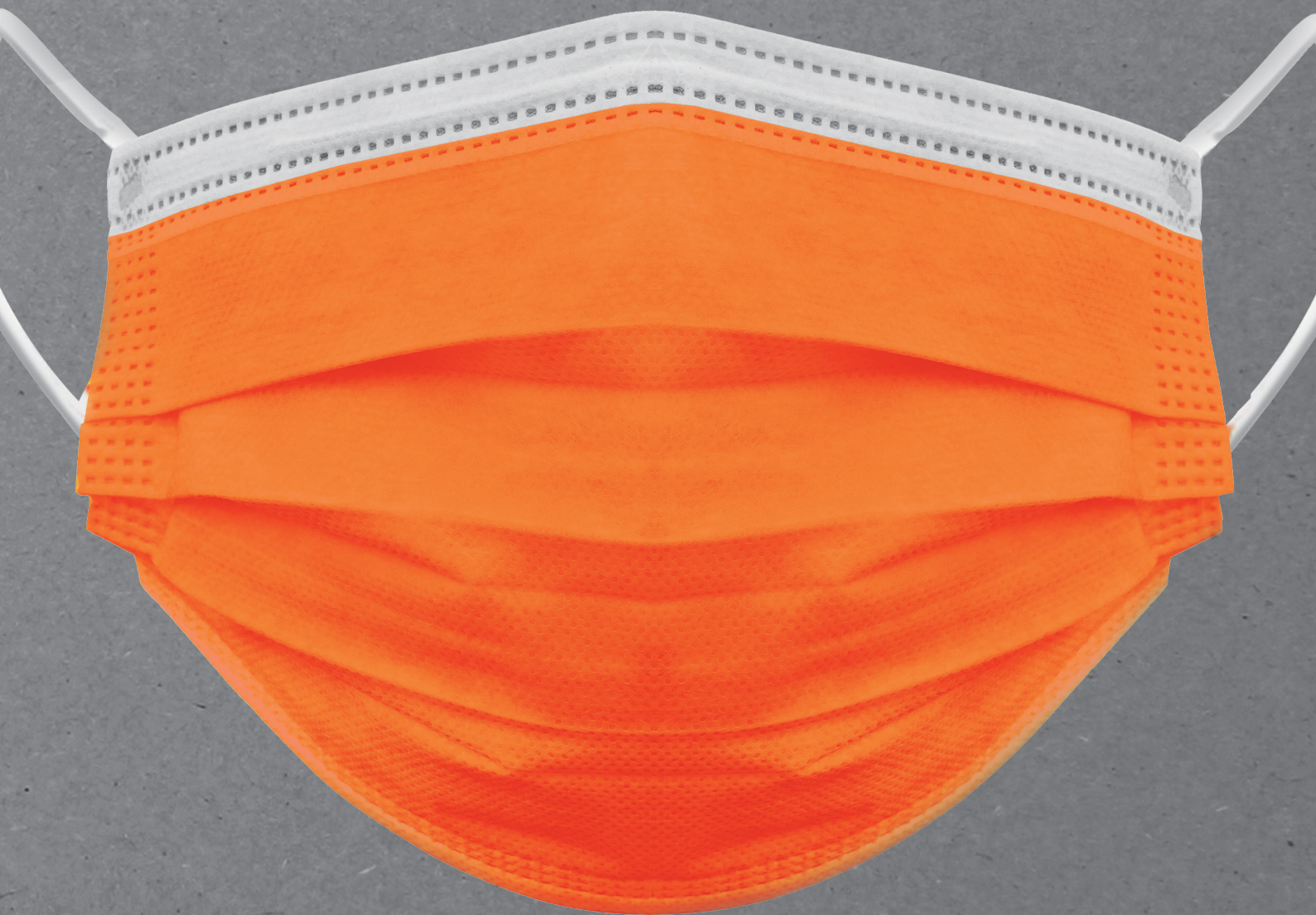


INTERIM REPORT

2020

EVOLVING THROUGH COVID-19



Kerry Logistics Network Limited

0636.HK

QUICK FACTS

58

countries & territories

43,000+

employees worldwide

75M ft²

land & facilities

10,000+

self-owned operating vehicles

CONTENTS

02 Corporate Information & Key Dates

03 Financial Highlights

05 Results Overview

06 Management Discussion and Analysis

06 Business Review

12 Financial Review

13 Staff and Remuneration Policies

14 Corporate Governance and Other Information

26 Independent Auditor's Review Report

28 Interim Financial Statements

53 Definitions

ASIA SPECIALIST

CHINA FOCUS

GLOBAL NETWORK

CORPORATE INFORMATION & KEY DATES

KERRY LOGISTICS NETWORK LIMITED

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

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

Davis Polk & Wardwell

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.kerrylogistics.com

KEY DATES

Closure of Registers of Members
11 September 2020

Proposed Payment of Interim Dividend
25 September 2020

FINANCIAL HIGHLIGHTS

HK\$M

REVENUE
21,885

▲ 10%

SEGMENT PROFIT

IL
1,139

▲ 2%
NORMALISED

▼ 2%
STATUTORY

IFF
403

▲ 40%

CORE OPERATING PROFIT

1,489

▲ 12%

CORE NET PROFIT

845

▲ 26%

PROFIT ATTRIBUTABLE TO
THE SHAREHOLDERS

1,073

▲ 29%
NORMALISED

▼ 62%
STATUTORY

INTERIM DIVIDEND

HK CENTS PER SHARE

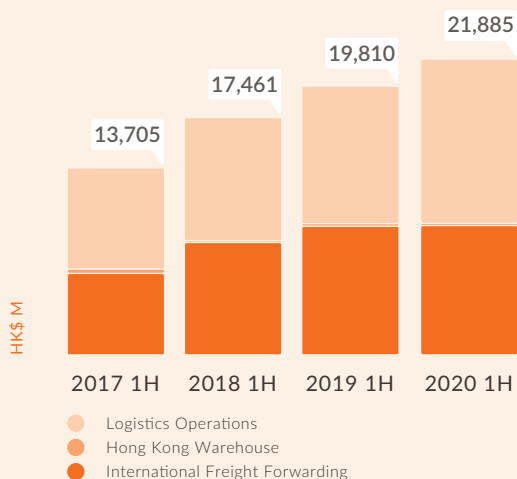
11

GEARING

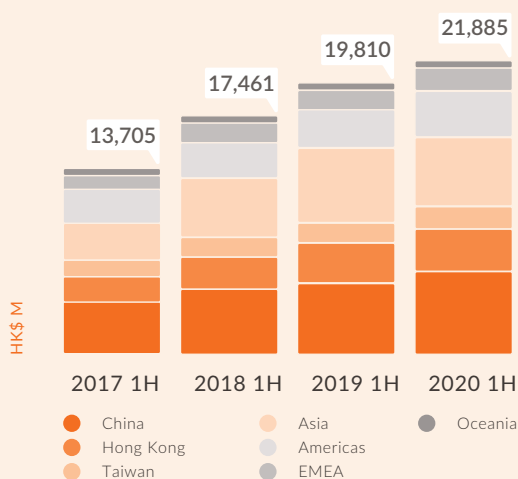
37% / 12%
GROSS NET

Note:
Normalisation involved excluding the operating profit generated / disposal gain resulted from the two warehouses in Hong Kong, which were sold in 2019 1H.

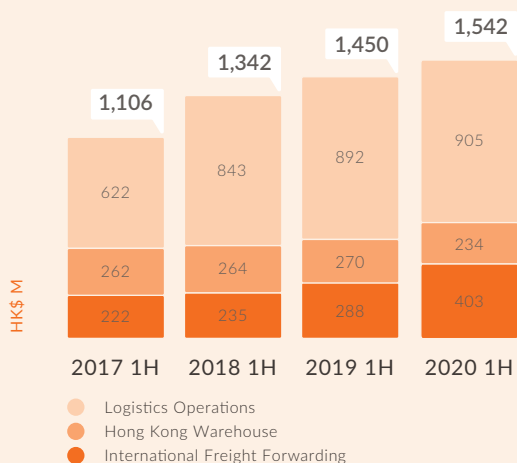
REVENUE BY SEGMENT



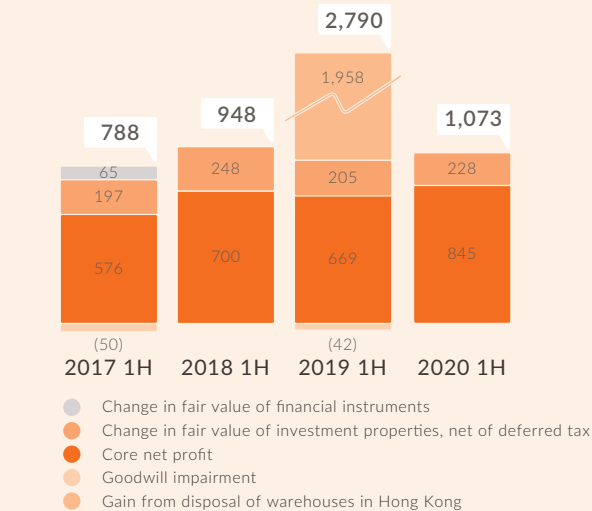
REVENUE BY REGION



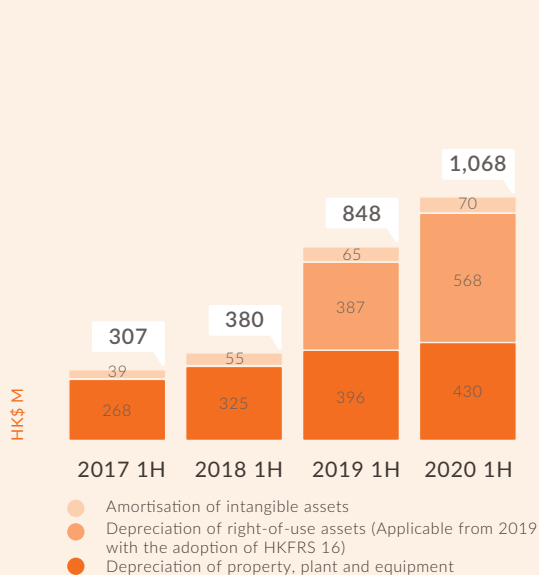
SEGMENT PROFIT



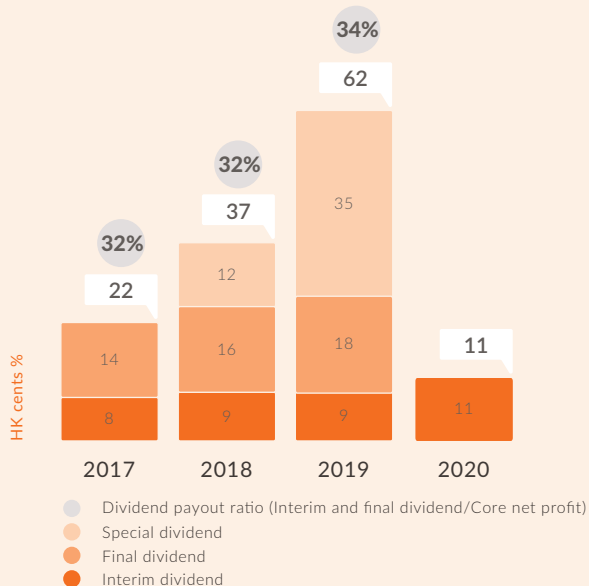
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS



DEPRECIATION AND AMORTISATION



DIVIDEND PER SHARE & PAYOUT RATIO



RESULTS OVERVIEW

The Group recorded an increase in revenue of 10% to HK\$21,885 million in 2020 1H (2019 1H: HK\$19,810 million). Core operating profit went up 12% to HK\$1,489 million (2019 1H: HK\$1,330 million). Core net profit increased by 26% to HK\$845 million (2019 1H: HK\$669 million). Profit

attributable to the Shareholders was HK\$1,073 million. After taking out the HK\$1,958 million gain from disposal of two warehouses in Hong Kong recorded in 2019 1H, the year-on-year growth is 29%.

	2020 1H HK\$ million	2019 1H HK\$ million	
Segment profit			
IL			
- Logistics operations	905	892	+1%
- Hong Kong warehouse	234	270	-13% *
	1,139	1,162	-2% **
IFF	403	288	+40%
	1,542	1,450	
Unallocated administrative expenses	(53)	(120)	
Core operating profit	1,489	1,330	+12%
Core net profit	845	669	+26%
Change in fair value of investment properties, net of deferred tax	228	205	
Goodwill impairment	-	(42)	
Profit attributable to the Shareholders, excluding gain from disposal of two warehouses in Hong Kong in 2019 1H	1,073	832 ***	+29%

* Normalised year-on-year change is +6%

** Normalised year-on-year change is +2%

*** Statutory profit attributable to the Shareholders in 2019 1H was HK\$2,790 million

(Normalisation involved excluding the operating profit generated from the two warehouses in Hong Kong which were sold in 2019 1H)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

MARKET OVERVIEW

The COVID-19 outbreak has brought a monumental change to the fundamentals of life, from how we live and work to how we produce and consume. The daily number of confirmed and fatal cases currently stands at 200,000 and 5,000, respectively, with no end to the pandemic in sight, nor hint of what the “new normal” will look like.

The pandemic has brought about waves of unemployment, driven by lockdowns and social distancing measures and travel restrictions across the globe. To counter this, individual governments have introduced various large-scale relief efforts, upending the demand for various types of products.

In such highly volatile and uncertain environments, logistics has maintained its unrivalled importance: it leveraged its strength to contain the pandemic through delivering much needed medical supplies and products helping to enforce social distancing. It also supported societies to quickly adapt to a new way of work and living by fulfilling the surging demand for stay-at-home products.

Kerry Logistics' 2020 1H results clearly demonstrated its business diversity, adaptability and agility. The Group has not only adapted through the pandemic but achieved promising growth amidst heightened volatility and widespread downturn across industries.

IL REMAINED SOLID

Taking away the impact of having fewer warehouses in Hong Kong during the period, Kerry Logistics' IL division recorded a 2% segment profit growth in 2020 1H. The pandemic and its resultant widespread lockdowns have caused a drastic drop in the demand in a large number of non-essential products and thus affected the global manufacturing market. As a result, warehouse operations in Asia has been severely impacted, but a strong growth in the last-mile fulfilment and e-commerce logistics resulted in a positive growth for the IL division.

HONG KONG OPERATION ROBUST

The Hong Kong IL division recorded a 13% growth in its logistics operations. The division switched its business strategy from serving general consumption and regional distribution centres to fulfilling pandemic-related institutional demands and quickly expanding the essential supply sectors. Contribution of the Hong Kong warehouse business decreased as a result of the disposal of two warehouses in 2019 1H.



MAINLAND CHINA RECOVERY IN PROGRESS

The IL division in Mainland China reported a 37% decrease in the segment profit in 2020 1H. This was due to lockdowns and the Group's active participation in a wide range of relief work. Business activities have started to pick up since April 2020 as work gradually resumed in late March. Kerry Logistics remains optimistic that its full year results will improve, buoyed by a swift recovery of the domestic consumer segment in Mainland China and the Group's capabilities to continue seizing new business opportunities as the pandemic unfolds.

TAIWAN STAYED VIGOROUS

The IL business in Taiwan registered an 11% year-on-year rise in segment profit, driven by its strong last-mile capabilities and the strong performance of Science Park Logistics' bonded operations as well as leveraging its leading position in pharmaceutical logistics in Taiwan.

ASIA EX GREATER CHINA SEIZED OPPORTUNITIES

The Group was able to record a 6% growth in the IL segment profit in Asia, riding on the substantial growth of its e-commerce and last-mile operations. The performance of Kerry Express Thailand was particularly vigorous, with 36% growth in its bottom line during 2020 1H. This was achieved despite a long period of lockdown across countries, severely affecting domestic consumption, B2B businesses and contract logistics activities.

To further extend the Group's last-mile and e-commerce capabilities, the Group has invested in a 42% effective interest in one of the biggest private express companies in Vietnam, which is handling approximately 800,000 parcels a day. The investment was completed in May 2020.

IFF SHOWED ITS STRENGTH

The Group's IFF division achieved an outstanding performance in 2020 1H. Segment profit of the IFF division registered a 40% increase. Contribution of the IFF business to the Group's total segment profit has grown from 20% previously to 26% in 2020 1H.

The global freight forwarding market was among the hardest hit sectors, made more severe due to travel bans. The pandemic has caused a global air and ocean capacity crunch, drastic drop in volume, high rate volatility and an increase in customs and trade constraints.

However, Kerry Logistics leveraged its unique market position as one of the very few Asia-based global freight forwarders, with broad exposure in key gateways across continents and ability to capture new business opportunities as the pandemic spread.

AIR FREIGHT SURGED

Backed by its excellent track record in the industry, the support of carriers, its customs clearance capacity and extensive coverage of major air transit hubs across different regions, the Group's air freight business, from Asia to the world, surged from March to May 2020. It also conducted more than 370 charter flights in 2020 1H, from Asia to worldwide (including Latin America) and within EMEA.

OCEAN FREIGHT PICKED UP

The Group's ocean freight business caught up in mid-May and June 2020 as customers replenished their dwindling inventories. As the pandemic continues to spread, global demand for medical, essential and stay-at-home products will extend into 2020 Q3.



Kerry Logistics was ranked 5th in the IATA Top 10 Freight Forwarders in Hong Kong, based on market chargeable weight in January 2020

NEW LAND FREIGHT VOLUME GAINED

In response to reduced capacity in air and ocean freight, the Group utilised its unique Eurasian road and rail freight network to devise alternative solutions for customers to cope with the new situation. It saw a sizeable volume surge for land-bridge services between China and Europe, China and Indochina Peninsula.

APEX ACQUISITION COMPLETED

The Group completed the acquisition of the remaining 49% in Apex in March 2020. Apex's business recorded a 6% growth in volume against the market trend of 7% contraction between January and July 2020, becoming the number one NVOCC from Asia to the US.

ASSET OPTIMISATION CONTINUED

In July 2020, the Group completed the disposal of its warehousing operation in Adelaide, Australia. Currently, the Group has entered into a definitive agreement to divest its entire interest in the Singapore-headquartered Kerry-ITS Group, which is expected to complete by the end of this year. The Group will continue to review and optimise the composition of its asset portfolio.

OUTLOOK

The COVID-19 pandemic has resulted in a wave of unemployment, global travel restrictions and a decrease in demand for non-essential products: signs of a looming global recession. Coupled with rising nationalism, protectionism and geopolitical tensions, the coming 18 months will bring



Apex was ranked the number one NVOCC from Asia to the US for the first seven months of 2020

unprecedented chaos to the global supply chain. As industries adjust and plan for the “new normal”, emphasis will be placed on speed and capabilities rather than on pricing. Activities from upstream sectors have already started to drive changes downstream.

Logistics demands from various governments, institutions, private enterprises and individuals have swelled as the pandemic rages on. The Group’s medium-term strategy will have to adapt and prepare for the “new normal”, this includes enhancing Kerry Logistics’ exposure in e-commerce and humanitarian logistics.

COVID-19 has also elicited a vigorous response from various pharmaceutical companies and the global scientific community to develop a vaccine to end the ferocious pandemic. By combining and leveraging its extensive experience in solutions-based approach to deliver medical supplies as well as in handling of pharmaceutical products, the Group will be in a strong position to play an important role in the global distribution of the much anticipated vaccine.

The Group is also set to strengthen and expand the capabilities of its Kerry Project Logistics division worldwide to seize new opportunities, especially among various governments looking to increase infrastructure spending as a means to drive economic recovery.

While the world braces for the beginning of one of the biggest global recessions in history, the role of logistics is becoming ever more invaluable and essential. As long as Kerry Logistics maintains its business diversity, adaptability and agility, it will continue to grow and bring value to stakeholders.

SPIN-OFF OF KERRY EXPRESS THAILAND IN PROGRESS

On 25 August 2020, Kerry Express Thailand received the notice of acceptance of the listing application in respect of the Proposed Spin-off from the SEC. The spin-off remains in progress.

“
As long as
Kerry Logistics
maintains
its business
diversity,
adaptability
and agility, it
will continue
to grow and
bring value to
stakeholders.”

E-COMMERCE GROWTH SET TO GO

The widespread lockdowns and social distancing measures being implemented globally have further driven consumers to online shopping and created spikes in all types of e-commerce activities. Leveraging its strengths in domestic and cross-border e-commerce logistics, Kerry Logistics will continue to expand its infrastructure and enhance its service capabilities to capture the booming demands from micro-fulfilment to destination clearance and last-mile management. The Group anticipates strong business to continue going forward.

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 2020, total foreign currency borrowings amounted to the equivalent of HK\$5,783 million (including HK\$2,916 million denominated in New Taiwan Dollar and HK\$1,084 million denominated in United States Dollar), which represented approximately 65% of the Group's total bank loans of HK\$8,843 million.

Out of the Group's total bank loans as at 30 June 2020, HK\$3,478 million (representing approximately 39%) was repayable within one year, HK\$2,788 million (representing approximately 32%) in the second year and HK\$2,577 million (representing approximately 29%) in the third to fifth years. The Group maintains most of its bank loans on an unsecured basis, with unsecured debt accounting for approximately 90% of total bank loans. In relation to the secured bank loans of HK\$912 million as at 30 June 2020, the securities provided include legal charges over certain non-current assets with aggregate net book value of HK\$2,628 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 2020, the gearing ratio for the Group was 37.0% (31 December 2019: 34.6%). 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 2020, the Group had total undrawn bank loan and overdraft facilities of HK\$10,650 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 2020, the Group had no material contingent liabilities.

STAFF AND REMUNERATION POLICIES

As at 30 June 2020, the Group had approximately 43,600 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 and share option schemes.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2020, 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⁽¹⁾

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 ⁽²⁾	1,101,000	-	-	3,018,492	4,119,492	0.23%
MA Wing Kai William ⁽³⁾	5,295,442	-	-	1,300,000	6,595,442	0.37%
CHEUNG Ping Chuen Vicky (appointment effective from 1 April 2020) ⁽⁴⁾	31,514,956	-	-	-	31,514,956	1.76%
NG Kin Hang ⁽⁵⁾	318,384	-	-	-	318,384	0.02%
WONG Yu Pok Marina ⁽⁶⁾	200,000	-	-	-	200,000	0.01%
YEO Philip Liat Kok ⁽⁷⁾	200,000	-	-	-	200,000	0.01%

Notes:

- All interests in Ordinary Shares in the Company were as at 30 June 2020.
- Mr Kuok is interested in (i) 301,000 Ordinary Shares as beneficial owner; (ii) options granted under the Pre-IPO Share Option Scheme to subscribe for 800,000 Ordinary Shares; and (iii) 3,018,492 Ordinary Shares held through discretionary trusts of which Mr Kuok is a discretionary beneficiary.
- Mr Ma is interested in (i) 1,405,089 Ordinary Shares as beneficial owner; (ii) options granted under the Pre-IPO Share Option Scheme to subscribe for 3,000,000 Ordinary Shares; (iii) award granted under the Share Award Scheme conferring the conditional right upon vesting in the form of 890,353 Ordinary Shares; and (iv) 1,300,000 Ordinary Shares held through a discretionary trust of which Mr Ma is a discretionary beneficiary.
- Mr Cheung is interested in 31,514,956 Ordinary Shares as beneficial owner.
- Mr Ng is interested in (i) 19,295 Ordinary Shares as beneficial owner; (ii) options granted under the Pre-IPO Share Option Scheme to subscribe for 120,000 Ordinary Shares; and (iii) award granted under the Share Award Scheme conferring the conditional right upon vesting in the form of 179,089 Ordinary Shares.
- Ms Wong is interested in the options granted under the Pre-IPO Share Option Scheme to subscribe for 200,000 Ordinary Shares.
- 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⁽¹⁾

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 ⁽²⁾	2,000,000	-	-	225,875,033	227,875,033	15.03%
MA Wing Kai William ⁽³⁾	1,810,620	-	-	-	1,810,620	0.12%
TONG Shao Ming ⁽⁴⁾	1,000,000	-	-	-	1,000,000	0.07%

Notes:

- (1) All interests in ordinary shares in KGL were as at 30 June 2020.
- (2) Mr Kuok is interested in (i) 5,000 ordinary shares in KGL as beneficial owner; (ii) options granted under the share option scheme of KGL to subscribe for 1,995,000 ordinary shares in KGL; and (iii) 225,875,033 ordinary shares in KGL held through discretionary trusts of which Mr Kuok is a discretionary beneficiary.
- (3) Mr Ma is interested in (i) 1,310,620 ordinary shares in KGL as beneficial owner; and (ii) options granted under the share option scheme of KGL to subscribe for 500,000 ordinary shares in KGL.
- (4) Ms Tong is interested in 1,000,000 ordinary shares in KGL as beneficial owner.

Kerry Properties Limited⁽¹⁾

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 ⁽²⁾	1,179,413	-	-	3,297,763	4,477,176	0.31%
MA Wing Kai William ⁽³⁾	841,020	-	-	50,000	891,020	0.06%

Notes:

- (1) All interests in ordinary shares in KPL were as at 30 June 2020.
- (2) Mr Kuok is interested in (i) 1,179,413 ordinary shares in KPL as beneficial owner; and (ii) 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⁽¹⁾

Ordinary shares in Kerry Express Thailand

Directors	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	Approximate percentage of issued share capital
MA Wing Kai William ⁽²⁾	24,651,600	-	-	-	24,651,600	1.71%
NG Kin Hang ⁽³⁾	24,482,400	-	-	-	24,482,400	1.70%

Notes:

- (1) All interests in ordinary shares in Kerry Express Thailand were as at 30 June 2020.
 (2) Mr Ma is interested in 24,651,600 ordinary shares in Kerry Express Thailand as beneficial owner.
 (3) Mr Ng is interested in 24,482,400 ordinary shares in Kerry Express Thailand as beneficial owner.

Hopemore Ventures Limited⁽¹⁾

Ordinary shares in Hopemore

Director	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	Approximate percentage of issued share capital
KUOK Khoon Hua	50 ⁽²⁾	-	-	-	50	3.57%

Notes:

- (1) All interests in ordinary shares in Hopemore were as at 30 June 2020.
 (2) Mr Kuok is interested in 50 ordinary shares in Hopemore as beneficial owner.

Majestic Tulip Limited⁽¹⁾

Director	Ordinary shares in Majestic				Other interests	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)				
KUOK Khoon Hua	10 ⁽²⁾	-	-	-	10	3.33%	

Notes:

- (1) All interests in ordinary shares in Majestic were as at 30 June 2020.
 (2) Mr Kuok is interested in 10 ordinary shares in Majestic as beneficial owner.

Medallion Corporate Limited⁽¹⁾

Director	Ordinary shares in Medallion				Other interests	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)				
KUOK Khoon Hua	48 ⁽²⁾	-	-	-	48	4.80%	

Notes:

- (1) All interests in ordinary shares in Medallion were as at 30 June 2020.
 (2) Mr Kuok is interested in 48 ordinary shares in Medallion as beneficial owner.

Rubyhill Global Limited⁽¹⁾

Director	Ordinary shares in Rubyhill					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	1 ⁽²⁾	-	-	-		1	10.00%

Notes:

- (1) All interests in ordinary shares in Rubyhill were as at 30 June 2020.
 (2) Mr Kuok is interested in 1 ordinary share in Rubyhill as beneficial owner.

Vencedor Investments Limited⁽¹⁾

Director	Ordinary shares in Vencedor					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	5 ⁽²⁾	-	-	-		5	5.00%

Notes:

- (1) All interests in ordinary shares in Vencedor were as at 30 June 2020.
 (2) Mr Kuok is interested in 5 ordinary shares in Vencedor as beneficial owner.

Save as disclosed above, as at 30 June 2020, 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 2020, 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	1,136,477,551 ⁽¹⁾	63.35%
Kerry Holdings Limited	Interest of controlled corporations	1,090,744,073 ⁽¹⁾	60.80%
Kerry Properties Limited	Beneficial owner	718,340,998 ⁽¹⁾	40.04%
Caninco Investments Limited	Beneficial owner	156,124,097 ⁽¹⁾	8.70%
Darmex Holdings Limited	Beneficial owner	128,449,630 ⁽¹⁾	7.16%
GIC Private Limited	Investment manager	106,944,701	5.96%

Note:

(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.

Save as disclosed above, as at 30 June 2020, 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 2020, a total of 17,124,500 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 2020 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 01/01/2020	Exercised (Notes a and b)	Lapsed		
1. Directors							
KUOK Khoon Hua	02/12/2013	I	400,000	-	-	400,000	19/12/2013 - 01/12/2023
	02/12/2013	II	400,000	-	-	400,000	02/12/2014 - 01/12/2023
MA Wing Kai William	02/12/2013	I	1,500,000	-	-	1,500,000	19/12/2013 - 01/12/2023
	02/12/2013	II	1,500,000	-	-	1,500,000	02/12/2014 - 01/12/2023
NG Kin Hang	02/12/2013	I	60,000	-	-	60,000	19/12/2013 - 01/12/2023
	02/12/2013	II	60,000	-	-	60,000	02/12/2014 - 01/12/2023
WONG Yu Pok Marina	02/12/2013	I	100,000	-	-	100,000	19/12/2013 - 01/12/2023
	02/12/2013	II	100,000	-	-	100,000	02/12/2014 - 01/12/2023
YEO Philip Liat Kok	02/12/2013	I	100,000	-	-	100,000	19/12/2013 - 01/12/2023
	02/12/2013	II	100,000	-	-	100,000	02/12/2014 - 01/12/2023
2. Continuous Contract	02/12/2013	I	4,485,000	(82,000)	-	4,403,000	19/12/2013 - 01/12/2023
Employees	02/12/2013	II	8,553,500	(152,000)	-	8,401,500	02/12/2014 - 01/12/2023
Total:			17,358,500	(234,000)	-	17,124,500	

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\$13.03.
- 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.

On 9 January 2015, a total of 4,350,000 options were granted under the Post-IPO Share Option Scheme. As at 30 June 2020, no option granted under the Post-IPO Share Option Scheme was outstanding.

Movement of the options, which were granted under the Post-IPO Share Option Scheme, during the six months ended 30 June 2020 are listed below in accordance with Rule 17.07 of the Listing Rules:

Category	Date of grant (Note c)	Tranche	Number of options			Outstanding as at 30/06/2020	Exercise price HK\$	Exercise period
			Outstanding as at 01/01/2020	Exercised (Notes a and b)	Lapsed			
1. Directors								
KUOK Khoon Hua	09/01/2015	I	100,000	(100,000)	-	-	12.26	09/01/2015 - 08/01/2020
	09/01/2015	II	100,000	(100,000)	-	-	12.26	09/01/2016 - 08/01/2020
MA Wing Kai William	09/01/2015	I	500,000	(500,000)	-	-	12.26	09/01/2015 - 08/01/2020
	09/01/2015	II	500,000	(405,000)	(95,000)	-	12.26	09/01/2016 - 08/01/2020
Total:			1,200,000	(1,105,000)	(95,000)	-		

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\$13.42.
- During the period, no option was granted/granted for adjustment, transferred from/to other category or cancelled under the Post-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.

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 2020, a total of 17,124,500 options granted under the Pre-IPO Share Option Scheme were outstanding, representing approximately 0.95% and 0.96% of the issued share capital of the Company as at 30 June 2020 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 2020, 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 6.85% and 6.87% of the issued share capital of the Company as at 30 June 2020 and the date of this interim report, respectively 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

Details

Pre-IPO Share Option Scheme

Post-IPO Share Option Scheme

- | | | |
|--|--|---|
| 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 | <p>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</p> <p>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</p> | |
| 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 | <p>The exercise price of the 4,350,000 options granted on 9 January 2015 is HK\$12.26</p> <p>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</p> |
| 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.

As at 30 June 2020, a total of 2,678,931 awarded Shares were granted under the Share Award Scheme, representing approximately 0.15% and 0.15% of the issued share capital of the Company as at 30 June 2020 and the date of this interim report, respectively.

The maximum number of the 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 2020, 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 (including Mr CHEUNG Ping Chuen Vicky, the Executive Director, appointment effective from 1 April 2020) and the Directors have confirmed that they have complied with the Model Code (i) during the six months ended 30 June 2020; or (ii) during the period from their respective appointment dates and up to 30 June 2020, as the case may be.

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

During the six months ended 30 June 2020, the Company repurchased a total of 900,000 Shares at prices ranging from HK\$10.12 to HK\$10.40 on the Stock Exchange at an aggregate consideration of HK\$9,276,460. All 900,000 Shares repurchased were subsequently cancelled. Save as disclosed above, 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 2020.

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 26.

EVENTS AFTER THE LATEST ANNUAL REPORT

There were no significant events affecting the Company nor any of its subsidiaries after the latest annual report requiring disclosure in this interim report.

CHANGES IN THE INFORMATION OF THE DIRECTORS SINCE LAST ANNUAL REPORT

The changes in the information of the Directors as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Directors	Details of Changes
KHOO Shulamite N K	<ul style="list-style-type: none">appointed as an independent director of CIMB Group Holdings Berhad (a company listed on Bursa Malaysia Securities Berhad with stock code 1023) since May 2020
YEO Philip Liat Kok	<ul style="list-style-type: none">appointed as an independent non-executive director of Sunway Berhad (a company listed on Bursa Malaysia Securities Berhad with stock code 5211) since April 2020
ZHANG Yi Kevin	<ul style="list-style-type: none">stepped down as a board director of The Silver Lining Foundation in China since May 2020

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed on Friday, 11 September 2020 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Thursday, 10 September 2020. The interim dividend is payable on Friday, 25 September 2020 to the Shareholders whose names appear on the Registers of Members on Friday, 11 September 2020.

By Order of the Board
KUOK Khoon Hua
Chairman

Hong Kong, 27 August 2020

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 28 to 52, 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 2020 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.

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: (852) 2289 8888, F: (852) 2810 9888, www.pwchk.com*

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 2020

INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2020

	Note	Unaudited 2020 HK\$'000	Unaudited 2019 HK\$'000
Revenue	3	21,884,967	19,810,329
Direct operating expenses	4	(19,174,211)	(17,284,673)
Gross profit		2,710,756	2,525,656
Other income and net gains	5	158,569	112,131
Administrative expenses	4	(1,364,576)	(1,331,567)
Operating profit before gain on disposal of warehouses and fair value change of investment properties		1,504,749	1,306,220
Gain on disposal of warehouses		-	1,957,540
Change in fair value of investment properties	10	227,931	205,020
Operating profit		1,732,680	3,468,780
Finance costs	6	(160,103)	(161,724)
Share of results of associates and joint ventures		41,673	45,934
Profit before taxation		1,614,250	3,352,990
Taxation	7	(278,861)	(295,049)
Profit for the period		1,335,389	3,057,941
Profit attributable to:			
Company's shareholders	3	1,072,849	2,789,744
Non-controlling interests		262,540	268,197
		1,335,389	3,057,941
Earnings per share	9		
– Basic		HK\$0.61	HK\$1.63
– Diluted		HK\$0.61	HK\$1.63

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Unaudited 2020 HK\$'000	Unaudited 2019 HK\$'000
Profit for the period	1,335,389	3,057,941
Item that may be reclassified to consolidated income statement		
Net translation differences on foreign operations	(419,306)	85,636
Items that will not be reclassified to consolidated income statement		
Fair value change on financial assets at fair value through other comprehensive income	238	8,273
Defined benefit pension plans		
– Actuarial gains	1,078	–
– Deferred income tax	(216)	–
Other comprehensive (loss)/income for the period	(418,206)	93,909
Total comprehensive income for the period	917,183	3,151,850
Total comprehensive income attributable to:		
Company's shareholders	706,060	2,880,109
Non-controlling interests	211,123	271,741
	917,183	3,151,850

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30 June 2020 HK\$'000	Audited As at 31 December 2019 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Intangible assets	10	4,641,639	4,764,904
Investment properties	10	10,499,279	10,308,139
Property, plant and equipment	10	11,034,478	11,343,539
Right-of-use assets		3,935,372	3,985,642
Associates and joint ventures		1,886,117	1,386,733
Financial assets at fair value through other comprehensive income		327,269	150,843
Investment in convertible bonds		5,704	191,789
Deferred taxation		82,218	73,878
		32,412,076	32,205,467
Current assets			
Financial assets at fair value through profit or loss		107,667	119,731
Investment in convertible bond		347,424	349,194
Inventories		517,888	504,671
Accounts receivable, prepayments and deposits	11	9,636,953	10,148,966
Tax recoverable		25,506	24,849
Amounts due from fellow subsidiaries		5,427	5,223
Restricted and pledged bank deposits		21,024	20,622
Cash and bank balances		6,012,473	5,825,246
		16,674,362	16,998,502

		Unaudited As at 30 June 2020 HK\$'000	Audited As at 31 December 2019 HK\$'000
	Note		
Current liabilities			
Lease liabilities		973,785	961,585
Accounts payable, deposits received and accrued charges	12	7,122,407	7,387,785
Amounts due to fellow subsidiaries		9,159	9,788
Amounts due to related companies		21,696	28,729
Taxation		404,580	411,331
Short-term bank loans and current portion of long-term bank loans	13	3,477,607	1,947,820
Bank overdrafts		150,036	233,750
		12,159,270	10,980,788
Non-current liabilities			
Loans from non-controlling interests		223,362	223,805
Long-term bank loans	13	5,364,965	6,173,790
Lease liabilities		2,414,282	2,545,880
Deferred taxation		659,692	656,212
Retirement benefit obligations		136,472	124,389
Other non-current liabilities		139,689	1,424,610
		8,938,462	11,148,686
ASSETS LESS LIABILITIES		27,988,706	27,074,495
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	14	896,994	858,102
Share premium and other reserves		2,352,294	2,992,215
Retained profits		21,043,880	20,325,662
		24,293,168	24,175,979
Put option written on non-controlling interests		(4,593)	(1,162,630)
		24,288,575	23,013,349
Non-controlling interests		3,700,131	4,061,146
TOTAL EQUITY		27,988,706	27,074,495

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Unaudited 2020 HK\$'000	Unaudited 2019 HK\$'000
Operating activities		
Net cash generated from operations	2,593,990	1,410,059
Interest paid	(105,282)	(161,724)
Income tax paid	(288,088)	(395,243)
Net cash generated from operating activities	2,200,620	853,092
Investing activities		
Additions of property, plant and equipment	(437,953)	(1,013,065)
Additions of investment properties	-	(2,284)
Additions of right-of-use assets - leasehold land and land use rights	(28,867)	(23,448)
Reduction of capital of financial assets at fair value through other comprehensive income	3,220	-
Disposal of financial assets at fair value through profit or loss	16,800	198,055
Proceeds from sale of property, plant and equipment	29,960	81,907
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	-	3,535,227
Proceeds from sale of associate	4,480	-
Dividend income from financial assets at fair value through other comprehensive income	6,022	6,629
Dividends received from associates	-	71,593
Net decrease in balances with associates and joint ventures	7,655	87,929
Interest received	15,735	18,515
Interest income from investment in convertible bonds	10,436	10,543
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(384,993)
Acquisition of associates and joint ventures	(488,521)	(4,208)
Cash consideration paid for prior year's acquisition	(33,921)	(70,323)
Increase in investments in associates and joint ventures	-	(37,594)
Capital reduction in investments in associates and joint ventures	-	8,196
(Increase)/decrease in restricted and pledged bank deposits	(402)	98
Net cash (used in)/generated from investing activities	(895,356)	2,482,777

	Unaudited 2020 HK\$'000	Unaudited 2019 HK\$'000
Financing activities		
Repayment of bank loans	(1,972,391)	(4,548,445)
Drawdown of bank loans	2,724,237	3,604,064
Dividends of subsidiaries paid to non-controlling interests	(238,380)	(89,651)
Capital injection from non-controlling interests	60,513	22,060
Reduction of capital to non-controlling interests	(22,985)	-
Increase in loans from non-controlling interests	12,559	-
Repayment of loans from non-controlling interests	(11,219)	(72)
Payments of lease liabilities	(526,213)	(433,070)
Changes in ownership of interests in subsidiaries without change of control (note 15)	(634,740)	500
Dividend paid	(322,917)	(273,954)
Proceeds from exercise of pre-/post-IPO share option scheme allotment	15,934	81,091
Net cash used in financing activities	(915,602)	(1,637,477)
Increase in cash and cash equivalents	389,662	1,698,392
Effect of exchange rate changes	(118,721)	11,188
Cash and cash equivalents at beginning of the period	5,591,496	4,112,873
Cash and cash equivalents at end of the period	5,862,437	5,822,453
Analysis of balances of cash and cash equivalents		
Cash and bank balances	6,012,473	6,052,540
Bank overdrafts	(150,036)	(230,087)
	5,862,437	5,822,453

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 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 (note 15)	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.

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 2019	852,632	3,108,610	31,573	16,948,417	272,842	(1,170,801)	20,043,273	3,624,275	23,667,548
Profit for the period	-	-	-	2,789,744	-	-	2,789,744	268,197	3,057,941
Net translation differences on foreign operations	-	-	84,310	-	-	-	84,310	1,326	85,636
Fair value change on financial assets at fair value through other comprehensive income	-	-	6,055	-	-	-	6,055	2,218	8,273
Total comprehensive income for the six months ended 30 June 2019	-	-	90,365	2,789,744	-	-	2,880,109	271,741	3,151,850
Dividends paid	-	-	-	(1,112)	(272,842)	-	(273,954)	(112,368)	(386,322)
2019 proposed interim dividend	-	-	-	(154,323)	154,323	-	-	-	-
Transfers	-	-	(356,532)	356,532	-	-	-	-	-
Changes in ownership of interest in a subsidiary without change of control	-	-	2,140	-	-	-	2,140	2,960	5,100
Acquisition of subsidiaries	-	-	-	-	-	-	-	235,859	235,859
Capital injection from non-controlling interests	-	-	-	-	-	-	-	22,060	22,060
Exercise of pre-IPO share option scheme allotment	2,780	60,581	(6,636)	-	-	-	56,725	-	56,725
Exercise of post-IPO share option scheme allotment	994	27,248	(3,876)	-	-	-	24,366	-	24,366
Share option lapsed	-	-	(238)	238	-	-	-	-	-
Total transactions with owners	3,774	87,829	(365,142)	201,335	(118,519)	-	(190,723)	148,511	(42,212)
Balance at 30 June 2019	856,406	3,196,439	(243,204)	19,939,496	154,323	(1,170,801)	22,732,659	4,044,527	26,777,186

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 2019, 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 2019.

The Group has applied the accounting policy on "Government Grants" during the period ended 30 June 2020 as follows:

Grants from governments are recognised at fair value when there is a reasonable assurance that the grant will be received and that the Group will comply with all attached condition.

Government grants relating to costs are deferred and recognised in the condensed consolidated income statement over the period necessary to match them with costs that are intended to compensate and offset with related expenses.

The following new amendments to existing standards that are effective for the accounting period of the Group beginning on 1 January 2020 have been published:

Amendments to HKAS 1, "Presentation of financial statements"

HKAS 8, "Accounting policies, changes in accounting estimates and errors"

Amendments to HKFRS 3, "Definition of Business"

Amendments to HKFRS 7, HKFRS 9 and HKAS 39, "Interest Rate Benchmark Reform"

The Group has early adopted amendments to HKFRS 16, "Covid-19-Related Rent Concessions" which is mandatory and effective for annual accounting period on or after 1 June 2020, and applied the practical expedient to recognise all its Covid-19 related rent concessions in the profit and loss, rather than to spread the impact over the remaining lease terms.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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"¹

Amendments to HKAS 16, "Property, Plant and Equipment: Proceeds before intended use"¹

Amendments to HKAS 37, "Onerous Contracts – Cost of Fulfilling a Contract"¹

Amendments to HKFRS 3, "Reference to the Conceptual Framework"¹

Annual Improvements to HKFRS Standards 2018–2020¹

HKFRS 17, "Insurance contract"²

Amendments to HKAS 28 (2011) and HKFRS 10, "Sales or contribution of assets between an investor and its associate or joint venture"³

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date to be determined

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 2019 except for the adoption of new standards as set out above. The Directors have considered the existing and potential impact arising from the global COVID-19 pandemic in the preparation of the condensed consolidated interim financial statements. The Group has based its assumptions and estimates on circumstances and conditions available when the condensed consolidated interim financial statements were prepared. Given the unprecedented macro conditions, actual results could differ significantly from those assumptions and estimates. The Directors will remain alert and cautious on the ongoing development of COVID-19 that may cause further volatility and uncertainty in the global financial market and economy, and will take necessary measures to address the impact arising therefrom.

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 2019. 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 (2019: nil).

(b) FAIR VALUE ESTIMATION (CONTINUED)

The following table presents the Group's financial instruments that are measured at fair value as at 30 June 2020 and 31 December 2019.

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2020				
Assets				
Investment in convertible bonds	-	-	353,128	353,128
Financial assets at fair value through other comprehensive income	-	-	327,269	327,269
Financial assets at fair value through profit or loss	-	107,667	-	107,667
Total assets	-	107,667	680,397	788,064
Liability				
Put option written on non-controlling interests	-	-	3,925	3,925
At 31 December 2019				
Assets				
Investment in convertible bonds	-	-	540,983	540,983
Financial assets at fair value through other comprehensive income	-	-	150,843	150,843
Financial assets at fair value through profit or loss	-	119,731	-	119,731
Total assets	-	119,731	691,826	811,557
Liability				
Put option written on non-controlling interests	-	-	1,163,848	1,163,848

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) FAIR VALUE ESTIMATION (CONTINUED)

LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents the changes in level 3 instruments.

	Financial assets at fair value through other comprehensive income	Investment in convertible bonds	Put option written on non- controlling interests
As at 30 June 2020	HK\$'000	HK\$'000	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)
Closing balance	327,269	353,128	3,925

[#] On 11 March 2020, Kerry Logistics (China) Investment Limited, a wholly owned subsidiary of the Company, subscribed 1.62% shareholdings of Yimidida Supply Chain Group Co., Ltd. and redeemed its investment in convertible bond of UC Logistics Company Limited.

	Financial assets at fair value through other comprehensive income	Investment in convertible bonds	Put option written on non- controlling interests
As at 30 June 2019	HK\$'000	HK\$'000	HK\$'000
Opening balance	118,185	543,762	1,171,600
Fair value adjustment	(177)	-	-
Further acquisition of interest in an investment	(28,809)	-	-
Exchange adjustment	(1,548)	(147)	313
Closing balance	87,651	543,615	1,171,913

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 (2019: 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 binomial method. The unobservable inputs of the valuation include fair value of the 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.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2020 and 31 December 2019:

- 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
- 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	
	2020 HK\$'000	2019 HK\$'000
Integrated logistics		
Logistics operations	9,279,982	9,339,537
Hong Kong warehouse	97,253	179,124
International freight forwarding	12,507,732	10,291,668
	21,884,967	19,810,329

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 2020, together with comparative figures for the six months ended 30 June 2019, as restated, is as follows:

	For the six months ended 30 June									
	Integrated logistics				International freight forwarding		Elimination		Consolidation	
	Logistics operations		Hong Kong warehouse		2020	2019	2020	2019	2020	2019
	HK\$'000	2019 HK\$'000 (reclassified)	2020 HK\$'000	2019 HK\$'000 (reclassified)	HK\$'000	HK\$'000 (reclassified)	HK\$'000	HK\$'000 (reclassified)	HK\$'000	HK\$'000 (reclassified)
Revenue										
Revenue	9,279,982	9,339,537	97,253	179,124	12,507,732	10,291,668	-	-	21,884,967	19,810,329
Inter-segment revenue	230,804	198,916	248,166	217,790	2,902,311	2,150,447	(3,381,281)	(2,567,153)	-	-
	9,510,786	9,538,453	345,419	396,914	15,410,043	12,442,115	(3,381,281)	(2,567,153)	21,884,967	19,810,329
Revenue by geographical area:										
Hong Kong	2,389,650	2,234,053	345,419	396,914	1,268,018	925,347	(792,544)	(688,975)	3,210,543	2,867,339
Mainland China	1,934,785	2,329,498	-	-	5,667,769	3,965,044	(1,410,152)	(1,087,940)	6,192,402	5,206,602
Taiwan	1,521,120	1,419,383	-	-	281,075	216,751	(132,374)	(92,355)	1,669,821	1,543,779
Asia	3,603,331	3,480,671	-	-	2,268,743	2,102,474	(731,595)	(409,663)	5,140,479	5,173,482
Americas	-	-	-	-	3,092,540	2,887,338	(152,629)	(239,097)	2,939,911	2,648,241
EMEA	-	-	-	-	2,591,075	2,165,350	(147,181)	(34,259)	2,443,894	2,131,091
Oceania	61,900	74,848	-	-	240,823	179,811	(14,806)	(14,864)	287,917	239,795
	9,510,786	9,538,453	345,419	396,914	15,410,043	12,442,115	(3,381,281)	(2,567,153)	21,884,967	19,810,329
Segment profit by geographical area:										
Hong Kong	219,987	195,177	233,531	269,766	85,068	27,030	-	-	538,586	491,973
Mainland China	98,120	156,087	-	-	126,184	87,334	-	-	224,304	243,421
Taiwan	240,126	217,102	-	-	17,317	12,864	-	-	257,443	229,966
Asia	344,012	324,160	-	-	50,886	68,465	-	-	394,898	392,625
America	-	-	-	-	98,343	96,922	-	-	98,343	96,922
EMEA	-	-	-	-	13,423	(11,336)	-	-	13,423	(11,336)
Oceania	2,658	(430)	-	-	12,149	6,407	-	-	14,807	5,977
	904,903	892,096	233,531	269,766	403,370	287,686	-	-	1,541,804	1,449,548
Less: Unallocated administrative expenses [#]									(52,790)	(119,991)
Core operating profit									1,489,014	1,329,557
Finance income									15,735	18,515
Finance costs									(160,103)	(161,724)
Share of results of associates and joint ventures									41,673	45,934
Profit before taxation*									1,386,319	1,232,282
Taxation*									(278,528)	(295,300)
Profit for the period*									1,107,791	936,982
Non-controlling interests*									(262,347)	(267,784)
Core net profit									845,444	669,198
Change in fair value of investment properties									227,931	205,020
Deferred tax on change in fair value of investment properties									(333)	251
Less: Non-controlling interests' share of after-tax change in fair value of investment properties									(193)	(413)
Gain on disposal of warehouses									-	1,957,540
Goodwill impairment									-	(41,852)
Profit attributable to the Company's shareholders									1,072,849	2,789,744
Normalised profit attributable to the Company's shareholders**									1,072,849	832,204
Depreciation and amortisation	875,333	686,131	23,608	26,443	169,407	135,504			1,068,348	848,078

* Excluding the change in fair value of investment properties and its related deferred tax, gain on disposal of warehouses and goodwill impairment

** Excluding the gain on disposal of warehouses in Hong Kong in 2019

Certain of the net gain from settlement of put options written on non-controlling interests was included in unallocated administrative expenses

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.

By operating segment	For the six months ended 30 June							
	2020				2019			
	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	HK\$'000
Revenue from contracts with customers								
Integrated logistics								
– Logistics operations	716,078	8,505,839	58,065	9,279,982	920,916	8,364,395	54,226	9,339,537
– Hong Kong warehouse	-	3,029	94,224	97,253	-	68,645	110,479	179,124
International freight forwarding	-	12,507,732	-	12,507,732	-	10,291,668	-	10,291,668
	716,078	21,016,600	152,289	21,884,967	920,916	18,724,708	164,705	19,810,329

By geographical area	For the six months ended 30 June							
	2020				2019			
	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	HK\$'000
Revenue from contracts with customers								
Hong Kong	715,060	2,400,958	94,525	3,210,543	919,881	1,836,979	110,479	2,867,339
Mainland China	1,018	6,145,798	45,586	6,192,402	1,035	5,166,835	38,732	5,206,602
Taiwan	-	1,669,821	-	1,669,821	-	1,543,779	-	1,543,779
Asia	-	5,128,301	12,178	5,140,479	-	5,157,988	15,494	5,173,482
Americas	-	2,939,911	-	2,939,911	-	2,648,241	-	2,648,241
EMEA	-	2,443,894	-	2,443,894	-	2,131,091	-	2,131,091
Oceania	-	287,917	-	287,917	-	239,795	-	239,795
	716,078	21,016,600	152,289	21,884,967	920,916	18,724,708	164,705	19,810,329

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, goodwill impairment and gain on disposal of warehouses.

In August 2019, the Group acquired a majority interest in Turkey's ASAV Logistics Services Inc. to further the expansion of its global network and further consolidate the Group's network and capabilities in the Europe, Middle East and Africa ("EMEA") Region.

For segment presentation purpose, EMEA is presented as an operating division for the current segmental analysis of operations.

Prior period corresponding segment information that is presented for comparative purpose has been reclassified from geographical areas previously presented as Asia, Europe and others to conform the reclassification of operations in Asia, EMEA and Oceania segments adopted in current period. The reclassifications have no impact on the profit for the current and comparative periods nor on the assets and liabilities of the Group as at 30 June 2020 and 31 December 2019.

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

	Segment non-current assets [#]	
	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000 (reclassified)
Hong Kong	10,534,170	10,363,487
Mainland China	6,111,612	6,121,817
Taiwan	5,087,952	4,989,208
Asia	7,724,848	7,688,488
Americas	1,043,854	1,070,729
EMEA	1,330,348	1,376,073
Oceania	164,101	179,155
	31,996,885	31,788,957

[#] 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	
	2020	2019
	HK\$'000	HK\$'000
Business tax and other taxes	5,514	5,527
Cost of goods sold	607,924	806,239
Freight and transportation costs	15,046,800	13,280,794
Depreciation of property, plant and equipment (note 10)	430,329	396,471
Depreciation of right-of-use assets	567,975	386,525
Amortisation of intangible assets (note 10)	70,044	65,082
Provision for impairment of receivables	49,997	12,207
Reversal of provision for impairment of receivables	(4,432)	(350)
Expenses relating to short-term and low-value leases	101,160	269,976
Employee benefit expenses (note)	3,180,979	2,947,448

Note:

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

5 OTHER INCOME AND NET GAINS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Interest income from investment in convertible bonds	10,436	10,543
Interest income from banks	13,806	14,981
Gain on disposal of property, plant and equipment	5,311	30,305
Interest income from associates	1,929	3,534
Dividend income from financial assets at fair value through other comprehensive income	6,022	6,629
Gain on disposal of subsidiaries	-	43,908
Loss on disposal of associates	(1,253)	-
Gain on disposal of financial assets at fair value through profit or loss	-	39,672
Fair value change of financial assets at fair value through profit or loss	4,318	4,411
Goodwill impairment	-	(41,852)
Net gain from settlement of put options written on non-controlling interests (note)	118,000	-
	158,569	112,131

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	
	2020	2019
	HK\$'000	HK\$'000
Interest expenses on bank loans and overdrafts	105,282	137,258
Interest expenses on lease liabilities	54,821	24,466
	160,103	161,724

7 TAXATION

HONG KONG AND OVERSEAS PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) for the six months ended 30 June 2020 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% (2019: 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	
	2020	2019
	HK\$'000	HK\$'000
Hong Kong profits tax		
– Current	89,094	79,157
– Overprovision in prior years	(56)	(24)
– Deferred	(1,554)	(4,128)
	87,484	75,005
PRC taxation		
– Current	33,986	29,828
– Underprovision in prior years	1,925	930
– Deferred	10,968	24,447
	46,879	55,205
Overseas taxation		
– Current	188,834	162,134
– (Overprovision)/ underprovision in prior years	(29,865)	2,426
– Deferred	(14,471)	279
	144,498	164,839
	278,861	295,049

8 DIVIDENDS

The Directors have declared an interim dividend of 11 HK cents per share for the six months ended 30 June 2020 (for the six months ended 30 June 2019: an interim dividend of 9 HK cents and a special dividend of 35 HK cents), which is payable on Friday, 25 September 2020 to shareholders whose names appear on the registers of members of the Company on Friday, 11 September 2020. 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	
	2020	2019
Adjusted weighted average number of ordinary shares in issue ('000)	1,756,140	1,708,928
Profit attributable to the Company's shareholders (HK\$'000)	1,072,849	2,789,744
Basic earnings per share (HK\$)	0.61	1.63

DILUTED

	Six months ended 30 June	
	2020	2019
Adjusted weighted average number of ordinary shares in issue ('000)	1,756,140	1,708,928
Adjustment for share options ('000)	1,368	5,038
Weighted average number of shares for the purpose of calculating diluted earnings per share ('000)	1,757,508	1,713,966
Profit attributable to the Company's shareholders (HK\$'000)	1,072,849	2,789,744
Diluted earnings per share (HK\$)	0.61	1.63

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 2019	10,347,048	11,039,020	4,250,877
Additions	1,013,065	2,284	-
Acquisition of subsidiaries	391,405	-	495,785
Change in fair value	-	205,020	-
Disposal of subsidiaries	(50,725)	(1,625,709)	-
Disposals	(51,602)	-	-
Depreciation and amortisation	(396,471)	-	(65,082)
Transfer/reclassification	(17,341)	17,341	-
Exchange adjustment	108,792	(725)	(9,864)
Goodwill impairment	-	-	(41,852)
Closing net book value at 30 June 2019	11,344,171	9,637,231	4,629,864
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

Goodwill of HK\$3,834,000,000 (At 31 December 2019: HK\$3,881,000,000) 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 recoverable amounts of all CGUs were determined based on value-in-use calculation except for Taiwan which was determined based on fair value less costs of disposal with reference to the market share price of the subsidiary which is listed in Taiwan. The value-in-use calculations use cash flow projections based on financial budgets approved by management covering five years.

The COVID-19 pandemic has created unprecedented uncertainty to the macro conditions. In order to better capture the risks inherent in this uncertain environment, management have adjusted certain assumptions in the value-in-use calculations based on 2019 annual impairment testing, including downward adjustments to the gross margin by 0.5% to 1.5% and upward adjustments to the discount rates by 0.5% to 1.3% in certain CGUs included in Mainland China, Asia, Americas and EMEA. The result of this reassessment indicated that headroom (being excess of recoverable amount over carrying value) would be reduced, but there is no impairment required at 30 June 2020.

10 NON-CURRENT ASSETS (CONTINUED)

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 2019	9,686,800	861,448	490,772	11,039,020
Additions	2,284	-	-	2,284
Change in fair value	206,025	1,784	(2,789)	205,020
Disposal of subsidiaries	(1,625,709)	-	-	(1,625,709)
Transfer from property, plant and equipment	-	17,341	-	17,341
Exchange adjustment	-	(1,813)	1,088	(725)
Closing balance as at 30 June 2019	8,269,400	878,760	489,071	9,637,231
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

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 (2019: 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 2020.

Given the outbreak of COVID-19 which has caused high volatility to the global economy and uncertainties to the property market, this disruption has increased the uncertainty of the assumptions adopted in the valuation process. Consequently, the on-going development of COVID-19 may cause unexpected volatility in the future fair value of the investment properties subsequent to 30 June 2020.

11 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

Included in accounts receivable, prepayments and deposits are 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 2020 HK\$'000	As at 31 December 2019 HK\$'000
Below 1 month	4,652,124	4,706,129
Between 1 month and 3 months	2,027,126	2,631,011
Over 3 months	698,213	639,044
Total trade receivables, net	7,377,463	7,976,184
Prepayments, deposits and other receivables (note a)	2,259,490	2,172,782
	9,636,953	10,148,966

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.

The Group provides for credit losses against trade receivables to customers by geographical location and the lifetime expected credit loss rate ranged from 0.9%-8.4% as at 30 June 2020, increased from 0.4%-3.6% as at 31 December 2019, given the unprecedented macro conditions.

12 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in accounts payable, deposits received and accrued charges are trade payables.

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Trade payables	3,647,192	3,960,554
Deposits received, accrued charges and other payables (note a)	3,614,904	4,851,841
	7,262,096	8,812,395
Less: Non-current contingent consideration payable for acquisition of subsidiaries	(135,764)	(290,487)
Non-current written put option liability (note b)	(3,925)	(1,134,123)
	7,122,407	7,387,785

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

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Below 1 month	2,240,298	2,482,882
Between 1 month and 3 months	843,847	1,012,311
Over 3 months	563,047	465,361
Total trade payables	3,647,192	3,960,554

Notes:

- (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.

12 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES (CONTINUED)

Notes: (Continued)

(b) Pursuant to agreements entered into between the Group and non-controlling shareholders of Transpeed and Apex respectively in 2016, the Group has granted put options which entitle the non-controlling interests of Transpeed and Apex to sell the remaining interests to the Group. In addition, the Group has been granted call options to acquire the remaining interest in the acquired entities at the same exercise prices, (the "Transpeed options" and "Apex options" respectively). The exercise prices are determined by the estimated post-acquisition financial performance of the acquired entities. The Transpeed options will be exercisable before the end of June 2020 and the Apex options will be exercisable between 2019 and 2021. The Apex options that are exercisable in 2019 have been rolled over to 2020. The options are initially recognised at fair value within other non-current liabilities with a corresponding charge directly to equity, as a put option written on non-controlling interest. The options liability shall be re-measured at its fair value resulting from the change in the expected performance of Transpeed and Apex at the end of each reporting date, with any resulting gain or loss recognised in the consolidated income statement. In the event that the put option lapses unexercised, the liability will be derecognised with a corresponding adjustment to equity.

On 30 June 2020, the Transpeed options lapses unexercised. The Apex options and non-current contingent consideration payable have been terminated and replaced by the sale and purchase agreement dated 24 February 2020 (note 5).

13 BANK LOANS

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Non-current		
– unsecured	4,650,558	5,364,880
– secured	714,407	808,910
	5,364,965	6,173,790
Current		
– unsecured	3,279,841	1,737,193
– secured	197,766	210,627
	3,477,607	1,947,820
Total bank loans	8,842,572	8,121,610

14 SHARE CAPITAL

	As at 30 June 2020		As at 31 December 2019	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Ordinary shares, authorised, issued and fully paid:				
At beginning of the period/year	1,716,203,112	858,102	1,705,263,112	852,632
Exercise of pre-IPO share option scheme allotment	234,000	117	8,000,000	4,000
Exercise of post-IPO share option scheme allotment	1,105,000	552	2,940,000	1,470
Issuance of shares (note 5)	76,445,430	38,223	–	–
At end of the period/year	1,793,987,542	896,994	1,716,203,112	858,102

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
Cash consideration paid to non-controlling interests	(634,740)
Consideration to be paid to non-controlling interests	(9,125)
Consideration to non-controlling interests by issuance of the Company's shares	(711,325)
Net decrease in non-controlling interests	371,286
Changes in other reserves arising from changes in ownership of interests in subsidiaries without change of control	(983,904)

16 COMMITMENTS

As at 30 June 2020, 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 2020 HK\$'000	As at 31 December 2019 HK\$'000
Contracted but not provided for	937,950	715,865

17 PLEDGE OF ASSETS

As at 30 June 2020, the Group's total bank loans of HK\$8,842,572,000 (31 December 2019: HK\$8,121,610,000) included an aggregate amount of HK\$912,173,000 (31 December 2019: HK\$1,019,537,000) which are secured. The Group's total bank overdrafts of HK\$150,036,000 (31 December 2019: HK\$233,750,000) included an aggregate amount of HK\$12,779,000 (31 December 2019: HK\$50,076,000) 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, construction in progress and buildings and port facilities of the Group with an aggregate net book value of HK\$2,628,001,000 (31 December 2019: HK\$2,866,665,000);
- (ii) assignments of insurance proceeds of certain properties of the Group; and
- (iii) certain balances of restricted and pledged deposits of the Group.

18 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the following transaction is considered significant to the Group.

On 28 June 2019, the Group has completed the disposal of the entire issued share capital in Dec Limited and Belminton Inc. and its subsidiaries (the "Target Companies") at a cash consideration of HK\$3.6 billion to a subsidiary of KPL, a controlling shareholder and substantial shareholder of the Group, with a disposal gain of approximately HK\$2 billion. The Group, on the same day, has entered into the agreements with the Target Companies on the provision of building management and related services.

DEFINITIONS

“1H”	first half
“Apex”	14 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
“B2B”	business-to-business
“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
“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
“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
“Greater China”	Mainland China, Hong Kong, Macau and Taiwan
“Group” or “Kerry Logistics”	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 Mainland China
“Hong Kong Warehouse”	Hong Kong warehousing business
“Hopemore”	Hopemore Ventures Limited, a subsidiary of KHL
“IATA”	International Air Transport Association
“IFF”	international freight forwarding
“IL”	integrated logistics
“Kerry Express Thailand”	Kerry Express (Thailand) Public Company Limited, incorporated in Thailand
“Kerry-ITS Group”	Kerry-ITS Holdings Pte. Ltd. and its subsidiaries
“KGL”	Kerry Group Limited, one of the Controlling Shareholders of the Company
“KHL”	Kerry Holdings Limited, a wholly-owned subsidiary of KGL
“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
“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 Mainland China
“Mainland China” or “PRC”	The People’s Republic of China and, for the purpose of this interim report only, excludes Hong Kong, Macau and Taiwan
“Majestic”	Majestic Tulip Limited, a subsidiary of KHL
“Medallion”	Medallion Corporate Limited, a subsidiary of KHL
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

“NVOCC”	non-vessel operating common carrier
“Oceania”	Australia and New Zealand, for the purpose of this interim report only
“Ordinary Share(s)” or “Share(s)”	share(s) of nominal value of HK\$0.50 each of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company
“Post-IPO Share Option Scheme”	post-IPO share option scheme of the Company
“Pre-IPO Share Option Scheme”	pre-IPO share option scheme of the Company
“Proposed Spin-off”	the proposed spin-off and separate listing of Kerry Express Thailand shares on The Stock Exchange of Thailand
“Q3”	third quarter
“Registers of Members”	registers of members of the Company
“Rubyhill”	Rubyhill Global Limited, a subsidiary of KHL
“Science Park Logistics”	Science Park Logistics Co., Ltd., incorporated under the laws of Taiwan with limited liability by shares, a deemed subsidiary of the Company
“SEC”	The Securities and Exchange Commission of Thailand
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Award Scheme”	share award scheme of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transpeed”	Transpeed Cargo (S) Pte. Ltd., a private company limited by shares incorporated in Singapore, an indirect 75%-owned subsidiary of the Company
“US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“Vencedor”	Vencedor Investments Limited, a subsidiary of KHL

KERRY
LOGISTICS



EURASIAN LAND FREIGHT SOLUTIONS

Despite COVID-19 challenges, Kerry Logistics continues its land freight services along the China-CIS-Europe route to support its customers' supply chains.

The Group utilised its unique Eurasian road and rail freight network to devise alternative solutions for customers to cope with the new situation. It saw a sizeable volume surge for land-bridge services between China and Europe, China and Indochina Peninsula.

As one of the leading industrial project logistics and multimodal freight service providers in the CIS and Baltic States, Kerry Logistics' offices and operations span across Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, Turkmenistan, Georgia, Armenia, Azerbaijan, Ukraine, Russia and the Baltic States.

歐亞陸路貨運解決方案

儘管面對新型冠狀病毒的挑戰，嘉里物流繼續在中國－獨聯體－歐洲沿線提供陸路貨運服務，以支援客戶的供應鏈。

本集團憑藉獨特的歐亞陸路及鐵路貨運網絡，於空運容量不足時為客戶提供替代解決方案，以應對新形勢。中國與歐洲和中國與中印半島之間的大陸橋運輸服務的貨運量已見大增。

作為獨聯體及波羅的海諸國的工業項目物流及多式聯運服務的主要供應商之一，嘉里物流的辦事處及業務遍及哈薩克斯坦、烏茲別克斯坦、吉爾吉斯斯坦、塔吉克斯坦、土庫曼斯坦、格魯吉亞、亞美尼亞、阿塞拜疆、烏克蘭、俄羅斯及波羅的海諸國。

