has commenced the air charter service from Ezhou, the Mainland of China to the US in 2024 Q2 to capitalise on the growing market demands.

SUSTAINABILITY

KLN Group has maintained its focus on integrating sustainability within its core business strategy and operations. The Company's Board and leadership have examined various emerging sustainability issues through a revamped double materiality assessment. This exercise has guided the Group's decision-making to consider how sustainability-related impacts, risks and opportunities affect both its business and the environment, enabling the Group to be more resilient for the challenges ahead.

With the launch of the new climate disclosure requirements by the Stock Exchange in April 2024, the Group has enhanced its data collection and management practices for the preparation of disclosure in compliance with the requirements. To contribute to the Group's net zero commitment, the Sustainability Committee has been investigating the feasibility of expanding the solar panel installation at the Group's global premises to enhance renewable energy usage.

In order to strengthen colleagues' awareness, the Group continues to implement its mandatory training programme on sustainability, governance, cybersecurity, health and safety, and other issues. The Group has also released an employee code of conduct and updated its global anti-bribery policy and whistleblowing policy, which underscore its commitment to responsible business practices. Through the WE KARE initiatives, the Group focuses on enhancing employees' wellbeing and encouraging them to contribute positively to the community through collaborations with the Group's social partners.

OUTLOOK

Despite the turbulence in the global freight market and the uncertainties of economic revival, KLN Group is optimistic about improvements in its performance for FY2024. Performance in the IFF division is expected to grow in 2024 2H riding on sustained demand, stable volume growth and higher yields in ocean freight as well as the anticipated strong results of the air freight peak season in 2024 Q4.

Through maximum cross-selling efforts between the IL and IFF divisions, the Group will strive to exploit growth opportunities across all its business sectors and win new business among the existing customer base.

The effective cost-control measures the Group has implemented since pre-pandemic resulted in a lower operating expenses-to-revenue ratio compared to its peers, which will also contribute to the uptick in its profits. Corporate expenses were also reduced significantly by 12% during the period.

Moving forward, the Group will continue to carefully manage its costs and profit margin to strive for ongoing improvement. Compared to the pre-COVID period, the Group achieved a group segment profit margin at the improved rate of 6% even with the increasing contribution from IFF. The margin is also comparable to its international peers.

KLN Group is committed to improving operational excellence to create greater value for customers and deliver sustainable results to shareholders. It will keep investing in digitalisation while leveraging automation and artificial intelligence to drive innovation, efficiency and growth across the network. The Group will also continue to explore new avenues to foster sustainable logistics solutions in action.

Leveraging its unrivalled network in Asia, the most diversified global solutions and a broad customer portfolio, KLN Group is committed to capturing market opportunities wherever they might arise through prompt action amid a stormy logistics landscape.

FINANCIAL REVIEW

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

Most of the Group's assets and liabilities are denominated in different functional currencies of the overseas subsidiaries' respective countries. The Group generally does not enter into foreign exchange hedges in respect of its long-term equity investments in overseas subsidiaries, associates and a joint venture. For the foreign currency exposure arising from business activities, certain subsidiaries used forward contracts to hedge their foreign exchange exposure from trading transactions during the 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 2024, total foreign currency borrowings amounted to the equivalent of HK\$2,304 million (including HK\$1,450 million denominated in Renminbi and HK\$368 million denominated in Singaporean dollar), which represented approximately 26% of the Group's total bank loans of HK\$8,800 million. Out of the Group's total bank loans as at 30 June 2024, HK\$2,869 million (representing approximately 33%) was repayable within one year, HK\$1,772 million (representing approximately 20%) in the second year, HK\$4,052 million (representing approximately 46%) in the third to fifth years and HK\$107 million (representing approximately 1%) over five years. The Group maintains most of its bank loans on an unsecured basis, with unsecured debt accounting for approximately 99% of total bank loans. In relation to the secured bank loans of HK\$82 million as at 30 June 2024, the securities provided include legal charges over certain non-current assets with aggregate net book value of HK\$796 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 2024, the gearing ratio for the Group was 54.7% (31 December 2023: 49.1%). The ratio was calculated as total bank loans and overdrafts (including bank loans associated with assets classified as held for distribution), divided by equity attributable to the Shareholders.

As at 30 June 2024, the Group had total undrawn bank loan and overdraft facilities of HK\$7,980 million which may be used to fund material capital expenditure. The Group will also continue to secure financing as and when the need arises.

As at 30 June 2024, the Group had no material contingent liabilities.

STAFF AND REMUNERATION POLICIES

As at 30 June 2024, the Group had approximately 18,600 employees. The number of employees of the Group reduced from approximately 33,100 as at 31 December 2023, mainly because KEX Express Thailand ceased to be a subsidiary of the Company following the completion of the Distribution. The remuneration to employees includes salaries maintained at competitive levels while bonuses are granted on a discretionary basis. The Group provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees. Other employee benefits include provident fund, insurance, medical, sponsorship for educational or training programmes and share award scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CG CODE

The Company has applied the principles and code provisions as set out in Part 2 of the CG Code and its corporate governance practices are based on such principles and code provisions. The Directors consider that during the six months ended 30 June 2024, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

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 2024.

REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 will be included in the interim report to be sent to the Shareholders.

UPDATES ON RESULTS OF PROFIT GUARANTEE AFTER ACQUISITION

Reference is made to the announcement of the Company dated 18 February 2022 and 19 April 2022 in relation to the acquisition of equity interest in Topocean Consolidation Service (Los Angeles) Inc. (the "Topocean"), involving the profit guarantee under the stock purchase agreement pursuant to which the annual average normalised consolidated earnings before interest and taxes of the Topocean and its subsidiaries for the two financial years ended 31 December 2022 and 2023, as determined with reference to the financial statements of Topocean and its subsidiaries for the corresponding periods, shall be no less than USD11 million.

Based on the financial statements of Topocean and its subsidiaries, the relevant profit guarantee for the two financial years ended 31 December 2022 and 2023 had been met.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 31 July 2024 (“CCT Announcement”). Unless the context requires otherwise, capitalised terms used in this section have the same meanings as those defined in the CCT Announcement. On 31 July 2024, (i) the Company and SFTS entered into the 2024 CGSA Framework Agreement, pursuant to which SFTS Group has agreed to appoint the Group as an exclusive cargo general sales agent to provide the CGSA Services, i.e. sales and promotion of the Air Cargo Business for the Inbound Flights and the Outbound Flights, and as a cargo sales agent to provide CGSA Services for SFTS Group’s chartered flights on a non-exclusive basis, for a term of 3 years commencing from 1 January 2025; (ii) the Company and SFTS entered into the 2024 KLN Logistics Services Framework Agreement, pursuant to which the Group has agreed to provide to SFTS Group the KLN Logistics Services, for a term of 3 years commencing from 1 January 2025; (iii) the Company and SFTS entered into the 2024 SF Logistics Services Framework Agreement, pursuant to which SFTS Group has agreed to provide to the Group the SF Logistics Services, for a term of 3 years commencing from 1 January 2025; and (iv) the Company and KHL entered into the 2024 KHL Framework Services Agreement, pursuant to which (a) the Group agreed to provide in places outside Taiwan the KLN Services to the Relevant KHL Group; (b) the Relevant KHL Group agreed to provide the KHL Leases to the Group; and (c) the Relevant KHL Group agreed to provide the KHL Services in and from Taiwan to the Group, for a term of 3 years commencing from 16 September 2024. Please refer to the CCT Announcement and the Company’s circular dated 27 August 2024 for further details.

On 28 August 2024, Kerry Warehouse (Hong Kong) Limited, a wholly-owned subsidiary of the Company, as the warehouses manager entered into seven of the warehouses management agreements with the respective legal owners of the seven warehouses for the provision of building management services, leasing management services, operation of warehouse facilities and other related services for the warehouses, for a term of 3 years commencing from 4 October 2024. Please refer to the Company’s announcement dated 28 August 2024 for details.

Save as disclosed above, there were no important events affecting the Group which occurred since 30 June 2024.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from Wednesday, 11 September 2024 to Thursday, 12 September 2024 in order to determine the entitlement of the Shareholders to the interim dividend. All share transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, 10 September 2024. The interim dividend is payable on or around Monday, 23 September 2024 to the Shareholders whose names appear on the Registers of Members on Thursday, 12 September 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report for the six months period containing all the information required by Appendix D2 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

“1H” or “2H”	first half or second half
“Asia”	Asia continent, for the purpose of this announcement only, excludes Greater China and Middle East
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Company” or “KLN”	Kerry Logistics Network Limited, incorporated in the British Virgin Islands and continued into Bermuda to become an exempted company with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EMEA”	Europe, Middle East and Africa
“F&B”	food and beverage
“Greater China”	for the purpose of this announcement only, the Mainland of China, Hong Kong, Macau and Taiwan
“Group” or “KLN Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFF”	international freight forwarding
“IL”	integrated logistics
“KEX Express Thailand”	KEX Express (Thailand) Public Company Limited (formerly known as Kerry Express (Thailand) Public Company Limited), a public company with limited liability registered in Thailand and listed on The Stock Exchange of Thailand (Stock code: KEX), is a subsidiary of S.F. Holding

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Macau”	Macao Special Administrative Region of the PRC
“Mainland of China”	the PRC and, for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“NVOCC”	non-vessel operating common carrier
“Oceania”	Australia and New Zealand, for the purpose of this announcement only
“PRC”	the People’s Republic of China
“Q2” or “Q4”	second quarter or fourth quarter
“Registers of Members”	registers of members of the Company
“Renminbi”	the lawful currency of the PRC
“S.F. Holding”	S.F. Holding Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002352.SZ), is a subsidiary of Shenzhen Mingde
“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
“Shareholders”	the holders of the Shares
“Shenzhen Mingde”	Shenzhen Mingde Holding Development Co., Ltd., one of the Controlling Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning ascribed to it under the Listing Rules

“US” the United States of America, its territories and possessions,
any State of the United States, and the District of Columbia

“%” per cent

By Order of the Board
WANG Wei
Chairman

Hong Kong, 28 August 2024

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

Chairman, Non-executive Director:
Mr WANG Wei

Vice Chairman, Non-executive Director:
Mr KUOK Khoon Hua

Executive Directors:
Mr CHEUNG Ping Chuen Vicky and Mr CHENG Chi Wai

Non-executive Directors:
Mr HO Chit, Ms OOI Bee Ti and Ms CHEN Keren

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